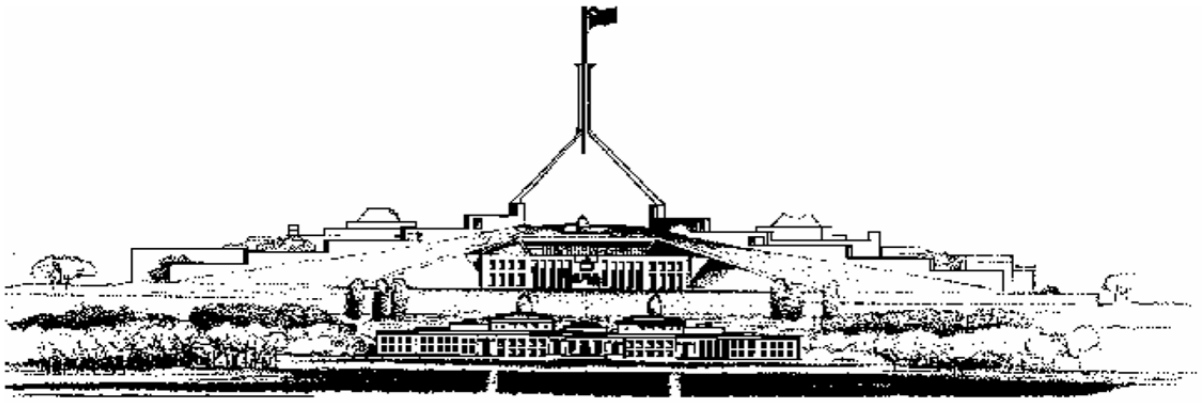
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



Senate

Official Hansard

No. 122, 1987
Thursday, 17 September 1987

THIRTY-FIFTH PARLIAMENT
FIRST SESSION—FIRST PERIOD

BY AUTHORITY OF THE SENATE

THIRTY-FIFTH PARLIAMENT

FIRST SESSION—FIRST PERIOD

Governor-General

His Excellency the Right Honourable Sir Ninian Martin Stephen, a Member of Her Majesty's Most Honourable Privy Council, Knight of the Order of Australia, Knight Grand Cross of the Most Distinguished Order of St Michael and St George, Knight Grand Cross of the Royal Victorian Order, Knight Commander of the Most Excellent Order of the British Empire, Governor-General of the Commonwealth of Australia and Commander-in-Chief of the Defence Force.

Senate Officeholders

President—Senator the Honourable Kerry Walter Sibraa
Deputy President and Chairman of Committees—Senator David John Hamer, DSC
Temporary Chairmen of Committees—Senators the Honourable Peter Erne Baume, Florence Isabel Bjelke-Petersen, Bryant Robert Burns, Malcolm Arthur Colston, Patricia Jessie Giles, David John MacGibbon, John Joseph Morris, Janet Frances Powell, Baden Chapman Teague and Alice Olive Zakharov
Leader of the Government in the Senate—Senator the Honourable John Norman Button
Deputy Leader of the Government in the Senate—Senator the Honourable Gareth John Evans, QC
Leader of the Opposition—Senator the Honourable Frederick Michael Chaney
Deputy Leader of the Opposition—Senator Austin William Russell Lewis

Senate Party Leaders

Leader of the Australian Labor Party—Senator the Honourable John Norman Button
Deputy Leader of the Australian Labor Party—Senator the Honourable Gareth John Evans, QC
Leader of the Liberal Party of Australia—Senator the Honourable Frederick Michael Chaney
Deputy Leader of the Liberal Party of Australia—Senator Austin William Russell Lewis
Leader of the National Party of Australia—Senator John Owen Stone
Deputy Leader of the National Party of Australia—Senator Florence Isabel Bjelke-Petersen
Leader of the Australian Democrats—Senator Janine Haines
Deputy Leader of the Australian Democrats—Senator Michael John Macklin

Members of the Senate

Senator	State or Territory	Term expires	Party
Alston, Richard Kenneth Robert	Vic.	30.6.90	LP
Archer, Brian Roper	Tas.	30.6.93	LP
Aulich, Terrence Gordon	Tas.	30.6.93	ALP
Baume, Michael Ehrenfried	NSW	30.6.93	LP
Baume, Hon. Peter Erne	NSW	30.6.93	LP
Beahan, Michael Eamon	WA	30.6.90	ALP
Bishop, Bronwyn Kathleen	NSW	30.6.90	LP
Bjelke-Petersen, Florence Isabel	Qld	30.6.93	NP
Black, John Rees	Qld	30.6.90	ALP
Bolkus, Hon. Nick	SA	30.6.93	ALP
Boswell, Ronald Leslie Doyle	Qld	30.6.90	NP
Brownhill, David Gordon Cadell	NSW	30.6.90	NP
Burns, Bryant Robert	Qld	30.6.90	ALP
Button, Hon. John Norman	Vic.	30.6.93	ALP
Calvert, Paul Henry	Tas.	30.6.90	LP
Chaney, Hon. Frederick Michael	WA	30.6.93	LP
Chapman, Hedley Grant Pearson	SA	30.6.90	LP
Childs, Bruce Kenneth	NSW	30.6.90	ALP
Coates, John	Tas.	30.6.93	ALP
Collins, Robert Lindsay (1)	NT		ALP
Colston, Malcolm Arthur	Qld	30.6.93	ALP
Cook, Hon. Peter Francis Salmon	WA	30.6.93	ALP
Cooney, Bernard Cornelius	Vic.	30.6.90	ALP
Coulter, John Richard	SA	30.6.90	AD
Crichton-Browne, Noel Ashley	WA	30.6.90	LP
Crowley, Rosemary Anne	SA	30.6.90	ALP
Devereux, John Robert	Tas.	30.6.90	ALP
Devlin, Arthur Ray	Tas.	30.6.90	ALP
Durack, Hon. Peter Drew, QC	WA	30.6.93	LP
Evans, Hon. Gareth John, QC	Vic.	30.6.93	ALP
Foreman, Dominic John	SA	30.6.93	ALP
Gietzelt, Hon. Arthur Thomas	NSW	30.6.93	ALP
Giles, Patricia Jessie	WA	30.6.93	ALP
Haines, Janine	SA	30.6.93	AD
Hamer, David John, DSC	Vic.	30.6.90	LP
Harradine, Brian	Tas.	30.6.93	Ind.
Hill, Robert Murray	SA	30.6.90	LP
Jenkins, Jean Alice	WA	30.6.90	AD
Jones, Gerry Norman	Qld	30.6.90	ALP
Knowles, Susan Christine	WA	30.6.93	LP
Lewis, Austin William Russell	Vic.	30.6.93	LP
McGauran, Julian John	Vic.	30.6.90	NP
MacGibbon, David John	Qld	30.6.93	LP
McKiernan, James Philip	WA	30.6.90	ALP
McLean, Paul Alexander	NSW	30.6.93	AD
Macklin, Michael John	Qld	30.6.90	AD
Maguire, Graham Ross	SA	30.6.93	ALP
Messner, Hon. Anthony John	SA	30.6.93	LP
Morris, John Joseph	NSW	30.6.90	ALP
Newman, Jocelyn Margaret	Tas.	30.6.90	LP

Members of the Senate—*continued*

Senator	State or Territory	Term expires	Party
Panizza, John Horace	WA	30.6.90	LP
Parer, Warwick Raymond	Qld	30.6.93	LP
Patterson, Kay Christine Lesley	Vic.	30.6.90	LP
Powell, Janet Frances	Vic.	30.6.93	AD
Puplick, Christopher John Guelph	NSW	30.6.90	LP
Ray, Hon. Robert Francis	Vic.	30.6.90	ALP
Reid, Margaret Elizabeth (1)	ACT		LP
Reynolds, Hon. Margaret	Qld	30.6.93	ALP
Richardson, Hon. Graham Frederick	NSW	30.6.93	ALP
Ryan, Hon. Susan Maree (1)	ACT		ALP
Sanders, Norman Karl	Tas.	30.6.90	AD
Schacht, Christopher Cleland	SA	30.6.90	ALP
Sheil, Glenister	Qld	30.6.90	NP
Short, James Robert	Vic.	30.6.93	LP
Sibraa, Hon. Kerry Walter	NSW	30.6.93	ALP
Stone, John Owen	Qld	30.6.93	NP
Tambling, Grant Ernest John (1)	NT		NP
Tate, Hon. Michael Carter	Tas.	30.6.93	ALP
Teague, Baden Chapman	SA	30.6.90	LP
Vallentine, Josephine	WA	30.6.90	Ind.
Vanstone, Amanda Eloise	SA	30.6.93	LP
Walsh, Hon. Peter Alexander	WA	30.6.93	ALP
Walters, Mary Shirley	Tas.	30.6.93	LP
Watson, John Odin Wentworth	Tas.	30.6.90	LP
Wood, William Robert	NSW	30.6.90	Ind.
Zakharov, Alice Olive	Vic.	30.6.93	ALP

(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

PARTY ABBREVIATIONS

AD—Australian Democrats; ALP—Australian Labor Party; Ind.—Independent; LP—Liberal Party of Australia; NP—National Party of Australia

Third Hawke Ministry

*Prime Minister	The Honourable Robert James Lee Hawke, AC
*Deputy Prime Minister, Attorney-General and Minister Assisting the Prime Minister for Commonwealth-State Relations	The Honourable Lionel Frost Bowen
*Leader of the Government in the Senate and Minister for Industry, Technology and Commerce	Senator the Honourable John Norman Button
*Deputy Leader of the Government in the Senate, Manager of Government Business in the Senate and Minister for Transport and Communications	Senator the Honourable Gareth John Evans, QC
*Treasurer	The Honourable Paul John Keating
*Minister for Immigration, Local Goverment and Ethnic Affairs, Vice-President of the Executive Council, Leader of the House and Minister Assisting the Prime Minister for Multicultural Affairs	The Honourable Michael Jerome Young
*Minister for Finance	Senator the Honourable Peter Alexander Walsh
*Minister for Foreign Affairs and Trade	The Honourable William George Hayden
*Minister for Industrial Relations and Minister Assisting the Prime Minister for Public Service Matters	The Honourable Ralph Willis
*Minister for Employment, Education and Training	The Honourable John Sydney Dawkins
*Minister for Defence	The Honourable Kim Christian Beazley
*Minister for Primary Industries and Energy	The Honourable John Charles Kerin
*Minister for Social Security	The Honourable Brian Leslie Howe
*Minister for Administrative Services	The Honourable Stewart John West
*Minister for the Arts, Sport, the Environment, Tourism and Territories	The Honourable John Joseph Brown
*Minister for Community Services and Health	The Honourable Neal Blewett
*Special Minister of State, Minister Assisting the Prime Minister for the Status of Women and for the Bicentenary and Minister Assisting the Minister for Community Services and Health	Senator the Honourable Susan Maree Ryan
Minister for Trade Negotiations, Minister Assisting the Minister for Industry, Technology and Commerce and Minister Assisting the Minister for Primary Industries and Energy	The Honourable Michael John Duffy
Minister for Resources	The Honourable Peter Frederick Morris
Minister for Employment Services and Youth Affairs and Minister Assisting the Treasurer	The Honourable Allan Clyde Holding
Minister for Justice	Senator the Honourable Michael Carter Tate
Minister for Science and Small Business	The Honourable Barry Owen Jones
Minister for Veterans' Affairs	The Honourable Benjamin Charles Humphreys
Minister for the Environment and the Arts	Senator the Honourable Graham Frederick Richardson
Minister for Aboriginal Affairs	The Honourable Gerard Leslie Hand
Minister for Home Affairs and Deputy Manager of Government Business in the Senate	Senator the Honourable Robert Francis Ray
Minister for Consumer Affairs and Minister Assisting the Treasurer for Prices	The Honourable Peter Richard Staples
Minister for Land Transport and Infrastructure Support	The Honourable Peter Duncan
Minister for Defence Science and Personnel	The Honourable Roslyn Joan Kelly
Minister for Local Government	Senator the Honourable Margaret Reynolds

*Minister in the Cabinet

THE COMMITTEES OF THE SESSION

(FIRST SESSION: FIRST PERIOD)

STANDING COMMITTEES

APPROPRIATIONS AND STAFFING—The President, the Leader of the Government in the Senate, the Leader of the Opposition in the Senate, Senators Aulich, Coates, Collins, Crichton-Browne, Harradine and Macklin.

HOUSE—The President, Senators Michael Baume, Bjelke-Petersen, Cook, Devlin, Knowles and Morris.

LIBRARY—The President, Senators Aulich, Devlin, Gietzelt, Harradine, Hill and Walters.

PRIVILEGES—Senators Black, Childs, Coates, Cooney, Durack, Powell and Teague.

PROCEDURE—The President, the Deputy President and Chairman of Committees, the Leader of the Government in the Senate, the Leader of the Opposition in the Senate, Senators Gareth Evans, Haines, Jones, MacGibbon, Ray and Reid.

PUBLICATIONS—Senators McKiernan (*Chairman*), Senators Archer, Aulich, Devlin, Panizza and Watson.

LEGISLATIVE SCRUTINY STANDING COMMITTEES

REGULATIONS AND ORDINANCES—Senator Collins (*Chairman*), Senators Bishop, Gietzelt, Giles, Stone and Teague.

SCRUTINY OF BILLS—Senator Cooney (*Chairman*), Senators Beahan, Brownhill, Crowley, Powell and Patterson.

LEGISLATIVE AND GENERAL PURPOSE STANDING COMMITTEES

COMMUNITY AFFAIRS—Senator Zakharov (*Chairman*), Senators Crowley, Devereux, Gietzelt, Knowles, Jenkins, Sheil and Walters.

EMPLOYMENT, EDUCATION AND TRAINING—Senator Aulich (*Chairman*), Senators Beahan, Devereux, Devlin, McLean, Patterson, Teague and Watson.

EVIRONMENT, RECREATION AND THE ARTS—Senator Black (*Chairman*), Senators Coates, Coulter, Crichton-Browne, McGauran, Morris, Panizza and Zakharov.

FINANCE AND PUBLIC ADMINISTRATION—Senator Coates (*Chairman*), Senators Alston, Black, Burns, Calvert and Durack.

FOREIGN AFFAIRS, DEFENCE AND TRADE—Senator Maguire (*Chairman*), Senators Burns, Cook, Hamer, Newman, Schacht, Teague and Wood.

INDUSTRY, SCIENCE AND TECHNOLOGY—Senator Childs (*Chairman*), Senators Archer, Peter Baume, Brownhill, Burns, Cook, Coulter and McKiernan.

LEGAL AND CONSTITUTIONAL AFFAIRS—Senator Bolkus (*Chairman*), Senators Alston, Cooney, Giles, Hill, Powell, Schacht and Stone.

TRANSPORT, COMMUNICATIONS AND INFRASTRUCTURE—Senator Foreman (*Chairman*), Senators Boswell, Chapman, Collins, Devereux, Parer, Powell and Schacht.

SELECT COMMITTEES

ANIMAL WELFARE—Senator Morris (*Chairman*), Senators Brownhill, Calvert, Cooney, Devlin and Sanders.

THE EDUCATION OF GIFTED AND TALENTED CHILDREN—Senator Colston (*Chairman*), Senators Beahan, Newman and Teague.

ESTIMATES COMMITTEES

ESTIMATES COMMITTEE A—Senator Childs (*Chairman*), Senators Alston, Bishop, Burns, Chapman and Cook.

ESTIMATES COMMITTEE B—Senator Gietzelt (*Chairman*), Senators Brownhill, Devereux (from 7 October), MacGibbon, Maguire (to 7 October), Panizza and Schacht.

ESTIMATES COMMITTEE C—Senator Crowley (*Chairman*), Senators Archer, Collins, Devlin, McGauran and Parer.

ESTIMATES COMMITTEE D—Senator Colston (*Chairman*), Senators Peter Baume, Giles, Sheil, Walters and Zakharov.

ESTIMATES COMMITTEE E—Senator Aulich (*Chairman*), Senators Beahan (to 28 October), Bolkus, Foreman (from 28 October), Newman, Short and Tambling.

ESTIMATES COMMITTEE F—Senator Black (*Chairman*), Senators Coates, Cooney, Puplick, Reid and Vanstone.

JOINT STATUTORY COMMITTEES

BROADCASTING OF PARLIAMENTARY PROCEEDINGS—The President, Madam Speaker, Senators Michael Baume and Childs and Mr Ronald Edwards, Mrs Harvey, Mr Hicks, Mr Jull and Mr Scott.

NATIONAL CRIME AUTHORITY—Mr Cleeland (*Chairman*), Senators Alston, Bolkus, Hill, Jones and Macklin and Mr Dubois, Mr MacKellar, Mr McGauran and Mr O'Keefe.

PUBPLIC ACCOUNTS—Mr Tickner (*Chairman*), Senators Bishop, Gietzelt, Giles, McKiernan and Watson and Mr Aldred, Mr Fitzgibbon, Dr Hewson, Mr Lee, Mr Martin, Mr Nehl, Mr Ruddock and Mr Scholes.

PUBLIC WORKS—Mr Hollis (*Chairman*), Senators Burns, Devereux and Sheil and Mr Burr, Mr Gear, Mr Halverson, Mr Millar and Mr Mountford.

JOINT COMMITTEES

ELECTORAL MATTERS—Mr Lee (*Chairman*), Senators Beahan, Coulter, Harradine, Schacht and Short and Mr Blunt, Ms Jakobsen, Mr Punch and Mr Shack.

FOREIGN AFFAIRS, DEFENCE AND TRADE—Mr Bilney (*Chairman*), Senators Bolkus, Crichton-Browne, Hill, Jones, MacGibbon, Macklin, Maguire, Morris, Schacht, Tambling and Vallentine and Mr Baldwin, Mr Campbell, Mr Charles, Mr Cross, Mr Halverson, Mr Hicks, Mr Jull, Mr Katter, Mr Kent, Dr Klugman, Mr Langmore, Mr Lindsay, Mr MacKellar, Mr Nehl, Mr Ruddock, Mr Scott, Mr Shipton and Dr Theophanous.

NEW PARLIAMENT HOUSE—The President and Madam Speaker (*Joint Chairmen*), Minister for Administrative Services, Senators Michael Baume, Colston, Devlin, MacGibbon, Reid and Schacht and Mr Dobie, Mr Dubois, Mr Hunt, Mr Lee, Mr Les McLeay and Mrs Sullivan.

JOINT SELECT COMMITTEES

VIDEO MATERIAL—Dr Klugman (*Chairman*), Senators Collins, Harradine, Jenkins, Walters and Zakharov and Mr Adermann, Mr Charles, Ms Crawford, Ms Jakobsen and Mr Jull.

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk of the Senate—A. R. Cumming Thom
Deputy Clerk of the Senate—H. Evans
Clerk-Assistant (Table)—A. Lynch
Clerk-Assistant (Management)—T. H. G. Wharton
Clerk-Assistant (Procedure)—J. Vander Wyk
Acting Clerk-Assistant (Committees)—R. J. Diamond
Acting Usher of the Black Rod—C. J. C. Elliott

HOUSE OF REPRESENTATIVES

Clerk of the House—A. R. Browning
Deputy Clerk of the House—L. M. Barlin
First Clerk Assistant—I. C. Harris
Clerk Assistant (Procedure)—B. C. Wright
Clerk Assistant (Committees)—J. W. Pender
Clerk Assistant (Table)—I. C. Cochran
Clerk Assistant (Administration)—M. W. Salkeld
Serjeant-at-Arms—B. L. Simons

PARLIAMENTARY REPORTING STAFF

Principal Parliamentary Reporter—J. M. Campbell
Assistant Principal Parliamentary Reporter—B. A. Harris
Leader of Staff (Committees)—K. Shearwood
Leader of Staff (Senate)—M. A. R. McGregor
Leader of Staff (House of Representatives)—K. B. Ryder

LIBRARY

Parliamentary Librarian—H. de S. C. MacLean

JOINT HOUSE

Secretary—M. W. Bolton

Thursday, 17 September 1987

The PRESIDENT (Senator the Hon. Kerry Sibraa) took the chair at 10 a.m., and read prayers.

PETITIONS

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

Multicultural Public Library Services: Funding

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

The Petition of the undersigned shows that there is an urgent need for Commonwealth financial assistance for the provision of multicultural public library services.

Your petitioners request that the Senate in Parliament assembled, should take steps to ensure adequate assistance from the Commonwealth Government to public libraries throughout Australia for the provision of materials and services in languages other than English, as recommended by the Senate Standing Committee on Education and the Arts in its Report on a National Language policy.

And your petitioners as in duty bound will ever pray.

by **Senator Giles** (from 304 citizens).

Petition received.

Education: Administration Charge

To the Honourable the President and members of the Senate in Parliament assembled. The Petition of the undersigned citizens of Australia respectfully showeth:

That the imposition of the $250.00 Administrative charge will:

(1) Prove a dis-incentive for all students—particularly part-time and mature age students—from continuing their tertiary studies.

(2) Lead to higher levels of youth unemployment as fewer students will now enrol in tertiary studies.

(3) Impose economic hardship upon the student population at large.

Your petitioners most humbly pray that the Senate, in Parliament assembled, should vote to reject the imposition of the Administrative charge, or, at the very least, vote to impose a lower fee to students who are not full-time.

And your petitioners as in duty bound will ever pray.

by **Senator Haines** (from 22 citizens).

Petition received.

Superannuation Legislation

To the Honourable the President and members of the Senate in Parliament assembled. The Petition of the undersigned respectfully showeth:

That we consider the 2% discounting of Commonwealth Occupational Superannuation Scheme pension adjustments on 10 October 86 to be a serious breach of trust by the Government. The Commonwealth has reneged on an established commitment as incorporated in Commonwealth legislation and benefit promise pensions are not being paid in full. In particular we resent the long-term effect of the discounting. The pension loss is compounded throughout the life of a pensioner and surviving dependants—into the 21st century for many. We consider this Government-induced penalty to be out of all proportion to the short-term "extraordinary circumstances of the economy" given as the reason for the discounting.

Your petitioners most humbly pray that the Senate, in parliament assembled, should urge the Government to:

1. limit the pension discounting effect of the Superannuation and Other Benefits Legislation Amendment Act 1986 to the period 10 October 86 to 1 July 87 so that pensions are restored to the 9 October 86 level as a base for the 1987 pension adjustment; and

2. Consult with organisations representing pensioners before changing the terms and conditions of Commonwealth Occupational Superannuation Schemes.

And your petitioners as in duty bound will ever pray.

by **Senators Giles** (from 14 citizens) and **Haines** (from nine citizens).

Petitions received.

Australian Bill of Rights Legislation

To the Honourable the President and members of the Senate in Parliament assembled: The humble petition of the undersigned citizens of Australia, respectfully showeth that the Bill of Rights and the Human Rights and Equal Opportunity Bill:

1. offer nothing more than is already available under law,

2. deny some Human Rights and do not include others,

3. give dangerously wide powers to an unelected body, and

4. could cause far more damage than they could possibly cure.

Your petitioners therefore humbly pray:

That the Senate should: completely reject the Bill of Rights and the Human Rights and Equal Opportunity Bill, and your petitioners as in duty bound will ever pray.

by **Senator Lewis** (from 84 citizens).

Petition received.

Human Embryo Experimentation Legislation

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

The petition of the undersigned expresses concern that some scientists in Australia are intent on undertaking destructive experimentation on human embryos. This subject was examined exhaustively by the 1985-1986 Senate Select Committee on Senator Harradine's Human Embryo Experimentation Bill which received 270 submissions and more than 2,000 pages of evidence. The report of the Senate Committee recommended in October 1986 that the Commonwealth Government make

unlawful any destructive experiments which frustrated the development of the human embryo.

Your petitioners therefore request the Senate and the Government of the Commonwealth of Australia to:

Implement without delay the major recommendation of the Senate Select Committee to outlaw destructive experiments on human embryos.

And your petitioners as in duty bound will ever pray.

by **Senator Harradine** (from 117 citizens).

Petition received.

Australia Card Legislation

To the President and Senators in Parliament assembled, your humble petitioners showeth that the proposed Australia Card will have a dramatic impact on the lives of all Australians, and your petitioners therefore request a national referendum on the Australia Card Bill before the proposal is resubmitted to Parliament.

And your petitioners as in duty bound will ever pray.

by **Senators Michael Baume** (from 102 citizens), **Button** (from 37 citizens), **Chaney** (from 147 citizens), **Colston** (from 19 citizens), **Haines** (from 85 citizens), **McGauran** (from 12 citizens) and **Richardson** (from 27 citizens).

Petitions received.

Identity Card and Taxation Legislation

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

We, the undersigned citizens, respectfully showeth:

That we are totally opposed to the introduction of the Labor Government's Identity Card;

that this form of national and compulsory identification will be intrusive, costly for taxpayers and business and will not be effective in combating the growing problems of tax evasion, illegal immigrants or social security;

that we are deeply concerned at the Labor Government's inability to provide effective and efficient methods to combat tax and social security fraud without resorting to expensive, ineffective and authoritarian measures which are alien to the Australian way of life;

that we call upon the Labor Government to improve management systems within the Australian Tax Office and other Departments to crack down on tax evasion and fraudulent practices.

And your petitioners as in duty bound will ever pray.

by **Senators Chaney** (from 83 citizens), **Crichton-Browne** (from 72 citizens) and **Messner** (from 189 citizens).

Petitions received.

Food Irradiation

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

We, the undersigned citizens of Australia, draw the attention of the House to our strong and unequivocal opposition to existing Regulations and/or proposed Legislation supporting the 'Introduction of 'Irradiation of Food' (Food Ionization)' in Australia, or the importation or exportation of irradiated foods into or out of Australia.

Your petitioners therefore pray that a Bill be passed totally banning food irradiation in Australia, and the importation of irradiated foods into Australia.

by **Senator Haines** (from 621 citizens).

Petition received.

Australia Card Legislation

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

The petition of the undersigned citizens of Australia respectfully showeth:

That the proposed national ID Card and numbering system threatens the privacy of law-abiding Australians opening the door to computer matching of personal information, will cause inconvenience to rural people in particular, and will result in massive compliance costs for private business.

That the Joint Parliamentary Select Committee Report of 1986 showed that the Australia Card will not be effective in combating taxation and social security fraud and illegal immigration, as its cost savings are based on faulty estimates.

That accordingly the Senate and Parliament should reject the Australia Card Bill.

And your petitioners as in duty bound will ever pray.

by **Senator Knowles** (from 6,948 citizens).

Petition received.

Australia Card Legislation

To the Honourable the President and members of the Senate in Parliament assembled. The petition of the undersigned Australian citizens shows that:

An ID Card numbering system for all Australians would give future governments tremendous power to collect sensitive information and use it against us.

Criminal elements could benefit by forging cards and documents needed to obtain them, or by illegally accessing the data in the system. The dangers are much greater that with current systems such as Medicare, as the Australia Card Number could link so many different confidential records.

The cost to government and private enterprise of implementing the ID Card would be enormous, outweighing any gains. Tax cheats can be stopped more effectively by better checks in the present system.

Your petitioners therefore pray that you will reject the Australia Card Bill.

by **Senator Messner** (from 767 citizens).

Petition received.

Industrial Relations Legislation

To the Honourable the President and members of the Senate in Parliament assembled. The humble petition of the undersigned Australian citizens showeth:

(1) That we condemn the Hawke Labor Government's attempt to foist on Australians a disastrous in-

dustrial relations package that will damage industry, small business and the long-term economic viability of the country;

(2) That we abhor the entrenchment and increase of union power embodied in the industrial relations legislation, and the Government's failure to break compulsory unionism or to address the issue of individual rights for those who refuse to join or resign from trade unions;

(3) That we are concerned that this legislation will place trade unions above common law actions, and will wreck the secondary boycott sections (45D and 45E) of the Trade Practices Act which for the past decade have protected business from union thuggery;

(4) That we call upon the Hawke Labor Government to withdraw completely its ill-advised industrial relations legislation in response to the concern and alarm felt by ordinary Australians and the major business and employer groups at the direction in which industrial relations is heading in this country.

And your petitioners as in duty bound will ever pray.

by **Senator Messner** (from 255 citizens).

Petition received.

PRESENTATION OF PAPERS

Senator GARETH EVANS (Victoria—Manager of Government Business in the Senate)—I table papers in accordance with the list circulated to honourable senators. With the concurrence of the Senate, I ask that the list be incorporated in *Hansard*.

Leave granted.

The list read as follows—

1. The Rice Industry—Second Interim Report—Industries Assistance Commission Report No. 403.

2. Glass and Glassware—Industries Assistance Commission Report No. 404.

3. Central Land Council—Annual Report 1985-86.

4. Murranji Land Claim—Aboriginal Land Commissioner Report.

5. Ti-Tree Station Land Claim—Aboriginal Land Commissioner Report.

6. Northern Land Council—Annual Reports 1983-84 and 1984-85.

7. Northern Land Council—Annual Report 1985-86.

8. Australian Postal Commission—Service and Business Review and Outlook—September 1987.

9. Matrimonial Property—Law Reform Commission Report—Pursuant to section 37 of the Law Reform Commission Act 1973.

10. Director of Public Prosecutions—Civil Remedies Report 1985-87—Pursuant to sub-section 3 (3) of the Director of Public Prosecutions Amendment Act 1985.

11. Distribution of Powers—Report of the Advisory Committee to the Constitutional Commission.

12. Individual and Democratic Rights—Report of the Advisory Committee to the Constitutional Commission.

13. Executive Government—Report of the Advisory Committee to the Constitutional Commission.

14. Australian Judicial System—Report of the Advisory Committee to the Constitutional Commission.

15. Trade and National Economic Management—Report of the Advisory Committee to the Constitutional Commission.

16. National Debt Commission—Annual Report 1986-87—Together with the Auditor-General's Report—Pursuant to section 18 of the National Debt Sinking Fund Act 1966.

17. Life Insurance Commissioner—Annual Report 1986—Pursuant to section 11 of the Life Insurance Act 1943—Together with a Half Yearly Financial and Statistical Bulletin for the period 1 July 1985 to 30 June 1986.

18. Australian Tobacco Board—Annual Report 1986—Together with the Auditor-General's Report—Pursuant to section 26 of the Tobacco Marketing Act 1965.

STANDING COMMITTEES

Appointment

Motions (by **Senator Gareth Evans**) agreed to:

STANDING COMMITTEE ON REGULATIONS AND ORDINANCES—APPOINTMENT

That, in accordance with Standing Order 36A, the Standing Committee on Regulations and Ordinances be appointed.

STANDING COMMITTEE FOR THE SCRUTINY OF BILLS

That, in accordance with Standing Order 36AAA, the Standing Committee for the Scrutiny of Bills be appointed.

STANDING COMMITTEE ON APPROPRIATIONS AND STAFFING—APPOINTMENT

(1) That the Committee known as the Standing Committee on Appropriations and Staffing, constituted by Resolution of the Senate on 25 March 1982, be re-constituted, under the same terms and with the same functions and powers as varied by Resolution of 11 May 1983.

(2) That the Committee have power to consider and use for its purposes Minutes of Evidence and records of the Standing Committee on Appropriations and Staffing appointed in previous Parliaments.

(3) That the foregoing provisions of this Resolution, so far as they are inconsistent with the Standing Orders, have effect notwithstanding anything contained in the Standing Orders.

ADVISORY COUNCIL ON AUSTRALIAN ARCHIVES

Membership

Motion (by **Senator Gareth Evans**) agreed to:

That, in accordance with the provisions of the Archives Act 1983, the Senate choose Senator Reid to be

a member of the Advisory Council on Australian Archives for a period of three years on and from 15 September 1987.

ROTATION OF SENATORS

Debate resumed from 16 September, on motion by **Senator Button**:

That, in pursuance of section 13 of the Constitution of the Commonwealth, the Senators chosen for each State be divided into two classes as follows:

(1) The name of the Senator first elected shall be placed first on the Senators' Roll for each State and the name of the Senator next elected shall be placed next, and so on in rotation.

(2) The Senators whose names are placed first, second, third, fourth, fifth and sixth on the Roll shall be Senators of the second class, that is, the long-term Senators, and the Senators whose names are placed seventh, eighth, ninth, tenth, eleventh and twelfth on the Roll shall be Senators of the first class, that is, the short-term Senators.

upon which **Senator Short** had moved by way of amendment:

Leave out paragraph (2), insert the following paragraph:

"(2) The six Senators for each State whose order of election was determined in a re-count of ballot papers pursuant to section 282 of the Commonwealth Electoral Act 1918 and certified by the Australian Electoral Officer for that State shall be Senators of the second class, that is, the long-term Senators, and the remaining six Senators for that State shall be Senators of the first class, that is, the short-term Senators.".

Senator TEAGUE (South Australia) (10.06)—I reject the Government's motion and support the amendment moved by my colleague Senator Short that the Senate take this important opportunity of endorsing a new and fairer method for determining long and short term senators following a double dissolution. It has already been made clear that the responsibility for such a determination is given to the Senate by section 13 of the Constitution. Section 13 clearly states:

As soon as may be after the Senate first meets, and after each first meeting of the Senate following a dissolution thereof, the Senate shall divide the senators chosen for each State into two classes, as nearly equal in number as practicable . . .

It is also clear that there have been five occasions following a dissolution on which the old method was followed for that decision by the Senate in pursuit of section 13 of the Constitution. This is now the sixth occasion that this arises following the sixth double dissolution of the Parliament. We have the opportunity to act upon the amendment to the Commonwealth Electoral Act which provides a fairer method of determining this matter.

There was no dissent in the Joint Select Committee on Electoral Reform, which was set up by this Parliament, in regard to the recommendation to the Parliament that this new method be available to us now to determine this matter. Members of that Committee who represented the Australian Democrats, the Australian Labor Party and the Liberal Party of Australia did not disagree. This was a quite unanimous recommendation. Let me read recommendation 16 of the Joint Select Committee on Electoral Reform on which there was no dissent:

following a double dissolution election, the Australian Electoral Commission conduct a second count of Senate votes, using the half Senate quota, in order to establish the order of election to the Senate, and therefore the terms of election.

This recommendation flowed from chapter 3 of the report in which two pages are set aside in respect of the reform of rotation of senators. The recommendation is made on pages 66 and 67 of the report of the Committee that this matter be entrenched in the Constitution. This statement is made on page 67:

Accordingly, the Committee recommends that:

... ...

the practice of ranking senators in accordance with their relative success at the election be submitted to electors at a referendum for incorporation in the Constitution, by way of amendment, so that the issue is placed beyond doubt and removed from the political arena.

Because that has not been done, because that recommendation has not been acted upon, we are considering this matter in the political arena. It is transparently evident that the shabby deal that has been put forth by Government and Democrat senators has put this matter very much in the political arena. There is a departure from the unanimous recommendations to which I have just referred.

Let me go back to one of the major reasons for the Parliament receiving this report and recommendation and, indeed, the Senate adopting section 282 of the Electoral Act. Although we have had six double dissolutions in the history of the Commonwealth Parliament, it has always been a possibility in practice for any party with a majority following a double dissolution to use its numbers to entrench its senators as long term senators. It would be a gross abuse of the fairness of this chamber, but there is nothing in any Act of the Parliament nor in the Constitution of Australia that would prevent the exercise of the iron numbers.

For instance, my own Party, the Liberal Party, could have come back from this last double dissolution with an overall majority in this chamber. Under section 13 of the Constitution, if we wished to be brutally political, we could have used our numbers to put all Liberal senators into long term positions and everybody else into short term positions. Then when the normal half-Senate election followed, perhaps three-quarters of this chamber would have been composed of Liberals. If that were the case, there would be uproar in the Senate and in the country, but there is nothing in the law to prevent such an unfair outcome.

In order to rule out with certainty that gross distortion in determining this matter, the Joint Select Committee on Electoral Reform, in its first report of September 1983, stated that it wanted to look at this matter to determine whether the old convention from the last five double dissolutions was satisfactory and, if it was, we should try all the more to entrench that to avoid that gross abuse. In looking at that question Alastair Ficher, a Senior Lecturer in Economics from the University of Adelaide, put forward the submission that there needed to be a refinement to the already established convention for determining the rotation of senators. He said that it was not a fair reflection of the priority and preferences indicated by voters for us to use the old method, the one that has been established after the last five double dissolutions.

Let me put to honourable senators why it is fairer to adopt the Ficher proposal and the recommendation of the Joint Select Committee. Consider the situation of a major party gaining 40 per cent of the popular vote in any State and a minor party receiving 10 per cent of the vote. In the present circumstances of 12 senators representing each State, the quota for election to the Senate is 7.7 per cent of the vote. It is clear that the minor party, with 10 per cent of the vote, would have one senator elected amongst the 12, and the party with 40 per cent of the vote would have five. Whether an extra one would be elected would depend upon the preferences of other candidates.

For simplicity of procedure, the Commonwealth Electoral Act prescribes an order for the declaration of senators to be elected, and anyone that has in his own right more than the 7.7 per cent is declared elected. So the party with 10 per cent of the vote, according to our provisions for declaration of election, would presumably have the third senator declared to be elected—one major party's first candidate, the other major party's first candidate, and then the first candidate from the minority party receiving 10 per cent of the vote. Under the old method we have determined that those who are first declared to be elected, that is, the six out of the 12, would be resolved by the convention in the Senate to be long term senators and the remainder would be short term senators. The new method is fairer because even after the first candidate of a major party has been declared elected, the remainder of the votes is still at least 32 per cent. That 32 per cent indicates a priority, a preference by the voters of at least three to one for the second candidate of the major party as against the first candidate in the minority party. The argument will proceed that even the third candidate of a major party will have at least the remainder of 24 per cent, and that 24 per cent indicates a priority, a preference by the voters for that third candidate of the majority party ahead of the first candidate of the minority party receiving 10 per cent and so on.

In the detailed consideration of this matter in the parliamentary committee and in the discussion in the Senate following the report and recommendations along those lines, Senator Harradine dissented, saying that he was yet to be convinced that the Senate should entrench this matter, because he had a vested interest: he would always be a minority party candidate and he did not want to rule out the advantage from the old convention that he presently enjoys. Similarly, Senator Macklin at no point argued that the new method was anything other than fairer. He only left the reservation that because he was from a minority party his own self-interest could well be compromised if we moved from the old to the new method. I must freely admit that Senator Macklin, in the debate in this chamber on 2 December 1983, did not fully embrace the new principle, even though he had been a party to the recommendation from the Select Committee of which he was a member.

Let me give the clearest view of that debate. Senator Robert Ray, the Minister now responsible, is in the chamber and he was the one who spoke with the most credibility on 2 December, and I think with the most knowledge—certainly, in my mind, with the greatest clarity on this matter. This appears on page 3219 of Senate *Hansard* of 2 December 1983. Senator Robert Ray said:

> I think we would all agree that the current provision in the Constitution at the moment in regard to who are long term senators and who are short term senators is unsatisfactory.

He went on to give examples similar to those I have just canvassed. When he came to saying that a party with, say, 10 per cent is less preferred than the second candidate or even third candidate of a party that might gain 40 per cent, he said, using the figure 9.3 per cent or 9.6 per cent, close to my example of 10 per cent:

> But I think that is fair enough; I really do.

A little later, reflecting on what I have just said about Senator Macklin's view, Senator Robert Ray said:

> But I am sure that Senator Macklin has expressed to me on other occasions the fairness of this proposal looked at without self-interest on the part of the Democrats.

Senator Robert Ray—You have left out the crucial quote.

Senator TEAGUE—I hear Senator Ray saying that I have left out something crucial. I want to say honestly that Senator Ray at no stage in that speech, even though it was so credible and clear, committed the Government, his own Party, to the adoption of it.

Senator Robert Ray—I did the reverse, if you read the speech.

Senator TEAGUE—Senator Ray might remind us of that later. Senator Ray, who spoke so clearly on behalf of Government senators, did not put forward a form of words that committed the Government to this new convention, but certainly said that it was a fairer proposal.

Senator Robert Ray—Definitely.

Senator TEAGUE—He agrees. In this debate I can only appeal to Government senators on the strength of all of us acknowledging that the new convention is fairer. I do not want to say to Government senators that their spokesmen have committed them to adopting this in the past. The implication was there—it was because it was fairer. In the Senate we often appeal to principle and honesty. Once, long ago, the Australian Democrats used to laud the view that they were elected here to 'keep the bastards honest'.

Senator Robert Ray—There are no bastards here any more.

Senator TEAGUE—That was a long time ago and I agree with Senator Ray that there are no bastards here any more. I say to Senator McLean, who is in the chamber and who gave his principled maiden speech yesterday, that he has voted in only one or perhaps two divisions so far and that on this matter he has the chance in the first handful of divisions actually to act upon the high minded principles which he put forward in that maiden speech. He should reflect that there is no one in this chamber—no one—who has denied that the new convention for determining the rotation of senators should be based on that recommendation of the Joint Select Committee on Electoral Reform—the proposition that is set out in Senator Short's amendment to the motion that is before the Senate. We have a test for the Australian Democrats as to whether they are pompous hypocrites or whether they will vote with conscience, principle and fairness.

Let me give another argument as to why the new method is fairer. Back in 1983 when this was being discussed a number of us saw that because we were contemplating registering a how to vote card, given a simplified Senate vote, it would be possible in a normal half-Senate election to register up to three how to vote cards. This is in the present Commonwealth Electoral Act. As yet nobody has exercised the full three options but the Australian Democrats have certainly registered two how to vote cards at all of these elections, when the opportunity was there. All votes that have No. 1 in the box for the Australian Democrat team are divided 50-50 between the two how to vote cards that are registered. If a major party wished to maximise its ability to gain long term senators, it could register three how to vote cards in which the order of its preferences were given one-third to the first member of their team, one-third to the second and one-third to the third.

Because we discussed this matter at the same time as section 282 of the Commonwealth Electoral Act, which relates to the rotation of senators, and because there was an acceptance by everybody that it was fairer to go by the new method, in giving the option for a three-part registering of how to vote cards we precisely denied the course to the major parties—in fact, to any party—because it would only have the facetious, if you like, or procedural effect of achieving what section 282 provides. It was argued that there was no need to have a major party put forward a three-part how to vote card in order to maximise the election of its own members to long term positions because that would be catered for anyway by section 282. I ask anyone in the Senate whether there is any disagreement with what I have said. Senator Robert Ray agrees with me. I put a second reason. I have already explained why this new method is fairer but I reinforce it by saying that when the how to vote cards were registered there was an understanding that we did not need to provide this measure for major parties because of section 282.

I can only appeal to Government senators and the Australian Democrats at this late stage of the debate to act for principle and fairness and to depart from the shabby, patched-up deal that is in favour of self-interest. Why is it in favour of self-interest? When one compares the old convention with what would happen if the new convention were introduced, one sees that the new convention would deny the Democrats two senators. The Democrat senator from New South Wales, Senator McLean, who is in the chamber, and the Democrat senator from Victoria, Senator Powell, would be denied long term positions in the Senate and instead two National Party senators, my coalition colleagues, who are also in the chamber—Senator McGauran from Victoria and Senator Brownhill from New South Wales—would gain long term positions on the basis of the fairer method, on the basis of what reflects the priorities and preferences of the voters in the States of New South Wales and Victoria. Also, I note that there would be a change over from Labor to a Liberal senator in Queensland and the reverse would apply in my State of South Australia.

I put it to Senator Powell, who has just entered the chamber, and Senator McLean, who is sitting next to her: Will they vote to keep themselves honest? Will they vote according to principle and fairness or will Senator McLean, in his first week in the Senate, vote for blatant self-interest not only for his Party but also himself? Will he want hanging around his neck the fact that in his first week in this chamber he voted against honesty, against fairness, for his own personal advantage? I can only put it in those terms in the hope that we will embrace each other when he has voted for honesty and fairness. I hope Senator McLean will yet change his mind. I hope that, by voting with the coalition on this matter, he will reinforce, at the first chance, a new convention, so that after another double dissolution, when the numbers may be different—it may favour my party to have a different approach—he will be able to argue to us, 'We heard what you said. We heard what the Joint Select Committee on Electoral Reform recommended and we, against our self-interest, adopted that convention right from the start'. That is the kind of maturity and principle to which the Democrats could then appeal to us in the future. I wish them luck in lifting the level of debate and voting, the principle and fairness of this chamber, if they deny this principle so blatantly in the way they vote later today.

Senator Haines, the Democrat Leader, came back to name-calling, saying that the pot is calling the kettle black. Senator Haines did not in any way deny that this method was fairer. She just said, 'Where were you in the coalition when you opposed the additional wine tax and, whilst opposing it, voted for the Government's Budget?' We have tried to explain that in terms of the integrity of the Budget. I know that the Democrats do not accept our explanation. But the only kind of defence we have heard from the Democrats is to say that the pot is calling the kettle black. They are accepting that they are black. The Democrats have accepted that they are departing from honesty and principle.

Senator Ray has a loophole of words. He can say that he never committed the Government to the adoption of the convention. He can even argue that he thought it was better to negotiate and get a resolution along these lines in the Senate prior to the last double dissolution. He can use whatever stratagem he wants. But we know that he is a politician of the world of realistic self-interest.

Senator Brownhill—Pragmatic.

Senator TEAGUE—He is pragmatic. I do not deny that. I do not see any great contradictions in Senator Ray's approach at the moment. He is an instrument of the Labor Party's direct advantage. I do not berate him for that. I can only appeal to him to look to a higher level to say, 'The advantage happens to lie with the Labor Party and the Democrats at the moment, but in the future it may well lie against us, so let us look beyond our short term self-interest and adopt a convention which we can stick to'.

Other conventions have been abused in the past. I see Senator Colston across the way. Senator Colston was the nominee of the Labor Party to replace a Labor senator who had died. We all remember the furore at the time when a certain Premier in a certain State, against the views of this chamber, against the views of the public and against all sense of honesty and fairness, broke convention. This matter is of that nature.

Senator Colston—I remember it well.

Senator TEAGUE—Senator Colston remembers it well. He remembers the deep offence. He realises the unfairness of using iron numbers against a principled convention being established.

Government and Democrat senators have the opportunity to think again and to adopt a fairer way for this Senate to determine the rotation of senators—not to have Senator McLean and Senator Powell right from the beginning of this

parliamentary term rejecting honesty and voting for self-interest.

Senator BROWNHILL (New South Wales) (10.33)—I support Senator Short's amendment. He made things very clear in his speech. We have just listened to Senator Teague who has also made things very clear about clause 282 of the Commonwealth Electoral Legislation Amendment Bill which was debated in this chamber and then became an Act. Clause 282 was one of a number of reforms recommended by the Joint Select Committee on Electoral Reform. The adage that one day is a long time in politics is well known and is particularly relevant to this legislation. When the legislation was debated in this chamber in 1983 this clause was embraced with enthusiasm by people such as Senator Robert Ray, who was then not a Minister. I congratulate Senator Ray on having risen to the heights of the Ministry. As I say, Senator Ray embraced clause 282 with enthusiasm. It is interesting that today Senator Ray will argue in this chamber, I am sure, exactly the opposite of what he argued then. I will quote what the Minister said on 30 November 1983. It is on page 3042 of *Hansard* if he would like to check it.

Senator Robert Ray—Go to 2 December and see what I said.

Senator BROWNHILL—This quote is from 30 November 1983 on page 3042 of *Hansard*. Senator Ray said:

> The first thing I want to comment on in this Bill is the introduction of an independent electoral commission, which I think is well overdue. The problem with electoral laws in this country is that they have been subjected to partisan interference.

I suggest that partisan interference is happening today in regard to this particular section of the Act. Again, on 2 December 1983—and to save the Minister time looking it up, it is on page 3219 of *Hansard*—the Minister said:

> What this is intended to do—

the Minister was talking about section 282—

> is to provide a guide for this chamber, if it wishes to use it, to determine who are short term senators and who are long term senators. I would think it is a guide which, if we set it up in advance and we could all agree to it in advance, we should use.

The fact that it has not been set up in advance is no excuse to say that it should not be used. The Minister went on to say in that same paragraph:

> But if we can agree, at least in an ethical way—

I suggest that it is not being approached in an ethical way by people on the other side of the chamber at this stage—

> that it is a fairer system to have the half Senate quotas applied to a double dissolution vote to determine who is short term and who is long term then we will get to a situation where that pattern continues and this Senate does not have to use political interference.

I am suggesting to the Minister that he is using political interference and collusion with this interpretation at this stage.

When the Electoral Legislation Amendment Bill was discussed in this place, the Australian Democrats were so concerned that clause 282 be worded correctly that they moved an amendment to it which today is the substance of section 282. It is interesting to see where their honesty will stand today in supporting Senator Short's amendment. Senator Macklin at the time argued quite passionately that it was important to ensure that this section was right and that there not be a repeat of what he described as the 'Alabama paradox'. One wonders, of course, why it is that both the Australian Labor Party and the Australian Democrats are arguing today that section 282 should not apply. It surprises me that the Minister is lying in bed with the Democrats in this manner. I am forced to believe that political expediency must be the name of the game. I think Senator Teague said earlier that Senator Ray was a very pragmatic politician. By being too pragmatic in this particular case he is probably tarnishing his image as a Minister very early in his career.

I am not the only one who thinks that political expediency has been adopted in this case. Kate Legge, writing in the *Melbourne Herald* on 10 September 1987, suggested that the Government would need to court the Democrats this session because of the Government's reduced majority. Many people in the community wonder why a section of an Act was brought in so passionately by persons such as Senator Ray and Senator Macklin—by the Democrats and the Labor Party but, because of political expediency, is not to be adopted. Kate Legge, in her article on 10 September 1987, said:

> The Government does have an important bargaining weapon to hold over the Democrats head. Next week the Senate has to decide which 38 senators will have six-year terms and which 38 senators draw the short straw to serve three years only.

She went on to say:

> But the Government looks certain to side with the Democrats to ensure they do not lose the extra six-year term positions. Labor has its own electoral interests at heart.

Wheeling and dealing is a two-way street in politics, and the Democrats Leader, Senator Janine Haines, will be expected to make sure her troops vote the right way from time to time.

I interpolate at this point that Senator McLean is being asked in one of his first votes in this place to show his new found principles of keeping them honest, and to show that he can keep his own integrity in this place. Senator Powell, of course, has the chance to do the same thing—to show that she stands for what is in an Act and what is just and right to do in this case. I refer to part of an Act that was put in by the Democrats and the Australian Labor Party. Kate Legge went on to say:

In the light of this pact, one can't help wondering what happened to the Democrats' commitment to "keep the bastards honest", and whether Senator Haines will maintain her rage when the Senate stage lights up for the Australia Card debate.

I think it can be seen from Kate Legge's article that she is similarly disenchanted with the convenient change of heart that the Government—and I would say in particular Senator Ray—has adopted on this particular policy. Little more can be said. The fact is that the Government will do what it wants because it has made arrangements to ensure that it has the numbers to do so. We can all think about that. I presume it will try in a very similar manner to foist on the Australian people the Australia Card, the identity card. I hope the Democrats in that particular instance will remain a little more true to keeping those people—the people I mentioned in my quote earlier—honest. The Government is not interested in what is fair. It says it has the numbers and it can do what it likes. I hope that the Australian electorate sees this political manoeuvre for what it is: it is a cynical disregard for the legislation that honourable senators opposite claimed they wanted to introduce to prevent governments of the day doing deals with minority parties.

I am glad Senator Ray has turned his back. Obviously he is ashamed that he has done this dirty deal with a minority party rather than stick to something that he had stuck to in principle earlier in the piece. Honourable senators opposite introduced section 282, the recount provisions. But now that the Minister has checked his results, in his pragmatic way he has decided that he does not like them and he now decides to ignore them. One wonders how much money the Australian Electoral Commission was forced to waste on doing this recount. I hope that the Minister will be able to tell us the amount of money it has cost to do it. If we are not going to do recounts—if we are not going to use this section of the Act—why have it in there? If the Government does not want to keep that section in there it should do its double somersault and say that it wants to take it out.

I would like to make just a couple of points in response to some comments Senator Macklin made yesterday about National Party of Australia votes in Australia compared with those of the Democrats. Senator Macklin seemed to be skiting about how the Democrats got a quite high vote in Australia. It is quite interesting to see that in the House of Representatives the vote for the National Party was something like 11.6 per cent while the vote for the Democrats was something like 6.3 per cent. Let us look at the National Party vote in the House of Representatives election in New South Wales. It is interesting to note that we do not stand in as many seats as the Democrats. We got 11.76 per cent of the votes and the Democrats got only 6.34 per cent. However, in New South Wales, because of the fact that the Minister will not abide by section 282 of the Act, we have a long term senator coming from the Democrats and not from the National Party.

I would like also to quote from a letter to show the hypocrisy of the Democrats. It is a letter dated 12 June 1985 written by the State Parliamentary Leader of the Australian Democrats in the Upper House in New South Wales, Elizabeth Kirkby. She wrote this letter to the Secretary of the Joint Select Committee on Electoral Reform. She was making a submission on behalf of the Australian Democrats. She said:

The fact that section 282 did not apply—

she is talking about the 1984 election—

is a grave anomaly and totally inconsistent if one accepts that the quota-preferential system of proportional representation only purports to elect candidates receiving a quota of votes but does not purport to order the successful candidates in any way. The only valid procedure for reducing the seven elected candidates—

remembering that a different election is being referred to in this particular case—

in each State to six long-term Senators is to recount with a revised quota to elect six from amongst the seven successful candidates consistent with section 282. The Australian Democrats strongly urge the Committee to recommend that the Act is amended to ensure that in all future elections requiring differentiation between long and short term Senators that this be effected in accordance with section 282 of the existing legislation.

I do not know where Senator McLean has gone, but I wonder whether he agrees with his Leader in the New South Wales Parliament when she

made that submission to the Electoral Reform Committee.

Senator Robert Ray—It might be why he replaced her on the Senate ticket, in fact—the fact that he didn't agree with her.

Senator BROWNHILL—Maybe it is. Maybe the Democrats are a pretty cut-throat lot. Obviously Senator McLean is a person who will act on political expediency now that he is in this place. It has already been said very well by Senator Short and Senator Teague that this Government has done a deal with the Democrats for political expediency.

Senator HARRADINE (Tasmania) (10.47)—How I vote on this matter will not make one bit of difference; it has all been decided. But I do wish to make a couple of points. The first is in response to a question that was raised by Senator Teague. I seemed to hear him say that I was acting out of self-interest in saying what I did on 2 December 1983. I do not seek to impute motives to people, but might I inform Senator Teague that it does not matter to me because either way—whether the amendment gets carried or the motion gets carried unamended—I am in for a full term.

Senator Teague—On this occasion that is true.

Senator HARRADINE—And it would not have mattered on the previous occasion. I do not think it will matter anyhow because I think the next election will probably be a double dissolution. So I do not know what we are arguing about. We might as well appoint as long term senators those with blue eyes and short term ones as those with brown eyes.

Senator Robert Ray—No, the other way.

Senator HARRADINE—I do not know about that. No, that is self-interest. Might I just point out for Senator Teague's benefit that I did question this issue, but I did so indicating that it was not mandatory for the Senate to consider the recount under section 282. In fact, let me deal with this question of section 282. Section 282 of the Act is very interesting indeed because what it requires the Australian Electoral Officer to do is to take a ballot paper which has been filled out by a voter and change the numbers that have been put on that ballot paper by that voter.

Senator Teague—Not change them.

Senator HARRADINE—Yes, change them—change the numbers. Let me give the Senate an example because this is a very important matter. This Senate and this Parliament has tinkered with the ballot system such that it does not truly reflect the intention of the voter. We have tinkered with——

Senator Robert Ray—It only goes to ranking.

Senator HARRADINE—Wait a minute; I am talking about the list system of voting for a start. The list system of voting does not meet the first test of a fair system of voting, and that is that it should truly reflect the intention of the voter. How many voters who bung the number one on the top of the ballot paper realise where their preferences are going? I have pointed out previously in this place and before the Joint Select Committee on Electoral Reform that the Senator Brian Harradine Group candidate was not elected to this chamber although she was miles ahead of the Australian Democrat senator, Senator Sanders. He got over the line a few hundred votes ahead of her because of the preferences given to him by the Australian Labor Party.

I do not want to debate the issue, but I went around the timber yards and the Hydro-Electric Commission and spoke to people who were very much against the policies of the candidate whom they had elected. I said to one man, 'Congratulations, you have just elected a particular candidate'. He said, 'We have not'. I said, 'You have'. That is what this Parliament has done. It has actually institutionalised the system which does not truly reflect the intention of the voter. What section 282 does is a further extension of that. Let me outline what the electoral officers do in my State, for example, where there were 21 candidates. They exclude all but 12 candidates. They put a template across the names of the candidates. A ballot paper with the names 1. Harradine, 2. Sacco and 3. Tate would then be rendered 1. Harradine, 2. Tate. They actually changed the ballot paper; they do it in red. They are changing the numbers the elector puts on the ballot paper. Who is to say whether the electors understand what is going on when that takes place? Of course they do not. I will guarantee that hardly any of the electors understood what was going on when they went to the ballot box.

Senator Teague—All elections do that, that is, they show the preferences. Preferences are counted on. At every election it happens.

Senator HARRADINE—The point I am making is that in this case the numbering of the person is actually physically being changed.

Senator Robert Ray—But not to get them elected; only to determine ranking. That's a separate issue.

Senator HARRADINE—Well, all right. Surely that should be determined by the people concerned, and that is the whole issue of ranking. Surely people go into a polling booth to cast a preference for the order in which they would like to see candidates elected. They go into the polling booth not only to elect those candidates but also in order to indicate in what order they want those candidates elected. That is a question that has to be raised.

I think this matter ought to go again to the Joint Select Committee on Electoral Reform for more mature consideration. I was not a member of the Joint Committee at the time that consideration——

Senator Brownhill—Would the Government then abide by the rulings or suggestions of that Committee if it was politically expedient?

Senator HARRADINE—Of course it would not, but that is beside the point. It is beside the point my getting up here and speaking. This is all cut and dried. What I have to say is not going to make much difference. The Government's motion is going to win by a mile. At least I am consistent—I do not know who else is. Whether consistency is a virtue is another question which I do not want to go into at the moment.

I seriously feel that before we go too far down this line we ought to get a response from the Australian Electoral Commission as to how it sees the operation of section 282 because, as I understand it, by ignoring all but the 12 candidates who will be elected out of a field of 21, it is possible that there will be a slight variation. I am not saying that it would make any difference to the ultimate result but I think that we ought to have a report from the Australian Electoral Commission on that.

Finally, I would just like to mention that this whole question of electoral reform is one which we all ought to consider very seriously indeed. This list system of voting is a system which, I believe, effectively denies to the electors their right to decide the choice of candidates whom they wish to elect in this Parliament. That is now largely decided for them by the political parties, and I do not think that that is good for democracy.

Senator MacGIBBON (Queensland) (10.58)—I support the amendment that is before the Chair and, as Senator Short so elegantly and succinctly put it, that is the only logical and ethical position for the Senate to hold. If I could put it in terms that the Australian Labor Party might understand, the position we are in at the moment is that of deciding the rules as to who the winner will be after the game has been played and resolved. It is very sad to reflect that the responsibilities of great office that the Labor Party holds now as the Government of Australia have not had any impact at all on its sense of responsibility. It still exercises the naked pursuit of power which has characterised the Labor Party since its inception and its sordid origins in the trade union strikers under the Barcaldine Tree of Knowledge. It has learnt nothing at all, not only of the responsibilities of office but also of the need to be seen as ethical and honest by the general public. I would have thought from the way that members of the Labor Party behaved, that they had a very real and vested interest in trying to establish their credentials for honesty so that they might earn a little bit of respect from the Australian community. But that is not to be.

I think the saddest thing in this chamber is the position of Senator Robert Ray. Senator Ray came in here two or three years ago. I can say without fear of correction that he was one of the most respected and admired people in the Labor ranks by all of us on this side of the chamber, because he was reasonably fluent on his feet—he was articulate. By the general standards of the community he was moderately intelligent and by the standards of the Labor Party ranks over there he was highly intelligent. We looked forward to Senator Ray bringing a bit of reason, stability and development into the policies of the Labor Party.

Other speakers on this side of the chamber have instanced chapter and verse how Senator Ray is on record in the decisions of the Joint Select Committee on Electoral Reform and when the section that we are arguing about this morning, in relation to the Commonwealth Electoral Act, was presented. Senator Ray's position on that was absolutely correct, and it had the support of all of us in this chamber. Today we find that Senator Ray is behaving in a way that is disappointing to all of us. He is behaving like just another Tammany Hall operator. Some years ago I had the pleasure of being invited to serve a year on a visiting professorial appointment in the United States of America. I took a great interest in Tammany Hall operations, because in those days there were only two units still operating in the United States: one was Mayor Daley and his corrupt regime in Chicago, and the other was Mayor Rizzo in Philadelphia. I am quite confident that Senator Ray would fit in very well with any of the operations of the Daley

regime in Chicago in the 1960s and the early 1970s. The saddest thing is that Senator Ray, by his actions in opposing this motion, has destroyed his own reputation. I do not think a greater loss can befall any human being than to fall from grace by losing a reputation which he had built up over the years.

The Labor Party has not lost its reputation, it has just reconfirmed what we always thought of it, and, of course, unlike other speakers on this side I never had any illusions about the Australian Democrats. Maybe I am unduly cynical, but when people tell me that they are honest and moral, I always feel for my wallet and credit cards and do my coat up. If ever there was a bunch of sanctimonious, self-advertising moralists bedevilling the Australian political stage, it is the Democrats, and the way they have gone into collusion with the Labor Party to save their worthless hides for another term.

Before I get into the details of this motion before us, I want to give the Senate a short history lesson. Once upon a time senators were elected on the basis of a simple majority. The situation got so bad in the mid-1940s that everyone in this chamber was a Labor senator, except for three Liberal senators, and to their eternal credit they came from my State of Queensland. But the Senate could not work with a simple majority system. The Labor Party, to its credit, decided to alter that system and to introduce the system of proportional representation that we have today. It set up a system whereby parties were elected in proportion to the support they enjoyed in the community. That very much extended and developed the principle that the founding fathers had when they set up the Senate, amongst other things to provide a House of review, a States' House, and to provide a stabilising influence on rapid changes by simple majority to the legislature of Australia. The Labor Party was quite correct in setting up that proportional representation system.

The matter of double dissolutions then came up, but an agreed system had always been in place. This is the heart of my argument against what Senator Ray and the Democrats are doing today in their unholy alliance and in making up the rules after the game has been played. In every previous situation in Australia we have had agreement before an election was held as to what the rules will be and how senators will be selected for long and short terms.

Senator Robert Ray—Why did you not adopt it before the double dissolution? You had a chance.

Senator MacGIBBON—We did, Senator. I am not interested in the nature of the decision of the break up. The important point is that we had reached agreement before the election that such and such a system should prevail. I would suggest that that is the only position we can adopt. We can argue about what the means of distribution between long and short term senators might be but we must resolve that difference before an election, and not get to the situation we have now of winner takes all. A pre-determined position applied before the double dissolutions of 1914, 1951, 1974, 1975 and 1983. The Senate genuinely believed it applied before the double dissolution of 1987, but of course events have proved otherwise.

The Commonwealth Electoral Act was amended in 1983. I will not indulge in a repetition of the argument that has already been put so plausibly and accurately by people on this side of the chamber, of Senator Ray's support for the system that is enshrined in section 282 of the Electoral Act. For the benefit of the Democrats I shall quote once more the Committee's recommendation which formed the basis of that section:

> Following a double dissolution election, the Australian Electoral Commission conduct a second count of Senate votes, using the half Senate quota, in order to establish the order of election to the Senate, and therefore the terms of election.

Then followed a recommendation on the ranking of senators. Now that was agreed to by the Senate. No one in this chamber spoke against that section, the amendment to the Act.

Senator Harradine—Wait a minute.

Senator MacGIBBON—Having respect for the sensibilities of Senator Harradine, I will say that the Act was amended and the amendment was carried by the Senate. But now Senator Ray is saying, as I understood him to say from interjections to other speakers, that because the Senate did not ratify the amendment it is not binding on us as a recommendation. I accept, in a narrow legal sense, that the constitutional position applies that the Senate shall decide for itself. But I would argue that practice is that we have agreed before an election as to how that division will be made; and we did accept that.

Senator Robert Ray—Your position——

Senator MacGIBBON—Is the honourable senator proposing a system for Australia that when legislation is passed, as it is required by the Constitution, through the House of Representatives and the Senate, it has no validity at all unless we have a second meeting of the

Senate and we all agree to obey the law that we have passed? That is the absurdity of the honourable senator's argument and even he should be able to see it. Why was this done? It was done very simply for raw political advantage by our opponents, the Labor Party and its left wing branch, the Democrats.

The facts of political life in Australia today are that following the expansion of the Parliament, neither of the large power blocs—the Liberal Party and the National Party of Australia on the one side and the Labor Party on the other—can win a majority in the Senate. The fight then is over the bodies of the Democrats. I can tell honourable senators now that the Liberal Party and the National Party do not want one thing to do with the Democrats. But the Labor Party does, and by colluding with the Democrats it thereby gets control of the Senate and can get its legislative programs through. That is what it is all about. In the Democrats we have a party that out of the 9,155,520 valid votes cast in Australia, in the last election got only 552,352 votes. I am aware that in my State the Democrats ran candidates in every seat for the House of Representatives, and I presume they did the same throughout Australia in order to maximise their Senate vote. In that election the maximum vote they got for the House of Representatives—the seat of government of Australia—was 6.03 per cent. This country is dancing to the tune of the 6.03 per cent of the people who voted for their worthless hides. What sort of democracy is that?

Another worrying thing came out of the last election. If we look at the way the votes were counted we find that the ALP, the Party forming the legitimate Government of this country, got 16,194 votes fewer than the Liberal Party and the National Party together yet got a bonus of 24 seats and government. That is some system.

Senator Burns—Not as good as the Queensland one.

Senator MacGIBBON—People such as Senator Burns whine about Queensland, but the worrying thing is that there is a bigger gerrymander running nationally. It was set up by Mr Young in the 1983 redistribution and its effect can be seen in my own State of Queensland. One has only to look at the Labor Party vote in Queensland. People such as Senator Burns got 74,593 fewer votes than did the Liberal and National parties, yet Labor turned up two more seats—with a deficit of 74,000 votes. That is some fair system! What the Government is doing today is every bit as fair as what Labor tried to do with the Commonwealth Electoral Act. But not satisfied with the gerrymander it is now trying to steal the results by altering the goalposts after the game has been played. This is one of the most blatantly dishonest moves we have seen in this chamber in all the years since Federation. I come back to why it is being done. It is being done to keep the Democrats in business as the left wing of the Labor Party so that the Labor Party can get its legislation through. The Democrats are a fading force; it will be an awful job keeping them alive. In my own State the Democrats could not even get the half quota that applied to an election for the full Senate.

Senator Robert Ray—You got in on our preferences in 1983.

Senator MacGIBBON—That is your good judgment, Senator, and I thank you for it. It is about one of the few decent things your team has ever done.

Senator Robert Ray—It is the silliest thing we have ever done.

The ACTING DEPUTY PRESIDENT (Senator Bjelke-Petersen)—Order! Senator Ray, you will get your chance to speak shortly.

Senator MacGIBBON—We can anticipate what he will say, because it will be a cover-up for the duplicity and lack of standards that are applying. The net result of all this is to turn around what the Senate agreed to follow, which would have provided the Democrats with one long term senator. They are now getting three. Three long term senators means that theoretically—I stress theoretically because practically it will not happen—they stand the chance of doubling those three in the Senate, because those people do not have to run in a half Senate election. In such an election the Democrats may be able to add three more to their numbers. In practice it will not happen because the maximum vote for the Democrats around Australia was 11 per cent in South Australia. That is way short of the 15 per cent they would need, although it must be conceded that there is a chance they could pull one off in that State. One goes back to the point made by Senator Harradine at the conclusion of his speech that in a half Senate election the Democrats will face extinction. They will hang on to the three long term senators that they will get by colluding with the Labor Party, and they will get one more up in South Australia, so they will go down to four. The inevitability is that we face another double dissolution. Bob and Janine, playing footsies at the Lodge or at the corner office, will decide, 'What is a good issue we can run on? Yes, that will do. We will

have another double dissolution'. In that way the Labor Party will have another six or seven Democrats in and will control the Senate. Finally, I remind people such as Senator Robert Ray, who, as an ex-driver, has an interest in motion that the wheel will turn. While it might be great business today to be seen to be making a smart, sneaky move to give Labor a short term advantage, the wheel in politics always turns—and that wheel will crush the Labor Party into the dust.

Senator WALTERS (Tasmania) (11.14)—There is no limit to the depths to which the Australian Labor Party (ALP) and the Australian Democrats will sink.

Senator Aulich—That is a good start.

Senator WALTERS—It is a good start, because it makes very clear my feelings about the way the Labor Party and the Democrats get on together. There are no limits to the depths to which they will sink. It is blatant political self-interest.

Senator Aulich—We have brought politics into this chamber, have we?

Senator WALTERS—Labor has brought politics into this chamber in that it has changed the rules after the election; that is exactly what Senator Aulich is saying. Let it be perfectly clear that Labor is prepared to change the rules after the game has started. Let me explain the dirty deal the Government and the Democrats have indulged in.

Senator Robert Ray—No deal at all.

Senator WALTERS—No deal at all, says Senator Ray. I do not know why he is not struck dead. Section 13 of the Constitution, dealing with the rules of double dissolution, says that the Senate shall decide who will be the long term and who will be the short term senators.

Senator Robert Ray—Correct.

Senator WALTERS—Senator Ray is agreeing now, but that did not satisfy him last year when he thought that it would be a good idea to change the situation and to set guidelines that the Senate should abide by. An amendment which we believed was quite justified was brought forward and was passed in this place with the Opposition's concurrence. That is what went to the people at the election. Those few people in Australia who were interested enough understood that that was the decision on long term and short term senators that would be abided by following the election. That has not happened because of the deal the Democrats and the Labor Party have concocted between them.

The Prime Minister (Mr Hawke), who is almost as good at counting as is Senator Ray, says, 'We will never get control of the Senate, so we will not go for a half Senate election because if we do it will wipe out the Democrats. After all, the Democrats are the limp hand of the Labor Party, and we can do deals with them because they have no scruples. Therefore, we will have a double dissolution'. He picked as an issue the Australia Card—and did not even mention it in his election speech, not one word of it. He went to the electorate in a double dissolution on the Australia Card for purely cynical purposes to make sure that the Democrats held the balance of power in this place, because they will do exactly what he wants on any issue when he is able to do a deal.

So that people can understand it, let me explain what occurred. It has always been a case of first past the post, and on this occasion the first six past the post would have been the long term senators and the next six would have been the short term senators. That was how it used to occur, but the Senate agreed to the amendment put forward by Senator Ray. That amendment proposed a rather complicated method whereby the Australian Electoral Commission would do an intricate recount of the votes going to those senators who had won a position. I do not know what the cost of that would be, but we will be asking the Minister. It would be a very costly thing to do because it is so intricate.

Senator Colston—Ask him now.

Senator WALTERS—The Minister has already been asked and he will not answer. Can he please inform me of the cost of the recount that has been undertaken to establish who will be the long term and the short term senators under the motion which he put and which was passed by the Senate?

Senator Robert Ray—I am sorry?

Senator WALTERS—The Minister has not even been listening. Can the Minister please tell me the cost of the recount under the rules of his amendment?

Senator Robert Ray—I will take the question on notice and give the honourable senator an answer.

Senator WALTERS—And let me know at some future date?

Senator Robert Ray—Yes.

Senator WALTERS—Good. Therefore the taxpayers will know at some future date—when the Minister so pleases to let us know—the cost that has been incurred on their behalf.

Senator Robert Ray—If that is your attitude I will not let you know.

Senator WALTERS—Oh well, the Minister is being very gracious! He will let the taxpayers know how much of their money was wasted because of the deal that he has done with the Democrats. Let me make it perfectly clear that, under the traditional system that we have used in the past, the Australian Democrats will get three additional long term senators—senators who will be in office for six years. Under the more justified method of counting—justified in the minds of the Australian Labor Party, the Liberal Party of Australia and indeed, the Senate as a whole—the Democrats would get only one long term senator. As I have already indicated, Mr Hawke needs the Democrats there to give him the number of votes in the Senate. Without the Democrats the Labor party would not have the numbers.

The people of Australia do not have a clue how they were voting in the last election. Let me give the Senate an indication of what happened in Tasmania. The Liberal Party was the only party to put on its how to vote card how the preferences would be allocated. We told our people that, if they voted one in the Liberal box, their votes would be distributed in a certain way: their votes would go down the Liberal ticket, then across to Senator Harradine. We printed on our how to vote card exactly how our supporters' votes would be distributed. Every Liberal voter using our how to vote card knew exactly how his vote would be distributed. That did not happen with the Labor Party. It had to hide from its voters the fact that it was giving its preferences to Senator Sanders because it knew that ALP voters would not give Senator Sanders a vote if they could avoid doing so. The ALP knew that there would be no way in which its supporters would have voted for Senator Sanders as a preference, so it hid from its voters just where the preferences would go once the 'tick a box' system was introduced. I believe that it is a dreadful situation in a democracy that the average Labor voter did not have a clue as to how his preferences would be distributed.

Senator Colston—Couldn't they read the card?

Senator WALTERS—As I have already indicated, the Labor Party, in its attempt to hide its preferences, did not put this on its how to vote card. In the polling booth all the voter had to do was tick the box; there was on the ballot paper no method by which a Labor voter could see how his preferences would go.

Senator Robert Ray—Are you talking about 1984 or 1987?

Senator WALTERS—I am talking about the last election. There was no indication on the ballot paper——

Senator Robert Ray—All the cards in my State carried full preferences this time.

Senator WALTERS—I am talking about my State where the Labor Party hid the fact that Senator Sanders would receive its preference. It did not print on its how to vote card the way in which its preferences would flow.

Senator Robert Ray—It did everywhere else.

Senator WALTERS—Well, the Minister should have a word with the Labor Party in Tasmania. It was a disgrace. The Liberal Party was the only party which showed how its preferences would flow on its how to vote card.

Senator Colston—Weren't the registered preferences shown at the booths?

Senator WALTERS—Of course not. The Labor Party was hiding——

Senator Robert Ray—Yes, they were, at every booth.

Senator WALTERS—Every booth! The how to vote cards did not have the preferences on them. Do not be silly! A Labor voter goes into the booth and ticks the Labor box thinking his preferences will be distributed properly and they end up in Senator Sanders's pocket. That is the last thing any Labor man in Tasmania would want. Voters were completely uninformed about what happened to their votes. They are now also completely uninformed about how their long term and short term senators will be elected. Despite the fact that the Government put through the amendment and the people were prepared to believe that that would be abided by, after the election was over and the numbers did not suit the Government, it changed its ideas.

As Senator MacGibbon said, it is quite incredible that the Democrats, with 6.03 per cent of public support, should have the power that they have in the Senate. But if the Government ever has another half Senate election the situation will be different. It must be clearly understood that in this place the coalition has the greatest numbers of any of the parties. We have two more senators than the Labor Party but, of course, the Democrats and the Labor Party together will rule Australia. I believe that there

has been only one other attempt in this Senate by the Labor Party that has been as bad as this. That was the occasion when Senator Gareth Evans, prior to a referendum, sought to have public funding taken away from the No vote and no explanation was given on the Government's behalf. That is the sort of depth to which this Government, the Labor Party, is so used to sinking.

I must admit that I disagreed entirely with Senator MacGibbon when he said that Senator Ray, when some time ago he first came to this place, was considered to be a respected member of the Labor Party. I do not know whether it was women's intuition but I certainly had no respect for Senator Ray at that stage—and I still do not. While Senator MacGibbon's opinion may have changed, I guess it was just women's intuition that told me from the beginning that Senator Ray was no more than a numbers man and that he would sink to any depths to count his numbers and get them right.

I hope that the media will be reporting this debate. I think it is terribly important that the people of Australia understand very clearly that after the election was over the Government, in collusion with the Democrats and in order to gain the Democrat vote to make sure that the amendment was passed to give the Government its 30 Ministers, made a deal with the Democrats to give them two additional long term senators. This matter is not being debated in the House of Representatives. If the media—and we rely on the freedom of the Press and the freedom of information in Australia—do not take this up and do not make it a priority to inform the people of Australia that the rules have been changed now that the election is over, I believe they will also be considered to be in collusion both with the Democrats and the Government and will earn the name 'the rat pack'. It is terribly important that the people of Australia understand very clearly the immoral methods used by the Government and the other party in this Senate.

Senator ROBERT RAY (Victoria—Minister for Home Affairs) (11.29)—The Opposition's contribution on the whole to this debate has been sanctimonious in the extreme. It has managed to oversimplify issues that are somewhat complex. What was previously uncertain has suddenly become certain. I exempt one senator from that. I listened to Senator Teague today; he gave a fairly fair summary. He did not go off into the byways of gerrymanders and other irrelevant issues. Of course, Senator MacGibbon—I do not know whether he was paying me a compliment—said that I would do well in the Mayor Daley machine in Chicago. All I have to say to Senator MacGibbon is that he would do well in the Arthur Daly machine in the south of London where two-bob chiselling spivs seem to make their way in the world.

I want to reply to one accusation straight off. The accusation was made by Senator Short and Senator Teague, and inferentially by Senators Walters and MacGibbon, that I or the Australian Labor Party has made a deal with the Australian Democrats on this question. May I say straight off that I do not object to doing a deal in this chamber with any political party in order to get legislation through.

I do not object on any occasion to doing a deal with the Democrats, with the National Party of Australia—let us face it; it was only a few months ago that its members were sitting here putting through our media policy—or with the Liberal Party of Australia. But I assure everyone in this chamber that on the question of long and short term senators no deal was done. The accusations coming from the other side are just a spear in the dark, they are maliciously founded and they are untrue. No deal was done with the Democrats on long and short term senators. If anyone wants to allege that there was some intelligent collusion—that is, that we may have anticipated what the views of the Democrats would be on the subject—of course that is true. But no deal was done with the Australian Democrats.

This whole issue does not hinge on whether section 282 of the Commonwealth Electoral Act is fair. I said in the debates in 1983 and I say here again today that section 282 is quite fair. It is the best method to be used in determining long and short term senators. A crucial issue is when the Senate adopts section 282 as the guidance for determining long and short term senators. It was said in the hearings of the Joint Select Committee on Electoral Reform, and I have said it in this chamber, that section 282 should be adopted in advance. What the Liberals are saying here today is really supporting, for the first time ever, the principle of retrospectivity. That is what they are arguing here today. I will come back to this at a later point and go through what my attitude is and what I believe the Committee's attitude was to how this principle would be implemented for the first time.

Let me say that I am surprised at some of the hypocrisy in the Liberal Party. I am sure there must have been some general knowledge within

the Liberal Party, prior to the double dissolution, of the possibility of the implementation of section 282. We had an opportunity to implement section 282 in the six sitting days available to us after the announcement of the election and before the Parliament was dissolved. Certainly, I have to say that it was in my mind to approach the Leader of the Government in the Senate (Senator Button) and say, 'Look, section 282 has been put into the Act. The Senate should adopt it before the double dissolution'. One may ask why I did not do so. The answer is that we were operating under a guillotine and trying to get a whole range of legislation through. I had no knowledge of whether the Opposition would support the motion. But it was known in this chamber by people from all sides that there was a possibility of section 282 being implemented before the election. No one availed himself of the opportunity for the Senate to adopt section 282.

Senator Walters—So you adopt it.

Senator ROBERT RAY—I will canvass this in a little more detail at a later point. It is essential to put this in its historical context. Everyone has mentioned that the power to determine long and short term senators falls under section 13 of the Constitution. That power cannot be abrogated by any legislation or by approval of the Senate prior to a double dissolution. It is still the Senate, post-double dissolution, that determines it. We in the Joint Select Committee on Electoral Reform have always regarded it as a moral sanction that a motion adopted before a double dissolution would have a big sway afterwards. But it is really up to the Constitution to determine this.

If one goes back to the days of the founding fathers, this issue was discussed at various conventions. The proposal was that long and short term senators be drawn by lot. Deakin was a very staunch opponent of this. He managed to stymie the drawing by lot but did not put up anything in its place. As a result of that, after the 1901 election, which was virtually a double dissolution election, the various conservatives in the Senate decided that whoever got the most votes would go in long term. There was a block multiple voting system right across the board throughout Australia and it was really a case of winner take all. When the situation occurred in 1901 and again in 1914 the argument was not between parties as to who would be the long and short term senators, because the winning party took the lot. The argument was within the winning party as to who would be the long and short term senators. So it never became a factor for any real consideration until post-1949 when proportional representation was introduced in this chamber. The first double dissolution was in 1951 and the tradition then and again in 1974, 1975 and 1983 was to do it on the order of election. I said at the Joint Select Committee on Electoral Reform public hearing on 20 June 1983:

> The Senate has decided, quite correctly by precedent, that those who are first elected come in the long term.

The first report of the Joint Select Committee in 1983 noted:

> Past practice and precedent suggest that this convention is now well established.

I think we can all agree on that. Further, the Joint Select Committee noted that the 1959 Joint Committee on Constitutional Review felt that 'in this case, constitutional effect should be given to past practice'. So the view of the 1959 Committee was in fact that the precedent of taking them in order of election should be entrenched in the Constitution.

I will just raise the point that Senator Teague made that, if in fact this precedent has worked well in the past, why should one tinker with it. I think Senator Harradine had something to say on that. The basic problem is twofold, going on the basic precedent. It is unfair to the major parties; there is no question about that. Senator Teague used examples and I can use a very simple example. It would be very easy for two political parties to get 42 per cent of the vote each and for a minority party to get 8 per cent. In those circumstances the minority party would get a long term senator with 8 per cent of the vote and another party with 42 per cent would get only two long term senators. There is not much intrinsic fairness in that system. I come down on the side that says that it is intrinsically unfair to continue with the current system. I would also come down——

Senator Walters—But you have.

Senator ROBERT RAY—I will refer to that point later, Senator Walters; just calm down. There is a further problem with the introduction of ticket voting and that was also alluded to by Senator Teague. Without section 282 and using the old system it would be very easy for a party to register three how to vote cards, with three separate No. 1s, knowing that it would get at least 40 per cent of the vote. Let us say that under those circumstances a Party received 42 per cent of the vote. Each one of those three candidates would come in on 14 per cent. Under normal circumstances they would be elected sec-

ond, third and fourth. If one were really clever and had a lot of real native wit, one could divide the vote four ways. One could do that by having three separately registered tickets and by handing out how to vote cards with a different person as No. 1 and carefully dividing the State up into 10 per cent blocks. If, say, in the last Victorian election, we had done this and split our vote, and the Liberal Party had run a straight ticket, the Liberal Party would have come in first, the Labor Party second, third, fourth and fifth, and maybe the Australian Democrats or the next conservative party would have come in sixth. That would be absolutely unfair. Section 282 blocked, at least for the last election, any possibility of using that particular procedure.

Senator Teague—It would also be disallowed—registering three candidates in that way.

Senator ROBERT RAY—You are certainly correct, Senator Teague. I refer back to the Joint Select Committee report because its main recommendation was not the insertion of section 282. Its main recommendation was that the method be entrenched in the Constitution because nothing we do in this chamber in terms of legislation can override section 13 of the Constitution. It is rare for me to be standing in this place sounding almost like a Senate chauvinist, defending the power of the Senate. But the real long term possibility for resolving these disputes in future is to entrench this in the Constitution.

I think everyone in the chamber would agree that we do not get many opportunities to entrench things in the Constitution. When we decide to do this it is usually on matters a little more important than this one, especially if the referendum is not held at the same time as an election. At $25m per series of referendums, one is hardly likely to put up a separate one on this case.

I turn to what I regard as the absolutely crucial point, as to when section 282 should have been adopted. In the 1983 hearings of the Joint Select Committee—this has not been quoted so far—we had a debate on this matter. I point out, however, that this was not the key element on our agenda. When ranking it in order of importance it probably would not have logged in the first 50. That Committee was set up in, I think, May 1983; it reported to the Parliament by 1 September 1983 and the legislation was through by Christmas. It was a massive report on massive legislation. I said then, in response to Senator Sir John Carrick, as he then was;

> That is why we go along with precedents now, to lay down the ground rules in advance, not knowing, who will win the election. If we did it now, it would be a fair thing.

Judging from that and from what most of the Committee members knew, and knowing section 13 of the Constitution, it was always assumed that section 282 would be adopted by the Senate as a resolution in advance of an election. It is unfortunate—this was a shortcoming—that this was not made clear in the Joint Select Committee report. I plead only one point in defence of it not being there. As I have said, that report came in in record time. I do not think a more comprehensive report has been put together more quickly for tabling in this Parliament. That point was not made clear in the Joint Select Committee report.

Senator Walters—It was passed.

Senator ROBERT RAY—I will come to that in a moment. I now come to the debates which occurred in early December 1983. This passage has been quoted before by those in the Opposition but I would like honourable senators to listen to it again. At that time I stated:

> What this is intended to do is to provide a guide for this chamber—

note, 'a guide for this chamber', not something that locks it into a decision—

> if it wishes to use it, to determine who are short term senators and who are long term senators, I would think it is a guide—

note this—

> which, if we set it up in advance and we could all agree to it in advance, we should use.

That was absolutely my view, put on the record in 1983, and it is my view in 1987—that we should not set up the system in advance and we should not put these propositions forward after the event. Members of the Opposition accuse the Government of rewriting the rules after the event. They are the ones who are trying to rewrite the rules. They did not have the guts or the intelligence to put up the proposition prior to the double dissolution, and I will tell them why. It was probably because they were in the same position as the Government. No one knew who would win. Predicting Senate elections is absolutely impossible. Honourable senators opposite would not commit themselves in advance of the double dissolution as to what the result would be. They did not know what the result would be. We did not know it either but, as I have said, we on this side of the chamber also had another constraint on us. That was the pressure of Government Business. We had to get 30 or 40 Bills through and we knew that, the moment we threw this hand-grenade in the ring,

another 10 or 15 hours of Government Business would have gone down the drain. The Opposition had its chance but it fluffed it.

Senator Walters—We passed it in the Senate.

Senator ROBERT RAY—I will repeat that quote just for the benefit of Senator Walters, if she will just listen for once. I said:

> I would think it is a guide which, if we set it up in advance and we could all agree to it in advance, we should use.

That was not only my impression.

Senator Short—You did that by passing section 282.

Senator ROBERT RAY—We cannot pass legislation in this chamber that in any way overrides the Constitution. The Committee understood that. It may not be understood by the honourable senator even now; it may not have been understood by members of this chamber when they voted on the matter, but it was always clear to members of the Committee. I am not going just on my own memory; I have checked with other members of the Committee. It is a pity that when we are discussing items to put in a committee report we do not record those discussions, because such a record would show quite clearly the intention of the Committee that this proposition be adopted in advance of a double dissolution.

Senator Walters—And it was. It was passed in this place.

Senator ROBERT RAY—It was not passed in that sense. All section 282 does is authorise the Australian Electoral Commission to use this as one of the possible alternatives. It was up to the Senate to adopt it as a possible alternative at that stage. I noted Senator Harradine's views. No one contradicted him at the time, when he said:

> I do not wish to delay consideration of this, but I just make the point that I do not wish the acceptance of these amendments to be regarded as an endorsement of the view that the Senate—

again, he was going to the point made in section 13 of the Constitution I would have thought—

> when it comes to give its consideration to this at some future time, adopts this proposal. This is merely an aid to the Senate when it comes to considering this.

No one from the Opposition side disputed that. I did not bother to dispute it because I always thought that the Senate would adopt section 282 in the life of that Parliament. That brings me to the other point. Why was it not adopted post-1984? Because of the torpor of politics no one ever thinks there will be a double dissolution. No one ever thinks that far in advance. The attitude is: 'That is a problem; let us put it off. Let us not waste time; let us do something else'. Therefore, we are put in the position of deciding which system we prefer. It is time for some honesty.

We on this side of the chamber have a choice as to whether we use section 282 or the old system. We have principle on our side because we have consistently said that the matter should be set up in advance of a double dissolution. What is the hidden agenda? I am always mindful of a quote from a renegade Labor leader, Jack Lang. His advice to any young person was, 'Son, if you want to have a bet in a race, back self-interest because at least you know it is trying'. That is the underlying principle behind this debate; that is why Senator Brownhill has participated in it. Honourable members opposite, with the skills of some upper class echelon, always have to dress up a matter with some pompous principles when everyone knows exactly what they are talking about. It must make them feel good. The only thing that worries me about that is that they might even believe in their pompous principles; they may not ever discover the self-interest that is at the heart of this debate.

I turn to the effect on the Labor Party in terms of this issue. We would get 17 long term senators under the old method and under the new method. A couple of individuals would be affected, but we would get 17 senators under either method. So we do not have as direct a self-interest as the coalition or the Democrats. Western Australia and Tasmania are not affected in any particular way, so I turn first to New South Wales where, apparently, the Democrats will be the beneficiaries. This time they are the beneficiaries. No one has mentioned the fact that in 1984, when we had seven senators elected, they were all ditched into the short term category and were severely disadvantaged. I did not hear any bleatings of sympathy from those opposite on that occasion. I did not hear any honourable senator opposite say, 'Let us modify section 282 in order to help them out'.

Sometimes minority parties are lucky. This time, in terms of luck, I would have said it was half and half for the Democrats in terms of having long and short term senators. In 1984 nearly all Democrat senators were short term senators which, in effect, meant that in two States, if we had had a normal half Senate election, two sitting Democrats would come out at the one time. Now the situation in New South Wales in terms of a hidden agenda is that the

Democrats have the long term and Senator Brownhill has the short term. What does that mean? That means that in the only State in which the Liberals and Nationals can stomach each other enough to run on a joint ticket, one favoured Liberal spot is down the drain. The Liberals have to give Senator Brownhill the number two spot on the ticket on the next occasion. One of the very few jewels in a rather tatty crown of the New South Wales Liberal Party is down the drain. That is the Liberals' agenda; they want to move Senator Brownhill into the long term category so that the New South Wales branch—I am not sure which wing; whether it is the Liberal wing or the ugly wing—would get the number two spot.

In Victoria Senator Powell would be adversely affected by the implementation of section 282. It is not for me to judge the relative merits of Senator Powell and Senator McGauran. I just say this: Senator Powell has made a major contribution in this chamber. I do not think she is particularly rich. The obligation of having to fight an election in two years time is very hard. I say to Senator McGauran that I do not want to be an inverted snob, but I think Senator McGauran has a bit of loose change in his pocket. I see no harm in Senator McGauran running in the short term. I am sure that he can afford another election. I have had to fight four elections in six years.

Senator MacGibbon—I take a point of order, Madam Acting Deputy President. It is not for any senator to reflect on personal matters concerning any other senator.

Senator ROBERT RAY—I hardly think I am doing that. But I have to counsel Senator McGauran that it is very nice to run in the short term. I have done it every time. One really gets to grips with the election. Senator McGauran can look forward to it. After all, he is only going to have to fight three fairly weak Liberal opponents to get back here. The fact that there are four coalitionists coming out next time has nothing to do with Senator Short's attitude, I am sure. How is Senator Short going to sort out his ticket next time? Who is going to be No. 3? That is what is running in the back of his mind. It is very hard to put a sitting senator at No. 3 when we have the talented Senator McGauran ripping votes off the Liberal Party left, right and centre in Victoria. This has created enormous problems for Senator Short.

We go to the question of Queensland. I turn to my colleague Senator Jones, who is disadvantaged in this matter. I must congratulate him on his approach to it. Senator Jones, without hesitation, has volunteered to take the short term. That should be recorded. I am pleased that he is going to take the short term because I cannot imagine one candidate in Queensland who could draw a higher personal vote to our ticket next time. With Senator Jones so courageously volunteering for the short term we have ensured three senators back in Queensland in the next half-Senate election.

Where is Senator Parer today? The Liberals are trying to dud him out of a long term. Why has he not entered this debate? Where is he? Do not tell me that he is going to abstain on this matter. Poor old Warwick! The Liberals want to tip him into a short term by their motion. That is very heartless.

Finally, we come to South Australia. My good colleague Senator Maguire, who is also here, probably has very heavy mortgage commitments. It is essential that he gets a long term. After all, who would replace him in this chamber as a long term senator? It would be Senator Robert Hill. This is really a plot by the Labor Party to keep him in the country. He will have to face pre-selection, and he will have to campaign next time. So those nine or 10 trips a year will have to be reduced and the Budget deficit of $27m will be accordingly reduced.

If we are talking about self-interest, a whole range of Liberals and Nationals rang me—I am not going to reveal any conversation—before this debate and said, 'What are you going to do?'. I said, 'At this stage the Government has not made a decision but I anticipate that we will go with the old method'. They would say, 'You cannot possibly do that. You cannot go with the old method'. I said, 'Give me one reason why we should change'. Only one reason was ever advanced. They never advanced the reason that they should have two more National Party long term senators. They said, 'Let us get rid of the minority parties'. We all talk big but have a look at the registered Senate tickets in the last election. Which State branch of the Liberal Party, the National Party or, for that matter, the Labor Party, put the others ahead of the Democrats or the other minority groups that are represented here? None.

The Liberals talk a big fight about doing over the minority parties, but when it comes to the one crucial question of directing preferences away from minority parties and wiping them out they are all gutless. We admit it. We sent our preferences to the Democrats in every case. We do not resile from that. But we do not talk about

wiping them out, and all the rest of it, by this device or that device of long or short term.

I want to go to two other points. It is a pity that, in some way, we have to alienate the Nationals by not supporting them for two long term senators. After all, on several occasions we have had to sit cosily over here while they helped support us expand the Parliament of this country. We also had to sit with them when we got the media policy through. When the Liberals talk about our using levers over the Democrats and when they talk about our making deals, surely it would have been a more profitable deal for us to go and deal with the Nationals? After all, we have alienated one of our strongest support groups in this chamber by sticking to principle, and that is a very tough job to do.

The point was made about our using this issue as a lever on the Australia Card and doing a deal. It came up inferentially in a couple of comments that were made. Do Liberals really believe that assertion? Do they honestly think that the Democrats are going to cave in on the Australia Card because we have done some sort of deal with them? I must admit in my heart of hearts—I have to say this to the Democrats—that if that were possible I would have come and seen them, but it is just not. It is one of the many ridiculous suggestions that have been made in this debate.

To sum up this debate, there is no doubt in my mind that if I had a choice between section 282 and the old method, I would say that section 282 is a better method. That is the first point I make. The second point I make is that it must be adopted by this chamber in advance of a double dissolution. It should be put on the *Notice Paper* tomorrow for any future double dissolution. It should be given time by this chamber. It should be debated and implemented. If that hurts the Democrats they are just going to have to live with it. The third point I want to make is that I have made no deal with the Democrats on this issue. I made it very clear earlier in the debate that I will never hesitate to do a deal with the Democrats, the Nationals, the Liberals or anyone else to get something through this chamber. However, on this occasion I have not done a deal with the Democrats.

Finally, this debate has really come down to who is going to be advantaged. If anyone had had the courage in the six sitting days prior to the 1987 double dissolution to have moved section 282 I am sure that it would have been passed by this chamber. That is when it should have been done. It should not be done retrospectively now. There is no way legislation can override section 13 of the Constitution. If we ever get any sanity into constitutional debate, this is one of the several matters that should be entrenched in the Constitution, in the same way as the replacement of senators was entrenched. It was done, to the credit of the Liberal Party, in 1977 in a referendum, I think mostly at the motivation of Senator Withers. This has not been a particularly salubrious debate, although it has been entertaining. I wish the motion a speedy passage.

Senator LEWIS (Victoria) (11.57)—I will keep the Senate only a few minutes. I rise to make just a couple of points. I notice that there are four Australian Democrats sitting in the chamber. I could see from the looks on their faces during Senator Ray's remarks that they would thoroughly agree that he has made out an excellent case for the adoption of Senator Short's proposal. There was not the slightest doubt in my mind that all the way through Senator Ray's remarks he was making out the arguments as to why the Senate should now adopt the section 282 proposal of Senator Short. I put an additional argument, for the benefit of Senator Ray, which is that it is a question of precedent. After all, this is the first time the Senate will deal with this matter following a double dissolution and the passage of section 282 as a legislative enactment.

So today we are going to establish a precedent which future Senates will be able to follow if they so wish. I suggest to the Senate that that is a very cogent argument as to why we should now establish the correct precedent. After all, as I have said, Senator Ray has expressed all the reasons why we should do so. I am putting an additional reason, which is the question of a precedent.

Let me refer to something Senator Ray said in relation to the time the report of the Joint Select Committee on Electoral Reform came down. At that time there were only four senators on the Committee: Senator Sir John Carrick, Senator Macklin, Senator Robert Ray and Senator Graham Richardson. As Senator Ray said, it was a massive report. Very shortly after it was tabled in this Parliament the legislation came through, the report was adopted and the legislation was passed. What we were doing, on all sides of the chamber, was asking the members of that Committee whether the legislation was all right. There is not the slightest doubt that we did not have the time to consider what might

very well be considered some of the esoteric sections of the report and the legislation.

I can remember having long conversations with Sir John Carrick, as I asked him to go through various parts of the report and explain to me what they meant and what the legislation meant in relation to them. The legislation went to many hundreds of pages—or hundreds of sections—and we certainly did not have time to consider the various aspects of it in detail. For all I know, there may very well be other bombs in the legislation that we do not yet know about. Unfortunately for our side of the chamber, we have lost Sir John Carrick. So we are now placed at a considerable disadvantage in relation to that legislation.

As I said, it was a massive report and massive legislation—and, I openly say, not fully understood in every respect by all senators or all sides of the chamber. Suddenly, we were faced with a double dissolution. As Senator Ray has said, we had six days in which to pass 30 to 40 Bills. The thought of bringing up an argument of this nature at that stage was abhorrent to everyone. In any event, there was no time for people to apply their minds to what the legislation was really about. That is why it was not dealt with prior to the last election. Quite frankly, for Senator Ray to say that it needed to be passed in advance is a nonsense argument because, in fact, it was passed in advance when section 282 was adopted not only by the Senate, but also by the House of Representatives and the legislation was signed by the Governor-General. So, in fact, section 282 has been adopted in advance and we are today going to adopt the wrong precedent—not the right precedent.

Let me refer to Senator Ray's statement that he has not entered into any deals with the Australian Democrats. I accept his words. I would not say that he was misleading the Senate. There is no need for him to enter into a deal in which he hands to the Democrats two long term positions to which they are not entitled. He does not have to offer them a deal. Clearly, there will be a quid pro quo at some other stage. It is quite clear to us on this side of the chamber that what has happened here—and it is about time the media began to get the message—is that this government is in coalition with four groups. There is the left Labor Party, the centre Labor Party, the right Labor Party and the Democrats. Quite clearly there is a coalition of those four groups within this nation.

From time to time the Democrats stand up on individual issues and oppose the Government. They are doing it on one crucial issue—the identity card. But on all other matters of substance there is no argument by the Democrats as to giving the Government what it wants. How did we get those 30 to 40 Bills through in the last six days of the last Parliament? It was only by the coalition of the forces of the three Labor parties and the Democrats. Legislation after legislation was rushed through this Parliament with the aid and support of the Democrats. It had been happening for nearly three years of the last Parliament. It certainly had been happening throughout most of the Labor Party's term of office.

Now that Senator Chipp has gone and the Democrats have turned dramatically to the left on many issues—in many cases to the left of the left Labor Party—quite clearly there is a coalition. It does not have to be in writing. It does not have to be in some sort of deal by deal arrangement. Clearly, there is a coalition of arrangements. One can see it time after time when members of the Government get up and walk over to the Democrats and make their arrangements in the chamber on the spot. And then legislation goes through with some arrangement having been entered into by the Government and the Democrats. That coalition is in existence and it is about time that the people of Australia recognised it.

Question put:

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

The Senate divided.

(The President—Senator the Hon. Kerry Sibraa)

Ayes	32
Noes	36
Majority	4

AYES

Alston, R. K. R.	MacGibbon, D. J.
Archer, B. R.	Messner, A. J.
Bishop, B. K.	Newman, J. M.
Bjelke-Petersen, F. I.	Panizza, J. H.
Boswell, R. L. D.	Parer, W. R.
Brownhill, D. G. C.	Patterson, K. C. L.
Calvert, P. H.	Puplick, C. J. G.
Chaney, F. M.	Reid, M. E. (Teller)
Chapman, H. G. P.	Sheil, G.
Crichton-Brown, N. A.	Short, J. R.
Durack, P. D.	Stone, J. O.
Hamer, D. J.	Tambling, G. E. J.
Hill, R.	Teague, B. C.
Knowles, S. C.	Vanstone, A. E.
Lewis, A. W. R.	Walters, M. S.
McGauran, J. J.	Watson, J. O. W.

NOES

Aulich. T	Haines, J.
Beahan, M. E.	Harradine, B.
Black, J. R.	Jenkins, J. A.
Bolkus, N.	Jones, G. N.
Burns, B. R.	McKeirnan, J. P. (Teller)

NOES

Childs, B. K.	McLean, P. A.
Coates, J.	Macklin, M. J.
Collins, R. L.	Maguire, G. R.
Colston, M. A.	Morris, J. J.
Cook, P. F. S.	Powell, J. F.
Cooney, B.	Ray, Robert
Crowley, R. A.	Reynolds, M. E.
Devereux, J. R.	Richardson, G. F.
Devlin, R.	Ryan, S. M.
Evans, Gareth	Schacht, C. C.
Foreman, D. J.	Sibraa, K. W.
Gietzelt, A. T.	Tate, M. C.
Giles, P. J.	Walsh, P. A.

PAIRS

Baume, Peter	Zakharov, A. O.
Baume, Michael	Sanders, N. K.

Question so resolved in the negative.

Original question put:

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

The Senate divided.

(The President—Senator the Hon. Kerry Sibraa)

Ayes	37
Noes	32
Majority	5

AYES

Aulich, T.	Haines, J.
Beahan, M. E.	Harradine, B.
Black, J. R.	Jenkins, J. A.
Bolkus, N.	Jones, G. N.
Burns, B. R.	McKiernan, J. P. (Teller)
Childs, B. K.	McLean, P. A.
Coates, J.	Macklin, M. J.
Collins, R. L.	Maguire, G. R.
Colston, M. A.	Morris, J. J.
Cook, P. F. S.	Powell, J. F.
Cooney, B.	Ray, Robert
Coulter, J. R.	Reynolds, M. E.
Crowley, R. A.	Richardson, G. F.
Devereux, J. R.	Ryan, S. M.
Devlin, R.	Schacht, C. C.
Evans, Gareth	Sibraa, K. W.
Foreman, D. J.	Tate, M. C.
Gietzelt, A. T.	Walsh, P. A.
Giles, P. J.	

NOES

Alston, R. K. R.	MacGibbon, D. J.
Archer, B. R.	Messner, A. J.
Bishop, B. K.	Newman, J. M.
Bjelke-Petersen, F. I.	Panizza, J. H.
Boswell, R. L. D.	Parer, W. R.
Brownhill, D. G. C.	Patterson, K. C. L.
Calvert, P. H.	Puplick, C. J. G.
Chaney, F. M.	Reid, M. E. (Teller)
Chapman, H. G. P.	Sheil, G.
Crichton-Browne, N. A.	Short, J. R.
Durack, P. D.	Stone, J. O.
Hamer, D. J.	Tambling, G. E. J.
Hill, R.	Teague, B. C.
Knowles, S. C.	Vanstone, A. E.
Lewis, A. W. R.	Walters, M. S.
McGauran, J. J.	Watson, J. O. W.

PAIRS

Zakharov, A. O.	Baume, Peter
Sanders, N. K.	Baume, Michael

Question so resolved in the affirmative.

AUSTRALIA CARD BILL 1986 [No. 3]

Bill received from the House of Representatives.

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

That the Bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator RYAN (Australian Capital Territory—Special Minister of State) (12.17)—I move:

That the Bill be now read a second time.

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

The PRESIDENT—Is leave granted?

Senator Chaney—No, Mr President. I mean no discourtesy to the Minister, but we think the Bill is of such importance that the second reading speech should be read.

The PRESIDENT—Leave is not granted.

Senator RYAN—On 11 July this year, the Australian people elected the Hawke Government to govern this country for an historic third term. The Government was returned with an increased majority and the renewed mandate of the people following the dissolution of both Houses of Parliament on the basis of the Senate's failure on two occasions to pass the Australia Card Bill 1986. Today I bring before the Senate for the third time the Bill to enact the Australia Card program, and I do so in what will probably be the vain hope that on this occasion our opponents will participate in a rational and constructive debate. The vilification of the Australia Card in recent weeks has simply debased intelligent argument in this country.

Twice the Opposition and the Australian Democrats have forged an unholy and rather contradictory alliance in the Senate to deny to the Australian people what in the Australia Card is the single most effective weapon available to combat tax evasion and welfare fraud. Twice they have blocked the best single instrument available to Government to ensure fairness and equity in our tax and welfare systems, and to protect honest Australians from the tax evaders—'the pin-stripe criminals' in the eloquent words of my old colleague, Ralph Jacobi—and from the abusers of the welfare system. Because of obstruction in the Senate, the Australia Card program has been delayed so far by a year, with a long term cost to the Australian people of almost $900m—money denied to the system by

tax cheats or taken improperly from it by welfare fraud.

Honest Australians should not be subsidising those who are operating dishonestly within the tax and welfare systems. Honest Australians have a right to expect Government to protect the community as a whole from fraud and abuse against the tax and welfare systems. They have a right to expect that the Government ensures as best as it can that everyone contributes their fair and reasonable share of tax. They have a right to expect that welfare benefits are paid only to those who are truly entitled to those benefits. They have a right to expect that immigrants to this country who are operating within our system are here properly and legally. They have a right to expect that the Government seek the most cost-efficient way to protect the community. The great advantage of the Australia Card is that unlike all other proposals suggested—for example, the tax file number, withholding taxes, identity cards just for social security recipients, or new ways of inhibiting illegal immigrants—it provides a single weapon to strike at a range of major problems. Both for governments and citizens it will ultimately prove at once less costly, less demanding, and, indeed, less intrusive than the messy and duplicatory alternatives being suggested.

Finally, and very importantly, they have a right to expect that, in going about achieving these fundamental goals, governments will always seek to get a proper balance between the needs of the community and the rights and liberties of individuals. We believe that balance is achieved in this measure.

As this Bill has already been presented to the Senate on two previous occasions, I do not intend to dwell on the detailed structure of the Bill. These details have been set out in previous introductions to this Bill and I refer honourable senators to those occasions. It is true that some now argue that the Government has acted in undue haste to introduce the Australia Card without it being thoroughly explained and debated. Nothing could be a greater perversion of the truth. Over the past year no issue has been the subject of as much public debate and discussion, and no other piece of legislation has taken up as much of the time of the Parliament.

The Australia Card was first endorsed by the Government at the Tax Summit in 1985. A joint select committee comprising representatives of all major political parties was established, and it called for submissions and held public inquiries throughout Australia before releasing its voluminous reports—a majority report in favour of a national identification system using tax file numbers and a minority report in favour of a national identification system using new and more secure numbers called Australia Card numbers.

The legislation now before the Senate and the explanatory memorandum have been publicly available for nearly 12 months and have been debated in both Houses at great length by an array of speakers. To suggest inadequacy of discussion on this issue is nothing less than a claim to ignorance. Equally nonsensical is the claim that because there was little debate on the Australia Card during the election the Government has no mandate for its introduction. It is the clarity with which a government makes its future intentions clear, not the extent of the debate, that is the crucial issue in mandate theory.

The Prime Minister (Mr Hawke) had the Parliament dissolved because of the Senate's rejection of the Australia Card and in order, if successful, to secure the numbers to pass the Australia Card legislation. The very first Australian Labor Party election advertisement was on the Australia Card. The Prime Minister made it abundantly clear that the first task of a re-elected Labor Government would be the re-introduction of the Australia Card legislation. No one who had followed the debate could have been unclear about the Government's intentions. The reason that actual debate was limited is obvious. It takes two to tango, and from the Opposition there came scarcely a squeak during the course of the election. As the *Australian Financial Review* noted in a report on Thursday, 20 August:

> According to Liberal sources, the Opposition did not campaign strongly against the (Australia) Card in the last election, mainly because market research showed 64 per cent of the electorate were in favour of the cards and it was judged too difficult to turn around during the election campaign.

In short, the Opposition made a deliberate decision to play down the issue because it was afraid of the electoral backlash from those who rightly recognised the Opposition as weak on tax evasion and welfare fraud. Such opportunism from members of the Opposition should not surprise us. Their whole record on the Australia Card is a sorry one. At the outset many of their leaders displayed a public enthusiasm for the Australia Card that outdid anything on the Government benches. I will not weary the Senate with a reiteration of their many statements. They are firmly on the public record. Then, during the Select Committee, they supported the rather shoddy alternative, the tax file number. Some

eight weeks later, perhaps recognising its shoddiness, they abandoned the tax file number. From then on negativism was their only stance.

The Australia Card program has a limited and specific purpose. It is designed as a cost-efficient means for establishing a highly reliable and secure means of identification in three areas: in matters relating to taxation, for the payment of welfare benefits, and simply for convenience to replace the Medicare card. In order to combat tax evasion the Australia Card will be required for identification with certain financial transactions directly related to taxation; for example, securing employment, for deposits and accounts with financial institutions, for investment and share transactions, for real estate and primary producer transactions, and for foreign remittances. All of these uses relate directly to the protection of the tax system against abuse, and the use of the card in these matters is designed for that protection and that protection alone.

Welfare beneficiaries are already required to establish their identity as a basis for securing social security benefits, but the lack of a high integrity identification document imposes undue burdens and hassles on officials and beneficiaries. A high security identity card will obviate many of these difficulties and ensure that welfare benefits are paid only to those who are truly entitled to those benefits. Just as now a person's Medicare card entitles people to claim for medical benefits so in future the Australia Card will provide the basis for that claim. Despite the fevered imagination of our critics, the sole purpose of its use is to minimise the need for most Australians to use more than one Australian government card, and, of course, to reduce to taxpayers the cost of unnecessary duplication.

Much has been said by our opponents about the supposed imposition of having to use the Australia Card for these specified purposes. Before anyone gets carried away with this notion, he or she should first think back to the last time he or she was able to open a bank account or claim welfare benefits without first providing proof of identity. In nearly all of these cases a person is already required to provide personal identification information—more information than will appear on the Australia Card, and in general roughly equivalent to what will appear on the Australia Card Register. In most of these cases, proof of that identity is already required; this requirement for proof of identity is increasing, and will increase further even without the Australia Card. In fact, the Australia Card would streamline this process, making it easier for citizens and institutions to comply with such requirements.

The only additional information which this legislation in itself makes it necessary to record and report to the Australian Taxation Office is the Australia Card number. Thus when an employer or a financial institution provides details to the Tax Office on an employee or client, they will include the Australia Card number along with the personal information currently required, such as name, address, and levels of income. This could hardly be termed much of an imposition. It could scarcely be termed some new infringement of civil liberties.

As well, in nearly all instances a person's Australia Card will need to be produced and the number recorded only once—when first opening an account with a financial institution, stockbroker, or produce agent, on initially obtaining employment or on initially establishing a claim to welfare benefits. The major exception to this is Medicare, where just as now the Medicare card is used whenever a claim is made, the Australia Card will take its place. Indeed, as most people do not change jobs frequently, and do not regularly open new financial accounts, the overwhelming majority of Australians will find that the most common use of the Australia Card will be for the claiming of Medicare benefits.

While the Australia Card program is very basic and simple, the use of unique identifying numbers will nevertheless prove extremely effective in countering taxation and welfare fraud. The Tax Office, by linking all sources of a person's income to that number, and thus being able to ascertain total income, will be able to ensure that the correct amount of tax is paid. A companion system will apply to companies and incorporated bodies, to ensure that the corporate sector also contributes its fair share of tax.

The Department of Social Security will, by using the number, be able to ensure that applicants for benefits are indeed who they claim to be and that their level of income does not preclude them from receiving benefits. The Tax Office will be able to detail cases of welfare overpayments due to understatement of income because it will be better able to collate all sources of income. In addition, the Australia Card will help to weed out and inhibit illegal immigrants by making it more difficult for illegal migrants to obtain a job or claim government benefits. This means more jobs for genuine migrants, less undermining of the wages system, and a fairer immigration system.

The benefits of the Australia Card program in terms of revenue speak for themselves. Over a 10-year period, savings on recouped taxes and on welfare payouts will total more than $5.4 billion. The costs of establishing and maintaining the program over the same period will be $759m. The net gain will be $4.7 billion. That is money which will be available to improve the living standards of all Australians, either through improvements in services—schools, roads, hospitals—or through reduced taxes.

These costings have been carefully and thoroughly prepared and scrupulously and cautiously presented, and have withstood detailed scrutiny over the past 18 months. Indeed, for those who have sought to analyse the costings in an objective manner, the consensus is that the savings from the Australia Card are understated. Even the Joint Select Committee on an Australia Card, which included three Opposition members, considered that the estimate of tax savings was conservative and that considerably greater savings could be anticipated.

Of course, the program requires a card and a number tied to a register which contains basic identifying information. This relatively simple proposition, characteristic of every card system already in existence in this country—for example, Bankcard or other credit cards—has produced an extraordinary emotional outpouring in recent weeks. As Mike Steketee put it in an article 'Much ado about a host of wild misconceptions' in the *Sydney Morning Herald* on 11 September:

> For emotional claptrap, it is hard to go past the present debate on an identity card. There has seldom been a subject on which there has been so much misunderstanding, so much misrepresentation, and so much downright irrational fear.

One would have thought to read the recent outpourings that no Australian had ever made use of numbered cards based on his or her identity, or that no Australian had ever been placed on a databank, private or public. But all Australians are numbered under the Medicare system; no Australian citizen can travel overseas without a passport with a number and a photograph; no Australian can drive a motor car—and for most us that is not really a choice—without a numbered driving licence, in all States now linked to an identifying register and in some States now requiring a photograph; and most Australians use credit cards whose registers contain much more detailed and revealing personal information than anything on the Australia Card Register. There are few in Australian society who would not be already attached to one or more number identification systems. Drivers licences, credit cards, passports, Medicare cards and tax files—all use numbering systems to attach the individual to varying amounts of filed information, much of it sensitive and personal.

Most people would not have any idea as to the amount of information held on them in the private sector, much less be allowed access to that information. In the case of departments such as Tax, Social Security, and Medicare, a vast amount of personal information is already held by government. None of this personal non-identifying information will be held on the Australia Card, nor on the associated Australia Card Register. I repeat, none.

Senator Walters—But will be able to tap in.

The ACTING DEPUTY PRESIDENT (Senator Morris)—Senator Walters, your Leader has asked for the speech to be read by the Minister because of its importance. I suggest that you listen to the Minister so that you will understand what the Bill is all about.

Senator RYAN—There will be no dossier-gathering, as our opponents would like people to believe, no amalgamation of information into one central computer. Tax information will stay with the Tax Office and social security records with Social Security, while Medicare information will remain separate and secure. The Australia Card legislation allows for no exchange of information between departments other than that which is already allowed.

The Australia Card itself will contain only basic identifying data, specifically the holder's name, photograph and signature, the expiry date of the card and a unique identifying number. Information verifying the authenticity of the card will be kept on a personal file register, the Australia Card Register. The Register will contain a very limited amount of additional personal information about the card holder, information which can be used only to verify the holder's identity. This includes date of birth, sex, residential and postal addresses, and any other name by which the card holder is entitled to be and wishes to be known. Such identifying information is regularly supplied by Australians to private and public bureaucracies. Most of us probably do it once a month. The Register will also contain administrative details such as date of card issue, details of any amendments made to the Register, where and when changes were made and by whom. All this is set out very clearly in schedule 1 of the Bill. This is all the Register will contain. I want to stress that there will most certainly be no central register of

personal, non-identifying information about such things as medical or employment history, religious beliefs, education, income or credit history marital status or voting intentions.

What the Australia Card does is to provide a high integrity identification system for the specific purpose of securing our tax and welfare systems against cheats. We believe it achieves the right balance between the privacies of wealth, income and property—the only privacies with which the Australia Card is concerned—and the community's interest in fair and protected tax and welfare systems.

In the area of civil liberties fantasy appears to have taken over from reasoned debate. This is perhaps not surprising given the motley array who have gathered under the civil liberties banner. While there are no doubt many genuine civil libertarians with concerns about the Australia Card, the Premier of Queensland scarcely arouses confidence as a defender of individual liberties, while some of the private doctors opposing the card have previously displayed no interest in any liberty other than the liberty to plunder their patients without interference from any source. Arguments generated by such people that the Australia Card is the start of a totalitarian or police state need to be dismissed for the nonsense they are. Such arguments neglect historical precedent, contemporary situations and a host of inconvenient facts. Equally absurd is the argument that the Government would have access to a welter of personal details which will be used to deny ordinary Australians their civil rights.

The perpetrators of these myths are confusing the means with the ends. Totalitarian societies can easily compile dossiers on their citizens without going to the trouble of producing an identity card. It would be a rare kind of totalitarian regime which allowed its citizens not only to see their file entries but to change anything shown to be incorrect. Of course, an Australian government, if it were so minded, could today compile dossiers on its citizens from its information banks. The privacy protections associated with the Australia Card program would in fact enhance protection against such activities by any future Australian government.

The great bulk of Western democratic societies now have some form of basic identification system, some of them much more comprehensive than that proposed for Australia, and many of those countries are now engaged in updating and improving their systems. Yet no reasonable person would argue that the Scandinavian countries, France, or the United States of America, for example, are somehow less democratic, more totalitarian than Australia because they have such identification systems.

It is disappointing, however, that significant issues concerning privacy and civil liberties which merit detailed consideration have been so muddied by these absurdities. The Government has been acutely aware of the necessity of ensuring that a proper balance is maintained between the need to protect the interests of the community and the need to preserve citizens rights to privacy—thus the very limited nature and the strict controls on the use of the Australia Card, the Australia Card Register, and the protections built into the program in general.

The Bill provides detailed safeguards to protect the integrity and security of the information held on the Register. It does this by strictly limiting the nature and amount of information kept, the purposes for which it can be used, and who can obtain access to it. Every single access or attempted access to the Register, the date of access, reason for access, and identification of the officer looking at the file will be recorded and will be available for inspection by the individual. Any unauthorised use of the Register is illegal and punishable by heavy fines or gaol, or both. I want to emphasise this: no private agency has access to the Register, no government agency other than those specified in the legislation—that is, the Health Insurance Commission, the Department of Social Security, and the Tax Office—has access to the Register, and no cross-matching of information is possible other than that which already occurs.

It has been claimed that despite these safeguards computer 'hackers' will get into the system and a flood of intimate personal details on every citizen will be available to the unscrupulous for all sorts of nefarious purposes. As I have already made clear, if anyone were able to access illegally the Register, the only information he or she would obtain would be simple identification information. Additionally, 'hackers' gain access to computers through telephone lines. The Australia Card program will use dedicated land-lines, not telephone lines, thus denying such access.

An unnatural and unwarranted fear has also been whipped up about public servants releasing masses of personal information in relation to tax, social security, and Medicare. That information will not be on the Australia Card Register, it is already held in Government departments, and there is no reason why public servants who

currently have access to those files would suddenly become more corruptible. However, severe penalties are included in the legislation in the event of such a breach.

The Bill establishes the Data Protection Agency (DPA), a powerful and independent watchdog body which will establish, maintain, and review guidelines for the operation of the Australia Card program. The DPA will have powers equivalent to those of the Ombudsman to investigate any complaints about breaches of these guidelines. It will also have the power to direct the authority responsible for the administration of the Australia Card to adhere strictly to privacy principles. The DPA will also administer privacy safeguards in relation to the protection of personal information contained in all government computer banks. The privacy protections contained in the Australia Card Bill, together with the provisions of additional privacy legislation which will be introduced into this session of Parliament, will create the most broad ranging and effective privacy safeguards ever seen in this country.

The Bill also specifically states that the Australia Card does not have to be carried at all times. One does not need one's card to play sport, cash a cheque, make a will, go shopping, pick up a pension or for the great mass of everyday activities. Like any other cards or identifying documents possessed now by Australians, it will be needed only for limited and specific purposes. The Bill is also quite specific that no one—not the police, not the local supermarket, not the local publican—can ask to see one's card as a means of identification. Any unauthorised person asking for a person's card, or even suggesting he wants to see it, is committing a serious offence punishable by a heavy fine or jail or both.

The Bill does not place any legal obligation on a person to produce a card in relation to employment. However, if an employee is not prepared to produce a card to verify identity so that all income earned can be appropriately taxed, the employee will be taxed at the highest marginal rate, and any adjustments can be made at the time of the annual tax assessment.

Another area where the ill-informed have created grave and totally unjustified concern is over penalties faced by individual Australians in relation to their use of the card. No one will be fined if they lose their card or it is accidentally damaged or stolen. As is currently the case with credit cards or benefit cards, there is an obligation on the holder to notify the issuing authority when he becomes aware that a card has been lost or damaged. This is to ensure the integrity of the system, to prevent unscrupulous people attempting to fraudulently use the card, and to ensure that the card can be replaced as quickly as possible.

Lost or damaged cards will be replaced quickly at no cost to the individual and there will be negligible inconvenience to the individual requiring use of a card during the replacement period. This is because all the information contained on the card will also be held on the Australia Card Register and it will be a very quick and simple matter to verify identity through the Register.

Nor does the Bill specify penalties for non-production of the card in those few circumstances where it is required. However, just as no one can claim Medicare benefits without producing a Medicare card number, it will not be possible to claim benefits—except in emergencies—or to engage in some financial transactions without an Australia Card. This will ensure that the system works effectively and securely to weed out tax cheats and welfare defrauders. There are no penalties for unintentional clerical errors. All penalties are maxima and would be set by a court of law after due democratic process.

The present scare campaign against the Australia Card is similar to those whipped up over the assets test, the fringe benefits tax and the capital gains tax. All of those measures, like the Australia Card, are designed to ensure that we have a fairer society, that everyone pays their fair share of tax, and that benefits go to those in need. Over time the Australian public has come to see the benefits and basic fairness of those initiatives; equally, I believe that the great majority of Australians, who will benefit from the Australia Card, will see through the sham and hysteria of the present campaign, particularly as they come to recognise that their legitimate concerns about privacy have been met.

The Australia Card is an essentially simple program with a straightforward objective—to provide the single most effective weapon to eliminate tax and welfare cheating in this society. It is an objective that will have the full endorsement of all honest Australians. I urge senators to read the Bill with care and to reject the wild assertions of the opponents of the Australia Card. I ask the Senate to give the Australia Card program its endorsement.

Debate (on motion by **Senator Puplick**) adjourned.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Morris)—Order! It being 12.45 p.m., matters of public interest may be discussed until 2 p.m.

Senator HARRADINE (Tasmania) (12.45)—Last night in the Address-in-Reply debate I detailed to the Senate what I considered to be one of the failures of the defence White Paper; that is, the failure to consider the actual circumstances in the Indian Ocean. My comments for the purposes of the record can be found on pages 186 to 189 of *Hansard* of 16 September 1987. I say that for the purposes of completeness so that anyone who is reading this should refer to those papers.

I was indicating that India's problem is that she is hemmed in by her land borders and that, for a start, there are the Himalayas which pose a barrier to expansion in some ways more formidable than an ocean. In any case, India faces China in that area. India may wish to flex her new and more sophisticated military muscle and I indicated that, though I disagree with this particular scenario, it has been advanced to get square with China for the defeat suffered in 1962 and the loss of uninhabited territory in the Aksai Chin. A victory here could sever Chinese land communications with Pakistan and Afghanistan and would represent an important strategic advantage for India, but China would not take this lying down and would very likely be prepared to tough it out and probably could count on Pakistani support in opening up a second front. India has long dreaded such a possibility. Her leaders will not be eager to turn this nightmare by rash action into a reality.

As for Pakistan, India is unlikely ever to want to absorb it and its Islamic peoples. India's objective is not expansion here. She wants a Pakistan which is weak. India advanced a long way toward this objective in December 1971—when she invaded East Pakistan to serve as midwife at the birth of the weak and poverty-stricken Bangladesh. As for what remains of Pakistan, simply to overawe it militarily must be India's objective. She has achieved this already. It would appear that India would want, in addition, to have the capacity to strike pre-emptively against Pakistan's nuclear installations. India also has achieved this goal.

However, it is unlikely India would be so irrational as to want to burden herself with the problems of absorbing Pakistan. Of course, India may want to be in on the kill should Pakistan disintegrate under pressure, say, from the Soviet Union. This would not be a preferred option, however. India would not want to see bits of Pakistan end up in Soviet hands, since greater Soviet access to the Indian Ocean would not be in India's interests. So India's preferred policy must be to keep things much as they are.

From these considerations we can conclude that since India's land borders do not hold out the promise of successful Indian expansion, her attention must naturally turn to the sea. Blocked by geopolitical considerations from expanding her Northern Hemisphere, India is beginning to embark on her long-delayed vocation as a maritime power. One theory has it that India is developing her navy so that she might have the chance to decide in her favour super-power rivalry in the Indian Ocean. In time of crisis, India could throw her weight on to either side according to how it suited her interests. This strategy would make a lot of sense from India's point of view and fits well with her natural and understandable hypersensitivity about national independence.

However, what will the Indian Navy do as India prepares herself for a crisis which may never come? It is possible that India could use it to exert influence and power over nations on the Indian Ocean periphery. Certainly India now has the capability to harass and interrupt trade as a way of having her will. It is not impossible that such action could be undertaken with the blessing of the Soviet Union, which might hope to exercise great power in the region through the agency of India. I am not arguing that India is in the pocket of the Soviets. Some people in the United States believe this already to be the case. I suspect, however, that the Indians will prove an unpredictable friend to the Soviets; expert as the Soviets are in the business of foreign policy, I would be surprised if they did not appreciate that. Still, the Soviets could exploit India's considerable frictions with the United States.

The chief problem today in Indo-American relations is United States support for Pakistan. It is unlikely, however, that this support will come to an end while the Soviets are in Afghanistan. Even if they should withdraw, the United States must still attempt to secure the flow of oil from the Persian Gulf, and since India refuses to admit that the United States and other Western powers have, on account of the vulnerability of the Gulf, a legitimate reason for deploying forces in the Indian Ocean, it is difficult to foresee any significant improvement in Indo-American relations. Consequently, it is not unreasonable to contemplate the possibility of In-

dia taking limited naval action against nations on the Indian Ocean periphery with sufficient Soviet support to deter United States counteraction.

This backing would be forthcoming if India were to pursue policies which, aside from Indian interests, threatened to destabilise a government of pro-Western sympathies. As long as Indian military activity did not threaten in a significant way the supply of oil from the Gulf, the United States would be disinclined to risk action against Indian naval forces which could engage the United States in conflict with the Soviet Union. The point is that India could get tough in the Indian Ocean without provoking a reaction from the United States and that possibility ought to concern Australia.

However, India has given us a recent example of how we might expect her to treat her Indian Ocean neighbours—the case of Sri Lanka. In return for India's support for the peace settlement with the Tamil separatists, Sri Lanka has had to relinquish, in practice, sovereign control over its foreign and defence policies and even over its territory. Sri Lanka has had to promise not to let any of its harbours, most importantly Trincomalee, 'be made available for military use by any country in a manner prejudicial to India's interests'. Sri Lanka has had to cancel its agreement with *Voice of America* to broadcast from Sri Lanka. Sri Lanka has had to set up a joint committee with India to investigate the presence in Sri Lanka of foreign military and intelligence personnel. Sri Lanka has had to agree to the disbanding of its Home Guards, to the merging of its paramilitary forces with the regulars, to the provision of military facilities to India, and to Indian training for the Sri Lanka armed forces. Sri Lanka appears to have been turned into something akin to an Indian protectorate.

It was not, however, prudent for our Government to advert in its defence White Paper to scenarios about the extension of the Indian power throughout the Indian Ocean. To have done so would have made the Government's strategic policy look ridiculous. The Federal Government could not admit to the possibility of regional strategic developments which, because of their potential danger for Australia, would require the deployment of military capabilities denied, in principle, to the Australian defence forces. Mr Paul Dibb in his famous Dibb report justified this policy of refusing to develop a credible capacity for power projection in the name of a 'strategy of denial'; a 'psychology of denial' would better explain it. What the Government and its advisers have done on the defence issue is to deny the strategic realities posed by our geography and the neighbourhood.

Governments cannot develop sound national security policies by ignoring the world in which these policies will be put to the test. Yet, the Federal Government has chosen, among other things, to ignore the growth of India's naval power. This decision is all of a piece with the Government's refusal to develop a national security policy designed to secure the sea-lanes upon which Australia depends. The factor which this Government has decided to ignore is that India is developing naval forces capable of cutting Australia's westward lines of communication. For sure, and I emphasise this, India does not yet have the inclination or the will to do this and it is difficult now to foresee what might bring Australia and India into conflict, but once the military means of prosecuting conflict are in place, all that is required to make war is a change of will and sometimes that can occur suddenly and without warning.

For India, the development of her industry is linked with the growth of her maritime trade. Thus, prudence dictates that she protect that trade as it traverses the Indian Ocean. From the Indian point of view, her naval policies are rational, benign and defensive, and so they seem. However, what is sound for India today could prove a danger for Australia tomorrow. If India's national objectives were to change, were she to attempt to dominate the Indian Ocean, then her naval forces would pose a threat to us.

Senator VALLENTINE (Western Australia) (12.56)—I am going to speak today about events in the Republic of Belau or Western Caroline Islands during the last few weeks. I will make some comments on the background of the situation and the rising level of violence there. The situation has largely been ignored by politicians and the media in this country apart from Peter Ellingsen's excellent series of articles in the *Age*. The Republic of Belau lies about 2,500 kilometres north of Darwin and consists of roughly 200 islands inhabited by some 15,000 people. Belau is part of the United Nations Trust Territory of Micronesia which has been administered by the United States since 1947. Micronesia is made up of the Marianas, the Marshall Islands and the Caroline Islands, which were originally claimed by Spain in the mid-sixteenth century when they were colonised along with the Philippines.

Germany took over as the colonial power in the late nineteenth century while the United

States bought Guam from Spain in 1898 at the same time as it took over the Philippines. When Germany lost the First World War, Belau and the other islands were handed over to Japan as a mandate territory by the League of Nations. During the Second World War there was a great deal of fighting through the islands and many of the locals were killed. This gave the current older generation a deep distrust of being involved in other people's wars, between Imperial Japan and the United States 45 years ago and, now, the threat of war between the United States and the Soviet Union.

Micronesia was perceived as vital for the needs of the United States at the end of the war. It was unable to colonise the islands directly, so Micronesia became a strategic trust territory administered by the United States and responsible to the United Nations Security Council. This was different from other trusteeship authorities which were responsible only to the General Assembly. It meant that the United States could use the islands for military purposes, which they did immediately with the nuclear test program on Bikini Atoll in 1946, and later the development of Kwajalein as the terminal for the Pacific missile range. As the other trusteeships like Papua New Guinea and Western Samoa became independent, the United States became embarrassed at the prospect of administering the last trusteeship, although Henry Kissinger's comment on Micronesia was: 'There are only 90,000 people out there; who gives a damn?'. I was reminded of this remark when Senator Evans made a similar comment about Belau during yesterday's Question Time in this chamber.

The military made it quite clear that it intended to maintain control of the islands. It helped to create a dependency situation so that the islands would need to continue their reliance on the United States. With only 130,000 people scattered over 3,000,000 square miles of ocean, they were divided into four groups. The northern Marianas negotiated a separate agreement with the United States some years ago and the inhabitants are now United States citizens. The Marshall Islands, the Federated States of Micronesia and the Republic of Belau, were all given the opportunity to negotiate a compact of free association with the United States. In effect, the compact would give the islands political independence in exchange for an annual cash handout, but would leave the United States responsible for the islands' defence and foreign affairs.

At this point the citizens of Belau wrote a clause in their proposed constitution. Article XIII, section 6, reads:

> Harmful substances such as nuclear, chemical, gas or biological weapons intended for use on warfare, nuclear power plants and waste materials therefrom, shall not be used, tested, stored, or disposed of within the territorial jurisdiction of Palau without the express approval of not less than three-fourths of the votes cast in a referendum submitted on this specific question.

The United States Ambassador warned against adopting the nuclear-free clause but the constitutional convention endorsed it with a 92 per cent vote in 1979. The United States simply refused to accept the wishes of the people of Belau and since 1979 there has been a series of referenda designed to get the people to change it. The ninth referendum was held on 21 August this year, but the result was the same as all the others. It fell short of the 75 per cent majority required to change it. One Belauan senator sadly observed, 'The United States taught us democracy, then refused to let us practise it'.

The United States military has its eyes on Belau for two reasons: the potential use of Babeldaob harbour by the navy and the use of the middle third of the main island for a jungle warfare training facility. Belau has the misfortune to lie some 800 kilometres east of the Philippines and the United States wants to keep its options open in case it has to leave Subic Bay naval base. American admirals have described Belau as a secondary arc of defence for the United States. The navy also wants to feel free to use Babeldaob harbour for nuclear warships, just as it uses Australian ports and many others around the world. So of course do the Soviets, the British and the French. The admirals have, however, denied allegations that they want to use the harbour as a forward base for the eight Trident nuclear submarines based at Bangor in the State of Washington.

Belauans with vivid memories of being caught up in someone else's struggle just over 45 years ago want no part of the super-power struggle for global influence between the United States and the Soviet Union. Belau does not need nuclear weapons to defend itself; it is the United States which thinks it needs nuclear weapons. Belau's paramount High Chief Yutaka Gibbons remarked on the potential military buildup, 'It would produce a lifestyle we don't want. This is a type of matriarchal society and we rely on extended family links, not nuclear treaties'.

Events came to a head this year when the pro-American President of Belau, Lazarus Salii, decided that he could no longer accept his peo-

ple's desire for a nuclear-free constitution after the eighth referendum. Lazarus Salii became President after his predecessor was gunned down by unknown men in June 1985. In June this year he stood down 80 per cent of the country's public servants, nearly half the Belauan work force, on the grounds that the Treasury was out of money. Austerity measures were introduced that included turning off power and water, closing schools and cutting hospital staff numbers. A United States official said that it was virtually impossible for there to be shortfalls in the amount claimed by Salii.

Figures are hard to come by, however, as the President paid off the government comptroller early, and as well, fired the only computer programmer in June. According to the United States Department of the Interior, President Salii is guilty on 87 counts of financial mismanagement. Despite this, many of the 900 furloughed workers then used government resources to form a pro-compact lobby which camped outside the national congress and threatened leaders of the people opposed to changing the constitution. The President has surrounded himself with American advisers and the lobby of Belau's main hotel has been filling up with wheelers and dealers from around the world, who will be part of the action that will flow from a newly affluent republic with access to United States markets. If Belau votes for the compact, it stands to get $1 billion over the next 50 years, and the United States has promised to build an extensive 80-kilometre road system.

President Salii then called a plebiscite to hold a referendum on 4 August to change the constitution so that only a 50 per cent majority was needed. The Speaker of the 16-member Belauan assembly said that they had no choice but to agree to the measure by nine votes to two, five members being absent because of the threats to their families. Voters were offered food and drink as they arrived at the polling booths and government vehicles were used to transport 'yes' voters to the booths. The outcome was predictably a 'yes' vote. The 4 August referendum was then challenged in the courts on the grounds that the constitution could not be changed except during the course of a general election.

Intimidatory letters were sent to the Chief Justice, Mamoru Nakamura, and a mob of the furloughed workers invaded his chambers threatening action if a compact vote did not proceed. Houses have been fire-bombed, lives have been threatened and abusive phone calls made to supporters of the nuclear-free constitution. The information officer of the Assembly had his house fire-bombed and gunmen fired at the home of the Congress Speaker.

The next plebiscite was held on 21 August. Although it got more than half the vote it did not get past the 75 per cent mark. The President claimed it had passed under his new arrangement, but critics said that under the terms of the original constitution it had not. Chief Yutaka Gibbons finally gave in and withdrew his challenge to the two August elections. The suit was then taken up by around 30 senior tribal women. The women also withdrew their challenge on 8 September because of threats made to themselves and their children. One of their leaders, 65-year-old Gabriella Ngirmang, had her home fire-bombed while she was there with her six children and as well received threatening phone calls. The Chief Justice also resigned because of the intimidation and he handed over the legal challenge to Judge Robert Hefner from the nearby island of Saipan.

On the night of Monday, 7 September, Mr Bingo Bedor, the elderly father of two prominent supporters of the nuclear-free constitution, was murdered by gunmen outside his son's law office. His son, Roman Bedor, who has been to Australia to speak about Belau on a number of occasions, said that the bullets were meant for him. He had already taken his two children out of school and had gone to live at his mother's house. I go into all of this detail because, as Roman Bedor remarked after his father's death, 'I cannot believe that Belau has become so violent'. Belau's misfortune is its geographical position east of the Philippines and the desire of the United States to use Micronesia for military purposes which are entirely unconnected with the security of Micronesia, but which are perceived as vital to the interests of the United States.

Dr Pamela Thomas of the National Centre for Development Studies at the Australian National University said earlier this week after a five-week study tour of the Marshall Islands that the United States Government has trapped the Marshallese in a dependency syndrome so that it can continue to use their islands to test strategic weapons. The same can be said of Belau, where the United States wants to overthrow the world's first nuclear-free constitution to suit its own perceived strategic needs. As Belauan Senator Tosiwo Nakasura remarked, 'Why do we have to choose between East and West? It is just baloney to talk of the Russians threatening us'.

Australia has recently developed diplomatic relations with the newly independent states of Micronesia and they have observer status with the South Pacific Forum. Belau is closer to Darwin than Sydney and Australia has a direct responsibility as one of the members of the League of Nations and then the United Nations which created the mandates and trusteeships which Belau originally came under. We have a moral duty to tell the United States to respect the wishes of the people of Belau for a nuclear-free constitution and to ask the United Nations Security Council to send a United Nations peacekeeping mission to Belau as requested by High Chief Yutaka Gibbons. If we are to be consistent about human rights abuse, we cannot stay quiet when our major ally behaves in this way and destroys the lifestyle of 15,000 people simply because so few people have ever heard of Belau.

As well as being interested in Belau for strategic reasons, the United States has political motives for imposing economic dependency on the Belauan people. Theirs is the world's first and only—so far—nuclear-free constitution. From the United States perspective it sets a dangerous precedent—the worrying prospect of small nations seeking true independence from the nuclear super-power blocs. Many letters, telegrams and phone calls to our Foreign Minister have requested a response from the Australian Government to the Belauan people's struggle for independence. They have remained unanswered. It is disgraceful that our Government has apparently done nothing to speak up for a tiny group of 15,000 people being bullied by a nuclear super-power, the nuclear super-power which is supposed to be our ally. With friends like that, who needs enemies.

Sitting suspended from 1.10 to 2 p.m.

QUESTIONS WITHOUT NOTICE

GOLD TAX

Senator CHANEY—In light of the inclusion of the tax exemption for gold mining in the Government's review of corporate taxation, can the Minister representing the Treasurer give an unequivocal assurance that the Prime Minister's unequivocal pre-election commitment not to introduce a tax on gold stands for the life of this Parliament?

Senator WALSH—I will have to refer that to the Prime Minister. I notice that the Liberal Party is running true to form in protecting tax shelters.

Senator CHANEY—I ask a supplementary question. Will the Minister seek that assurance from the Prime Minister?

Senator WALSH—I can ask the Prime Minister; it is his business whether he responds to the question.

ORBITAL ENGINE: FEASIBILITY STUDY

Senator BEAHAN—Has the Minister for Industry, Technology and Commerce seen an article in today's *Australian* which reports on Mr Ralph Sarich's comment on the Government's funding of a feasibility study into the local manufacture of the orbital engine? According to today's report, Mr Sarich believes that Australia might have missed the boat for production of his engine technology here and that contract deals with either United States or Japanese car makers were imminent. Does the Minister agree with Mr Sarich's position?

Senator BUTTON—The article in question has been drawn to my attention. I suspect that as sometimes occurs the remarks made by Mr Sarich were not reported with full accuracy. To say that Australia has missed the boat—if that is what Mr Sarich said—cannot be something which can be said about him because he has certainly not missed the boat in terms of obtaining support from various governments over a number of years. I have been advised that both Commonwealth and Western Australian government officials say that Mr Sarich is co-operating in the conduct of a feasibility study into Australian manufacture of his engine, funded by a grant in this year's Budget.

The Government's involvement in assisting Mr Sarich to commercialise his valuable invention in orbital engine technology commenced before the recent grant. In 1986 the Federal and Western Australian governments commissioned a consultant's report on the commercial viability of the technology. Because that study concluded that Sarich has a considerable technological lead over any of his competitors, the Government decided to devote $350,000 in this year's Budget to fund an advance study into the feasibility of profitable manufacture of the orbital engine in Australia, largely for export. That study is managed by a steering committee which consists of senior executives from the Orbital Engine Company, Ford Motor Co. of Australia Ltd, General-Motors Holden's Ltd, the Automotive Industry Authority, Federal and State governments and several consulting firms. The total cost is expected to be more than $500,000, of which $350,000 is being contributed by the Federal Government. The

remaining funds will come from the Western Australian Government and the industry participants.

Its terms of reference will include detailed assessment of the locational advantages of various sites within Australia, labour relations aspects and possible government assistance measures which might be involved, such as training, research and development incentives, offsets programs and development finance. I believe that without this initiative it is highly unlikely that any production would take place in Australia. It is essential that manufacture be established as a commercially viable prospect by private enterprise before any production can commence.

WILCO ELECTRICAL PTY LTD: INDUSTRIAL DISPUTE

Senator LEWIS—My question is directed to the Minister for Industry, Technology and Commerce, both in that capacity and as Minister representing the Minister for Industrial Relations. Is the Minister aware that strike action in Victoria by members of the Amalgamated Metal Workers Union in defiance of recommendations by the Australian Conciliation and Arbitration Commission has forced Wilco Electrical Pty Ltd—a Victorian manufacturer of sophisticated electrical equipment for local and export markets—to close down its Abbotsford factory in Melbourne and that now bans have been placed on its Notting Hill factory? Is the Minister further aware that pickets imposed at the plant at Abbotsford are being used to prevent the company from moving equipment from Abbotsford, even though this equipment is crucial to the continued operation of the company's plant at Notting Hill where 220 people are employed? Does not this kind of industrial action, which is placing in jeopardy the ability of a high-tech Australian manufacturer to compete in world markets, make a mockery of the rhetoric in the Australian Council of Trade Unions (ACTU) document *Australia Reconstructed*? What action has the Government taken or will it take to bring these unionists to their senses?

Senator BUTTON—I am not familiar with the circumstances of the company which Senator Lewis describes. I would think it unusual if a company closed down on the basis of what I understand, from Senator Lewis's question, to be a strike of short duration and there were not other reasons involved in the closure than that industrial action. I have said on a number of occasions in this place and I will say again that this country cannot afford that sort of disputation. I do not know whether I can accept Senator Lewis's view that it makes a mockery of the *Australia Reconstructed* document of the ACTU. Within that document there is a significant and indeed enormous attitudinal change in respect of a whole range of issues, including productivity and relative wage issues. This is a very important step forward for the Australian trade union movement; it is courageous and imaginative. There are other things in that document which I personally do not agree with, things which impinge on industry activities and so on.

The fact that the Australian Council of Trade Unions is able to make a statement like that does not mean that there will not be industrial disputes from time to time at individual plants and factories. I am not familiar with the causes of this particular one. It sounds to me as if the company has announced closure of the plant and there has been a stoppage on the basis of that. It probably relates to redundancy agreements—Senator Lewis was not kind enough to inform me about those matters. That is a half-educated guess, if I might so describe what I have just said. I will certainly refer the detail of the question to the Minister for Industrial Relations, Mr Willis, and try to obtain a more detailed response in due course.

NEW PARLIAMENT HOUSE: OPENING CEREMONY

Senator GILES—My question is directed to you, Mr President. You will be aware that at the opening of the provisional Parliament House in 1927 the national anthem was sung by Dame Nellie Melba. Can you confirm whether Dame Joan Sutherland has been invited by the Government to participate in the ceremony to mark the opening of the new Parliament House in 1988 in keeping with this tradition?

The PRESIDENT—This matter has been raised with me on two previous occasions but I am able to report to Senator Giles that I have now received advice from the Department of the Prime Minister and Cabinet confirming that an approach was made to Dame Joan Sutherland's agent in London regarding her participation in the opening ceremony of the new Parliament House next year. Dame Joan's agent advised that it was impossible for her to attend the opening ceremony as she will be in London rehearsing for performances with the Royal Opera.

DEFENCE PERSONNEL

Senator McLEAN—Is the Minister representing the Minister for Defence aware of the situation where defence personnel who are located at 2 Military District—that is, at Penrith, New South Wales—are being offered accommodation at Moorebank which involves a round trip of more than 70 kilometres by road or more than 2½ hours travelling time each way by public transport? Secondly, does not such an order directly contradict the conditions of service of permanent members of the Defence Force which clearly specify that service personnel should be offered accommodation which is within 30 kilometres of their place of work and requiring no more than 150 minutes round trip by public transport? Thirdly, if so, what action does the Minister plan to take to remedy this situation?

Senator ROBERT RAY—In response to the first part of Senator McLean's question, the answer is yes. There is a shortage of married quarters and private rental accommodation in the Penrith area whilst there is a surplus of married quarters in the Moorebank and Holsworthy areas. Members who work in the Penrith area are being offered the vacant married quarters in the Moorebank and Holsworthy areas but they are not obliged to accept this offer. The answer to the second part of the question is no. Members are free to seek private rental accommodation closer to their work place and for this they receive a rental allowance. In view of those two answers, the answer to the third question is that we do not at this stage consider that any action is required.

Senator McLEAN—I ask a supplementary question, Mr President. Is the Minister aware that, should service men or women refuse to accept accommodation offered to them, they sacrifice their temporary rental allowance? Furthermore, is he aware of the fact that the same accommodation in surplus in Moorebank arises because service people who are serving in Moorebank are not being offered that accommodation? It seems from the evidence that has been presented to me that the circumstances are contrived and that those people who refuse to accept accommodation which is grossly inconvenient are therefore financially penalised.

The PRESIDENT—Order! Senator McLean, you are making a statement. Can you ask your question?

Senator McLEAN—I ask: Is the Minister aware that a financial penalty is incurred?

Senator ROBERT RAY—I am indebted to Senator McLean for that further information. I will draw his remarks and question to the attention of the Minister for Defence and try to get a speedy response to the further points he made.

BREAD MARKETING IN QUEENSLAND

Senator COLSTON—I direct my question to the Minister representing the Treasurer and Minister representing the Minister for Primary Industries and Energy. Has the Minister's attention been drawn to an article in the Brisbane *Courier-Mail* of 16 September reporting comments by the Queensland Minister for Primary Industries, Mr Harper, on an answer that the Minister, Senator Walsh, gave to a question from Senator Cook on Tuesday? Have Mr Harper's comments persuaded the Government that the bread marketing arrangements of the Queensland type should be implemented throughout Australia? Does the Commonwealth Government have any intention of adjusting its policy in this area?

Senator WALSH—Yes, I did see the report in the *Courier-Mail* in which Mr Harper was reported as saying that the State Government did not make any secret of the fact that the Queensland Bread Industry Committee was established to stabilise the State's bread industry. Of course, in the lexicon of the National Party of Australia, 'stabilise' is a euphemism for protecting vested interests. Mr Harper went on to say:

> I believe the fact that the price for bread in Queensland is about the cheapest in Australia proves the system has worked.

Of course, as a question of fact, the latter is wrong. Brisbane does not have the lowest bread price of the capital cities. That can be easily checked in the Australian Bureau of Statistics release of 1 September 1987 relating to retail prices. But that is not the real point. That is much less important than the fact that the Queensland Bread Industry Committee Act operates to keep bread prices high in the rest of Queensland, outside Brisbane metropolitan area. For example, the price of bread in Cairns is $1.17. I have obtained this information from the price watch group. In Rockhampton the price is $1.13 and in Townsville $1.16, as against 98c in Brisbane. Of course, there is some competition in Brisbane, but competition elsewhere in Queensland——

Senator Boswell—What about freight charges?

Senator WALSH—I am glad that Senator Boswell has said that. If Senator Boswell believes that the natural protection of distance from a large metropolitan centre ought to be enough for a country bakery to keep operating, there would

be no need for the Queensland Bread Industry Committee Act because the natural protection, the freight costs, would be sufficient. If Senator Boswell believes that, I suggest that he go up there with some of his redneck mates who run the State Government in Queensland and tell the people that they had better get rid of this interference with the operations of the market and the free enterprise system that he claims to support. I welcome a statement from Senator Boswell saying exactly that.

Senator Button—He is the Marie Antoinette of the Queensland National Party.

Senator WALSH—Senator Button has just suggested that Senator Boswell is the Marie Antoinette of the Queensland National Party. However, I do not think that even the Queensland National Party takes much notice of Senator Boswell. He is not regarded as a heavyweight, so to speak, in Queensland. But, again I make an appeal to Senator Stone, who does understand these things, to assert his intellectual dominance over the Party to which he now belongs and get the Queensland Government to get rid of that Act and thereby allow bread prices to come down in provincial cities like Cairns, Rockhampton and Townsville.

1987-88 BUDGET

Senator SHORT—I refer the Minister representing the Treasurer to the summary statement of the 1987-88 Budget contained in Statement No. 1 of Budget Paper No. 1 in which total outlays for 1987-88 are shown at $78.146 billion, a rise of $3.247 billion on 1986-87. Does the Minister agree that both of these figures have been reduced by offsetting against them, in each case, $1,000m in proceeds from proposed asset sales in 1987-88? If so, does he agree that on any meaningful interpretation of what constitutes outlays, the true level of outlays for 1987-88 is $79.146 billion and the true increase in such outlays is not $3.247 billion but $4.247 billion? If so, does the Minister agree that the presentation in Statement No. 1 is thoroughly misleading?

Senator WALSH—Let me say how delighted I am that Senator Short has asked this question.

Senator Button—It's not bad. It's the first question he has asked this session.

Senator WALSH—Yes, it is almost as good as the first question he asked when he became the shadow Minister for Finance last year when he said that the interest bill on Commonwealth Government debt was $56 billion a year. He was wrong then by a factor of about seven. But I am even more grateful to him for having asked this question, for this reason: The Government has made very clear on a number of occasions—we have pointed it out, highlighted it and put it in neon lights virtually—that there is $1 billion of asset sales assumed in this Budget and we anticipate another $1 billion of them in the next financial year. We have followed the international accounting conventions and recorded that sale as an offset to outlays. Some people may quarrel with those international accounting conventions but, if they believe that those proceeds from the sale of assets ought to be effectively added on to expenditure they should, for symmetry, argue that the acquisition of assets by the Commonwealth Government should also be deducted from expenditure. For example, we are selling land in Tokyo and we are building a property in Peking, or Beijing as it is called these days for some reason.

Senator Puplick—Did you hear that on the wireless?

Senator WALSH—I heard that on the wireless, yes. Likewise, the Commonwealth has plans to sell land at Chifley Square and the Commonwealth Government is buying land at Badgerys Creek. If the Opposition is going to argue—sure it is an argument that people are entitled to put if they want to—that the proceeds from assets sales should be taken out of the outlays figuring, then so should the costs of asset acquisitions.

However, the more important point I wanted to make is that in the 1980-81 Budget the then Treasurer—presumably with the approval of the then Secretary to the Treasury—presented asset sales. If one dug into the pages of Budget Statement No. 4 one would find a small table and about a three-line reference to proposed sales of assets. In present values those proposed asset sales were over $300m. In the 1980-81 Budget Statement No. 4—if one were patient enough to read that far—one could pick up the couple of lines that referred to asset sales. There was, of course, absolutely no reference in the Budget Speech or in Statement No. 2 to the fact that the then Treasurer—I repeat, presumably he had the approval of the then Secretary to the Treasury——

Senator Maguire—Who was that?

Senator WALSH—I think we all know who that was. There was no reference at all to the $300m worth, in present values, of asset sales until one got to the end of Budget Statement No. 4. What there was, however, in the Budget Speech was a boast from the then Treasurer—I would not blame the then Treasury Secretary

for this one—that for the first time in seven years a Budget had been produced with a domestic surplus—a domestic surplus of, I think, $93m and asset sales, in present values, of more than $300m.

So if Senator Short wants to criticise the international convention, he is perfectly entitled to do so. I suggest that if the Opposition in general wants to make an issue of the Government following these international conventions, to make it very clear and to put it in neon lights what the Government was doing, it must expect to get a hefty kick back because of the surreptitious, sly, sleazy way in which in 1980-81 the discredited former Treasurer hid what he had been doing and misrepresented the facts to the people.

Senator SHORT—Mr President, I ask a supplementary question. In the light of the Minister's answer, I ask why Statement No. 3 of Budget Paper No. 1 specifically states at page 61:

> The estimate for 1987-88 include an allowance for proceeds from the sale of major assets of $1,000 million.

It goes on:

> If this allowance is excluded from the estimates, outlays of $79,146 million would increase by 5.7 per cent over the 1986-87 outcome.

Why does the statement go on to say that this represents a decline in real terms of 1.2 per cent in expenditure compared with the statement the Treasurer made in his Budget Speech of a decline of 2.4 per cent in real terms.

Senator WALSH—It does not surprise me that the Opposition finds it difficult to comprehend or accept the fact that this Government actually releases accurate and detailed information about what it is doing. Senator Short asked why certain statements were made in Statement No. 3. Those statements were made because they are correct, because it is relevant information and because we do not withhold anything from the public, unlike the discredited former Treasurer, who had $300m worth, in present values, of asset sales hidden at the end of Budget Paper No. 4, with no reference to it at all in Statement No. 3.

QUEENSLAND ECONOMY

Senator BURNS—Has the attention of the Minister for Finance been drawn to the pitiful state of the Stone Age economy in Queensland? Is he aware that a survey of 18 key economic indicators for Australia to the start of September 1987, collected from a variety of reliable sources but basically from the Australian Bureau of Statistics and Federal Government departments, reveals that Queensland has the worst result in six, and the second worst result in five and is below the national average in 13? At this eleventh hour can the Minister indicate the damage this pathetic performance by the Bjelke-Petersen Government has created for Australia's economic recovery as a whole?

Senator WALSH—I do not have the most up to date key economic statistics with me. Indeed, I do not have the less than most up to date statistics with me either. However, the rankings of Queensland on those key economic indicators that Senator Burns has given are the sorts of rankings which Queensland has had for the last couple of years at least. In other words, in almost every important economic statistic Queensland is lagging behind the rest of Australia and because of that it has higher unemployment, lower investment rates and so on. In almost every important economic variable the State of Queensland is lagging behind those in the rest of Australia and has been for at least the last couple of years. It is, therefore, dragging down the rest of the country as well as its own unfortunate citizens in particular.

AUSTRALIA'S EXTERNAL DEBT

Senator MacGIBBON—I refer the Minister for Finance to page 3 of the Treasurer's Budget Speech, from which I quote:

> The big trade deficits since the early 1980s have built up a substantial foreign debt burden. Our external deficit, although falling, remains too high.

I ask whether the Minister is also aware of the statement on page 58 of Budget Paper No. 1, which reads:

> Australia's net external debt is likely to continue to rise faster than nominal GDP during 1987-88, and a further rise in the debt servicing ratio is expected.

How does the Minister reconcile the recognition in the Budget Speech that our foreign debt burden is already too high with the apparent supine acceptance in this Budget that the Government is content to allow it to go on rising not merely in absolute terms but as a proportion of gross domestic product (GDP)?

Senator WALSH—I have not read all of the specific lines to which Senator MacGibbon referred but I am aware of the fact that the Budget makes reference to those matters. Of course the statements made in the Budget are correct, with one possible exception which I will come back to. In 1981-82 the current account deficit, as a proportion of GDP, was originally recorded at something more than 6 per cent.

Subsequent revisions brought the figure down. I am not sure what the very latest revision is but it is marginally below 6 per cent. Until the figure was revised downwards, the 1980-81 current account deficit was the highest which had ever been recorded. We know who the Treasurer was at that time, of course.

Senator Stone—What was the level?

Senator WALSH—Since Senator Stone chose to interject I refer him to a speech he made in, I believe, 1980—I can check the date if he likes—in which he welcomed an increase in the current account deficit on the grounds that this relieved inflationary pressures on the domestic economy.

Senator Button—It did not do much good.

Senator WALSH—No, it did not. In fact, we had a wages blowout in 1981 and 1982 of 13 and 14 per cent respectively.

Senator Stone—Where did that come from?

Senator WALSH—It occurred when the Fraser Government decided to adopt a free market strategy in regard to wage fixation. The Government said: 'Let it be settled out there in the market-place'. It abandoned all attempts to impose any central discipline on the wage fixing system and there was a blowout of 13 and 14 per cent.

Senator Chaney—The metal trades were held to ransom by the trade union movement. What rubbish!

Senator WALSH—That is an interpretation which many people might agree with. That is what happened in the market-place when Senator Chaney's Government abdicated its responsibility to exercise some control or discipline in wages determination. The current account deficit in 1985-86 was, again, 6 per cent of gross domestic product after a massive export price collapse, which was the direct cause of its increase. In 1986-87 it was 5.1 per cent. We anticipate that it will be 4 per cent this year. A fall of one percentage point of gross domestic product in each of two years is a very big decline. If we can keep it going for another couple of years the current account deficit as a proportion of gross domestic product will stabilise.

It is correct to say that, with a deficit of 4 per cent of gross domestic product, as a proportion of gross domestic product obviously it would increase unless real gross domestic product growth was 4 per cent. That does not necessarily mean that the cost of servicing that debt will increase because the cost of servicing it is determined by both the absolute level of debt and the interest rate. Nobody can say at this stage for certain what the interest rate will be.

Senator Stone—And the exchange rate.

Senator WALSH—And the exchange rate. I think most people would agree that there is a way in which one could eliminate the current account deficit much more quickly—by imposing a sufficiently severe depression on the country and suppressing total demand to the point where imports of goods and services and so on shrink until they are matched by exports. That would stop the current account deficit growing. I do not know whether that is the outcome Senator MacGibbon wants, but it would overcome the problem. One can speculate about the rate of unemployment that would be required to achieve it—probably about 20 per cent or maybe even higher. That is a brutal solution. However, the Government believes that there is a better solution, a better way—the way that we are doing it. It will take a bit longer, but it will not divide society or cause the social turmoil and upheaval that Senator MacGibbon's solution would cause.

Senator MacGIBBON—Mr President, I ask a supplementary question. I thank the Minister for his rambling, or shambling, discourse on immediate past economic history but I would like to bring him back to the present. Budget Paper No. 1, having made a prophecy about our external debt position throughout the coming year, must have made a projection. Bearing in mind that the net foreign indebtedness of all Australians at 30 June last year was $82.9 billion, will the Minister inform the Senate of the Government's forecast for our net debt at 30 June 1988?

The PRESIDENT—That is another question, really.

Senator WALSH—I was about to say that, Mr President. It is not a supplementary question. I do not know whether anyone has made a forecast. If they have, I probably would not tell Senator MacGibbon. Any forecast would be dependent on a number of variables which are uncertain, not the least of which is the assumed exchange rate at the end of the year.

PROVISIONAL TAX

Senator DEVEREUX—My question is directed to the Minister for Finance. Is implementation of the quarterly provisional tax system, enacted in June this year, proceeding smoothly? If not, why not?

Senator WALSH—The implementation is not proceeding smoothly. The reason—I told the

Senate so at the time—is that amendments were moved in the Senate which essentially made the Act inoperable. The specific amendment which has caused most of the trouble was the provision allowing primary producers, or people who derive more than 75 per cent of their income from primary production, to be exempt from making quarterly provisional tax payments. Bearing in mind that the first payment is due in the first quarter of the year, primary producers who have any income from other sources at all are not in a position to determine whether they got 75 per cent of their income from primary production. Nor is the Taxation Commissioner or anybody else in a position at the beginning of the financial year to know what proportion of income will be received from primary production.

The amendment was moved by the rednecks of the Queensland National Party who, as soon as 'primary producer and taxation' is mentioned, start twitching and jerking. They then imposed their idiocy on a spineless Liberal Party. The act of subconscious vandalism was completed when the Democrat dilettantes supported the amendment. I told the Senate at the time what it was doing—that it was passing amendments which were so seriously flawed in a technical sense that that portion of the legislation was inoperable. Mr Cohen, on behalf of the Treasurer, in the House of Representatives on 4 June signified the Government's intention to amend the legislation as soon as possible to make it operable. I expect that that amending legislation will be introduced shortly. Mr Cohen also said:

> The amendment suffers from the following technical defects: Firstly, it contemplates the possibility that a taxpayer will pay part of his provisional tax in a lump sum on 1 April and part by instalments before and after that date. The Bill as introduced was drafted on the basis that one or other payment system applies to a particular taxpayer but not both. The Bill as drafted and the amendment are therefore incompatible. Secondly, the Bill as drafted prohibits payment of provisional tax in a lump sum if instalments are payable. It follows that if a taxpayer has both primary production and other income, provisional tax will not be payable at all on the primary production income.

Perhaps that was the intention of those who moved the amendment. It was that sort of act of conscious or subconscious vandalism by the Senate that caused the Treasurer, in May I think it was, to make his reference to the 'swill of Australian politics being washed into the Senate', very succinctly summing up the situation, I thought. I trust that when the amending legislation is introduced the Senate this time will have enough sense to pass it. In particular, I hope that Senator Stone, who has a technical understanding of these things, will again assert his intellectual dominance over the rednecks of the Queensland National Party.

FOREIGN DEBT BURDEN

Senator STONE—I ask a question of the Minister representing the Treasurer over whom at present I am asserting my intellectual dominance, if there is any of that activity in this place. I refer to page 3 of the Budget Speech, where it is stated:

> To reduce permanently our debt burden we must go further in reducing our dependence on overseas savings by lifting the level of Australian savings.

I ask the Minister: First, since this Budget does not effect any reduction in our debt burden, whether permanent or even temporary, would it not have been more accurate to say that we need to lift the level of Australian savings even to halt the further growth in our debt burden? Secondly, apart from whatever small reduction may occur in the overall net public sector borrowing requirement of the Commonwealth and the States this financial year, what other contributions does the Budget make towards the agreed objective of 'lifting the level of Australian savings'? Thirdly, in particular, does the sharp growth in personal consumption which is forecast in the Budget Papers, contribute to that objective?

Senator WALSH—What Senator Stone describes as a sharp growth in personal consumption is, if I remember correctly, 1¼ per cent. The 10-year average growth is 2.6 per cent. So I do not think it is really defensible to refer to a 1¼ per cent increase as a sharp growth in personal consumption against that background. On the other points that Senator Stone has made, they are stated in the Budget Speech and other Budget Papers and apparently he agrees with them. I think everybody would have to agree that if all forecasts are realised—of course, forecasts are hardly ever precisely realised—there will be, as I said in answer to the earlier question, a net addition to Australia's foreign debt.

Senator Stone said that the Budget will make no contribution to increasing domestic savings. I do not think that is entirely correct because, relative to the year before anyway, the Commonwealth Government will not be making any net demands on the capital market. It is, I believe, correct that in the longer term the Australian savings ratio needs to rise. But having said that, I am not endorsing the simplistic twin deficits theory which argues that any increase in a Budget deficit is automatically matched by a

one to one increase in an external deficit. About the only historical empirical evidence to support that belief is what has happened in the United States in recent years under the fiscally irresponsible Reagan Administration. The twin deficit theory has been accurately reflected in what has happened in the United States—empirically confirmed, if you like. However, there are many other countries where there is no such empirical confirmation. Whilst I think everybody would acknowledge that there is likely to be some linkage between the two, it is not the simple one to one linkage that some people believe it to be.

Senator STONE—I ask a supplementary question, Mr President. On the basis of the Minister's response, and having in mind the increase which the Budget Papers also forecast in investment in dwellings, in business fixed investment, and in investment in stocks, all of which worsen the savings-investment gap, does he believe that this Budget's contribution towards——

Senator Crowley—I raise a point of order, Mr President. We have been fairly patient today listening to a series of very wrong things that are called 'supplementary questions'. I ask you, Mr President, to call the honourable senator to a question and not to a wander.

The PRESIDENT—This is a supplementary question. There have been a number of questions this week that have not been true supplementary questions and the Ministers have seen fit to answer them. I would like to point out that that means that somebody else does not get to ask a question. I am listening to this and it is, in my opinion, a supplementary question.

Senator STONE—Does the Minister believe that this Budget's contribution towards this agreed objective of 'lifting the level of Australian savings' is an adequate response to that urgent national need? If so, how does he reconcile that view with his own recently expressed concern about these matters in his very interesting speech, I think of 14 August last?

Senator WALSH—The date was 7 August, if I remember correctly. Regarding funding the forecast investment expenditure and so forth, a modest rise in the savings ratio is expected and is recorded in the Budget Papers. As to the latter part of the question, what is an adequate response is a matter for judgment. But Senator Stone specifically referred to a speech that I made on 7 August, I think, in which I mentioned the Budget outlays, and so on. Important though that is to the economy, I made the point in that speech—and I have made it publicly many times since—that I doubt whether it is the most important problem that we have to cope with now on the grounds that even reasonably significant changes in the level of the Budget deficit are less important, I believe, than the attitudinal changes which are required in Australia to get the country out of the economic problem that the combination of what was happening in the early 1980s and the collapse of export prices has put us in. Those attitudinal changes require major adjustments, I think, both by Australian investors, the managerial class—capitalists for want of a better term—and the Australian labour force. I personally believe that that is more important than even a reasonably significant change in the Budget outcome.

MR JOHN ELLIOTT: COMMENTS ON INVESTMENT

Senator SCHACHT—I direct my question to the Minister for Finance. I refer to an article in the Adelaide *Advertiser* of last Tuesday headlined 'Australia is no place to put your money in, says Elliott'. Apart from the fact that John Elliott is fast becoming the Sir Les Patterson of Australian politics, is the Government concerned that the stream of derogatory comments emanating from the President-elect of the Liberal Party, supposedly in his capacity as Chief Executive of Elders IXL Ltd, maybe detrimental to the investment climate in Australia?

Senator WALSH—Whether we should be concerned about Mr Elliott's derogatory comments I suppose is a matter for judgment. I think Mr Elliott would be getting less and less credibility as time goes by. He is, of course, a very frustrated would-be politician who is annoyed in his typically arrogant way, firstly, because the Liberal Party would not deliver him a safe seat in the House of Representatives on a plate and, secondly, because the people of Australia were not willing to deliver government to the Liberal Party any way. I am not sure how good the judgment of the Liberal Party was in refusing to deliver him a safe seat, but the judgment of the people of Australia in refusing to deliver government to the Liberal Party was certainly a very sound choice.

Mr Elliott is no doubt dissatisfied with the degree of political stability in Australia being, as it is, very stable and very much Labor. I suppose that he wants to work off his frustration somewhere or other. It is not the first time that he has come out with this sort of statement. It is an extraordinary attitude for somebody who clearly has ambitions to be the leading politician in this country. It is an extraordinary attitude for someone who has those sorts of ambitions or

delusions of grandeur, or whatever they are, to be saying the sorts of things Mr Elliott said and which he has said on a number of previous occasions. If he believes it——

Senator Button—Except when he is overseas and he talks about the very favourable economic climate in Australia.

Senator WALSH—He does that too. He has a forked tongue. Perhaps that qualifies him for the Liberal Party leadership better than anything else does. If Mr Elliott really believed that—and I have made this point before—I do not believe he should have sent Elders IXL shareholders' money after the Broken Hill Proprietary Co. Ltd shares about 12 months ago when he was trying to live out that delusion of grandeur and gain control of BHP. If he believed Australia was such a poor investment prospect, as he was saying at about the same time, he was in effect misusing the money of the shareholders of his own company in seeking to buy out BHP. Mr Elliott, of course, does not like paying tax; we know that. In an article on Mr Elliott published in the *Sydney Morning Herald* on 14 April last year, Max Walsh referred to him as an 'Olympic-class tax avoider'. And he has not been sued. Terry McCrann, the very next day, wrote an article in the *Age* about the matter. For those who are not familiar with Terry McCrann, he is generally regarded as an extremely conservative economic journalist; some people would put it more strongly than that. He referred to the Elder-Smith takeover of Henry Jones, that is, before it became Elders IXL, when Mr Elliott was the dominant person. I am not sure whether he was the Chairman of Directors or the General Manager of Elders at the time. McCrann wrote:

> Nevertheless, the fact that Elder Smith took over Henry Jones, rather than the reverse, did have some beneficial spin-offs for Mr Elliott and a number of other colleagues.
>
> Shortly before Elder Smith unveiled its bid for Henry Jones, the leading executives in Henry Jones outlaid $19,000 in taking up 1¢ paid shares under an executive incentive scheme.
>
> The Elder Smith offer delivered a clear—tax-free—profit of $4.16 million to those executives. Mr Elliott himself cleared $657,000 on a $3,000 outlay.

In reference to the earlier question about the need for attitudinal changes among Australian capitalists, I make the point that Mr Elliott, in making that huge profit, made absolutely no contribution to investment in the economic sense or to overcoming any of the country's problems.

Senator Button—Or tax in those days.

Senator WALSH—And he paid no tax; I mentioned that earlier. He picked up $654,000 clear profit on which he paid no tax. Since then we have put in place the capital gains tax which means, of course, that Mr Elliott would be taxed on that sort of dubious manipulation of paper assets and finance. He would at least have to pay tax on it, and I suppose he does not like it.

INVESTMENT IN AUSTRALIA

Senator CHANEY—My question is addressed to the Leader of the Government in the Senate and follows the answer which was just given by Senator Walsh. I ask him this question in his capacity as the Minister for Industry, Technology and Commerce. Does the Minister accept that increased investment in Australia, which is what is required to enable us to have economic recovery, in part depends on our having competitive investment conditions; and that taxation rates, and the methods of imposing tax, interest rates, wage rates and changes in wage rates are all relevant to attracting investment in Australia whether by Australians or by foreigners? I also ask the Minister whether he has seen the following statement which was attributed to Mr Elliott:

> People say you are being unpatriotic. The problem we have in this country is that we can't get the returns on our investment. We can't build new factories to make things.

I ask the Minister whether he agrees that the important determinant of investment is the return on that investment and whether Mr Elliott and any other businessman is entitled to draw attention to that matter. Finally, I ask the Minister whether he regards it as the proper use of this chamber to denigrate any critic of the Government's economic and other policies in the way that we have heard Mr Moore and Mr Elliott denigrated by the Minister for Finance in the last two days, and in the way that I have been denigrated in the State Parliament of Western Australia in the last day by his Labor colleagues in that Government.

Senator BUTTON—I will deal first with the last part of the question, which referred to the proper use of this chamber. Let me say that I do not belong to Senator Chaney's personal, private, moral minority in politics. Since we resumed this Parliament, Senator Chaney, instead of debating policy issues, has given us lengthy lectures about what the process of politics ought to involve. We were told the other day——

Senator Chaney—Do you support that denigration?

Senator BUTTON—how this Government ran away from debating issues and so on.

Senator Chaney—You do, too.

Senator BUTTON—Oh, I do, too, do I? Let me say to Senator Chaney that I do not share his particular schoolboy view of what politics involves in terms of debate in this chamber. Public morality is a different question and it was that sort of question that Senator Walsh had addressed to him a minute ago. Questions of public morality are different questions. I will deal with the rest of the question that Senator Chaney asked me. I agree with everything the honourable senator said about investment in the opening part of this question. Interest rates and wage rates—all those things—are relevant to the question of long term investment. Return on capital——

Senator Chaney—And tax rates.

Senator BUTTON—And tax rates are relevant to the question of long term investment—and very important. But what I find strange about someone like Mr Elliott is that when he is in the United States of America he writes articles for magazines saying that the economic climate in Australia is excellent for investment. That is when he is in the United States and he is trying to get a bit of money for Elders-IXL perhaps, or something like that. That is what he writes when he is over there. When he is here as President of the Liberal Party of Australia he makes the sorts of statements which Senator Walsh referred to in his answer. That I regard as speaking with a forked tongue; I do not regard that as the essence of political or public morality. I know Mr Elliott is one of Senator Chaney's great mates—now. I know he is one of the honourable senator's great mates now he is no longer a threat to the leadership aspirations of certain politicians in this place. He has become a great mate. But let me make it quite clear that I do not regard that sort of conduct as the highest example of political or public morality.

There has been a lot of talk in this place about investment. People keep talking about aggregate levels of investment. The investment this country needs to encourage is investment in the tradeable goods sector, particularly in manufacturing. I do not want to go on with a lengthy answer to this question at the moment. But to compare aggregate levels of investment now in 1987 with aggregate levels of investment a few years ago, either in resource industries or in different types of manufacturing activity, is to make a comparison that is not valid. For example, in 1987 investment in research and development is not included in the aggregate figures. Such research did not take place throughout the decade of Liberal government which we saw before this Government came to office. That figure is not taken into account in the aggregate figure but that is now happening and it was not happening before.

These are the important determinants of future industry activity. That is one example; there are plenty more. If Senator Chaney would like to ask me a question tomorrow about the details of manufacturing investment I would be happy to deal with it, because I regard it as important to give serious answers to his questions. But I do not regard it as important, or as my function—as Senator Chaney regards it as his function—to make comments about other people's political and public morality in the way in which Senator Chaney does.

BULIMIA

Senator CROWLEY—My question is directed to Senator Ryan as Minister representing the Minister for Health. Articles in the Melbourne *Sun* and the *Sydney Morning Herald* today refer to up to 16,000 Australian teenage girls suffering from bulimia, an overeating and vomiting syndrome. In view of the fact that this still largely unknown condition has very severe repercussions for the health of our young women, can the Minister say what steps are being taken or will be taken to reduce the incidence of this condition and improve the heath and fitness of our women and girls?

Senator RYAN—I did read the articles referred to by Senator Crowley, and I was concerned to learn from them that eating disorders amongst young girls seemed to be increasing, particularly the eating disorder bulimia referred to in those articles, building as it does on the already very distressing situation with regard to anorexia. I think these sorts of disorders among young women are particularly disturbing because they do not arise as a result of any virus or germ in the community; they arise really because of social attitudes and stereotypes which create in young women or adolescent girls the idea that they must conform to a certain kind of physical stereotype if they are to be acceptable as people—and that stereotype is, of course, one of excessive slimness. This kind of socialisation of social pressures has a very negative effect on many young women and as a result we see these new kinds of disorders developing and apparently afflicting, according to researchers, an increasing number of young women.

The Government has been aware of this kind of socially induced disorder, if I could put it that

way, for some time. Indeed, in our last period in office we spent half a million dollars on a schools program to encourage adolescent girls into fitness and physical exercise and to give them the benefits of the kind of self-confidence that physical fitness would give them; in other words, to reorient their aspirations towards fitness rather than to this excessive thinness, which is a sort of fashion concept. The results of that schools program have been encouraging, such that I hope we will see it extended into a national program. As well as that the Government is developing through the Department of Community Services and Health a women's health strategy and in that process we will be looking very carefully at illness and health problems of women of all ages, particularly of young women. I hope that in the consultations and the expert advice that we will need to seek to develop that women's health strategy, we will be able to get from health workers, the medical profession and so on some sort of practical advice on how to reduce the incidence of this very alarming, distressing and ultimately unnecessary series of eating disorders which are afflicting young Australian women.

COASTAL SURVEILLANCE

Senator MESSNER—My question is addressed to the Minister for Transport and Communications. Is it a fact that within the last 18 months a tender application by Amann Aviation Pty Ltd for the supply and operation of two aircraft to the Victoria Police was rejected on the grounds that the company was unable to meet police requirements? Will the Minister confirm that the Australian Federal Police strongly advised caution to his Department in early August this year that Amann, the successful tenderer for the coastal surveillance contract, and its associates would be completely unsuitable to operate Australia's coastwatch? If so, will he table that advice? Also, why did the Minister not act immediately to terminate the contract and ensure that the nation was not placed in jeopardy? Finally, will the Minister acknowledge that if the contractor had fulfilled all the terms and conditions of the contract, the Government would now be in a position where Australia's coastal surveillance was being carried out by a company regarded by the Australian Federal Police as completely unsuitable for the job?

Senator GARETH EVANS—Whatever the truth may be about the suggestion that the Victoria Police rejected the appropriateness of Amann as a tenderer for its operations, that state of affairs, whatever it may have been, was unknown to anyone in my Department at the time that the tender documentation was put together, the recommendations were made to the Minister and the contract was awarded. Subsequent attempts, I am told, to find out in the light of Press reports and so on just what the truth was in relation to the Victoria Police situation have not borne any fruit in the sense that the Victoria Police have been unwilling to communicate any further information to my Department.

As to the suggestion, which I understand has been getting a bit of a run over in the House of Representatives in the last little while, that the Australian Federal Police actually advised my Department or me that Amann was unsuitable in the light of security investigations, I am able to say that to my knowledge, and I believe my knowledge of this matter is complete, it is simply not the case that the Australian Federal Police advised the Department or me in early August or at any other time that Amann Aviation was not suitable to operate the coastwatch contract.

Senator Messner—Mr President, I ask that the Minister table the document.

Senator GARETH EVANS—I do not know what document the honourable senator is referring to.

Senator Messner—The advice that you received from the AFP.

Senator GARETH EVANS—The honourable senator must have misunderstood what I said. I said that it is not the case that either I or my Department was advised in early August, or to my knowledge at any other time, that Amann was unsuitable. So I cannot tender or table a document that does not exist. There was obviously a police report early on on the suitability or otherwise of Mr Amann and those associated with his company to adopt the tender. That was the subject of oral report, I am advised, by Chief Superintendent Dixon, the AFP man who was involved in the tender process, and that report was that nothing adverse was known.

There was also a similar report, as I recall it, in relation to Mr Shlegeris when it became known to the tender evaluation committee that his company, Continental Venture Capital, was involved in the situation. There was some considerable investigation in relation to Mr Shlegeris and similarly a report—nothing adverse known—was, as I understand it, made to the Department. Some issue did later arise as to other directors of the Continental Venture company, and that

has been the subject of some indefensible Press speculation and headline writing, particularly in the *Sydney Morning Herald.* However, my knowledge of what was actually communicated by way of advice to my Department, and Chief Superintendent Dixon was, to my knowledge, the only link from the AFP to my Department in this respect, that there was nothing on the basis of which any adverse conclusion could or should be drawn about Amann Aviation or any of the directors. To my knowledge, on all the information available to me as I stand here, it is complete scuttle-butt, it is a complete fabrication, it is a complete misunderstanding to suggest that there was any advice at any time that Amann was unsuitable to occupy this tender.

I am perfectly happy, as I said in answer to a question a couple of days ago, to table all relevant documentation on this matter, subject to appropriate freedom of information type scrutiny of the particular 'commercial in-confidence' considerations and others of that kind. There is nothing whatsoever to hide in this respect. All documentation that I will put down at an appropriate time—and I hope it is by the end of this week; it might be early next week—will demonstrate that beyond doubt.

Senator MESSNER—Mr President, I ask a supplementary question.

Senator Button—He has already asked a supplementary question, Mr President.

The PRESIDENT—The situation is, I believe, that Senator Messner asked a question. He then asked that a document be tabled and Senator Evans has been talking to the tabling of the document. As such, Senator Messner has not had a supplementary question, even though he has had a number of replies.

Senator MESSNER—I have a right to a reply, however, Mr President. Am I correct in believing then that Mr Duncan in the House of Representatives misled the Parliament in giving an answer just now to the effect that a minute had been given to Senator Evans which set out the AFP's reservations on this matter?

Senator GARETH EVANS—I am not sure exactly what Mr Duncan said in the other place. I am not able to say whether what he said was unintentionally misleading or not. It is something that I propose to——

Senator Messner—Is there a minute in existence?

Senator GARETH EVANS—No, there is no minute in existence—any single document which embodies the particular theory of this particular affair that the honourable senator and his colleagues in the other place have set in train.

MINISTERIAL ARRANGEMENTS

Senator BUTTON (Victoria—Leader of the Government in the Senate)—by leave—Mr President, I regret that I did not make this statement at the start of Question Time but as it has turned out it did not matter. I inform the Senate that Mr Hayden is absent from the Parliament until 17 October on Government business in Europe and the United States of America. In his absence Senator Evans is the Acting Minister for Foreign Affairs and Trade until Mr Duffy's return on 29 September.

JOINT STANDING COMMITTEE ON THE NEW PARLIAMENT HOUSE

The PRESIDENT—I report receipt of a message from the House of Representatives requesting concurrence in the appointment of a Joint Standing Committee on the New Parliament House. Copies of the message will be distributed to honourable senators in the chamber.

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

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

The following Bills were returned from the House of Representatives without amendment:

Ministers of State Amendment Bill (No. 2) 1987

Administrative Arrangements Bill 1987

RICE INDUSTRY

Industries Assistance Commission Report

Senator COULTER (South Australia) (3.08)—I move:

That the Senate take note of the paper.

I would like to relate this paper, which deals with the rice industry in Australia, to an announcement that was made in today's Press in relation to the greenhouse effect. The report itself deals very narrowly, as many of the reports that we have seen do, with the economic characteristics of the industry. It points out that the rice industry is indeed in a parlous state, that the average income of farmers is a negative amount and that in fact a very large amount of money is being offered to farmers to buy them out of this industry.

The relationship of rice growing to the greenhouse effect is that while particular concern has been paid to carbon dioxide buildup—the level of carbon dioxide in the atmosphere is increasing

at about half a per cent a year—other gases, which also create a greenhouse effect, are increasing at a much faster rate. Methane is increasing at a rate of 1.1 per cent per annum. The majority of that methane comes from biological sources, and one of the principal sources of methane buildup is the decay of material in rice paddies. The media reports also mentioned the increasing buildup of other gases, such as nitrous oxide, which has increased by 0.6 per cent per annum, and chlorofluorocarbon 12 and chlorofluorocarbon 11, which have increased by 5 and 7 per cent respectively per annum. The importance of these figures lies in the fact that the buildup of methane is related principally to the pressures which increasing world populations are placing on the environment. I draw the Senate's attention to the fact that the parties on both sides of this House seem to be committed to a situation of continuous growth, which will increase the demands on the environment, not least in attempting to establish an uneconomic rice industry in this country.

I conclude by making the point that I hope future reports such as this will not only deal with the costs of industries in economic terms, as the rice industry report does, but also deal with some of the environmental costs of establishing these industries in Australia.

Question resolved in the affirmative.

CENTRAL LAND COUNCIL

Annual Report 1985-86

Senator COLLINS (Northern Territory) (3.11)—I move:

That the Senate take note of the paper.

The Central Land Council annual report, which I might add is not only informative but also entertaining to read, concentrates not surprisingly on the most notable event in the last 12 months of the operations of the Central Land Council. I can do no better than to quote from the first paragraph of the Chairman's report:

> The return of the Uluru . . . National Park to its traditional owners was perhaps the most significant and celebrated event for the Land Council over the past twelve months.

Indeed it was. As the report correctly describes, the ceremony was a very significant and moving event. One aspect made it more so, and that was because it was conducted by His Excellency the Governor-General who was, I am careful to say, doing so on the advice, quite properly, of his Minister at the time. I want to use this opportunity to say that in spite of the great controversy surrounding that event—I found it very emotional and moving even though the traditional owners, despite all the fuss that was made, had Uluru in their possession for only about 10 minutes before they handed it back as a national park—the Governor-General conducted that ceremony with an extraordinary amount of grace, good humour and dignity. I wanted to take this opportunity of saying that I was most impressed by that. I have always been a great supporter of having a non-political head of state, and I have no hesitation in going on the record and saying that when Sir Ninian and Lady Stephen leave that office—and I quite advisedly include them both in the description of the office of Governor-General—they will have impressed everyone in the Northern Territory with the scrupulous manner in which they have conducted themselves. Nothing indicated that more clearly than the occasion on which the Governor-General, and indeed Lady Stephen, presided over the Uluru ceremony despite the controversy.

I believe the only way a Governor-General can operate in a modern parliamentary democracy is by being scrupulously apolitical. The office of Governor-General will have great value to Australia if that path is followed. I believe that when Sir Ninian and his wife leave that office, whenever that should be, they will leave it with the reputation of being two of the most distinguished people to have held it. Of course the Governor-General is at the moment in the very fortunate position of needing to work only part time, in that Australia has a political leader who is loved by all, but there may come a time when he is replaced by a Prime Minister whom one or two people do not like. Once again, the great value of the office of Governor-General being apolitical will be important.

I conclude by saying that critics of Aboriginal organisations's accountability for public and other moneys which is put in their hands, could do no better than to read this and other reports to see that those organisations scrupulously account for those moneys.

Senator COONEY (Victoria) (3.16)—Before Senator Chaney adjourns the debate on this matter I would like to make a few remarks, including some about the new Minister for Aboriginal Affairs (Mr Hand). Before I do that, I think the point ought to be made that land rights are still central to the future of Aboriginals in this country. There have recently been discussions about other matters that should be put into operation to bring Aboriginals to the status and situation that they ought to be in, but proper as those suggestions are, the fact is that land rights are

central to the situation. I notice in the annual report of the Central Land Council a fine photograph of Pat Dodson, the Director of the Central Land Council, who has striven mightily in the past to see that land rights are obtained. He has been to Canberra many times and he has always advocated his cause well and successfully.

Senator Chaney—His hit rate is zero.

Senator COONEY—I hear an interjection being made by Senator Chaney. In happier days Senator Chaney was a very great Minister for Aboriginal Affairs and possibly, as things develop and he settles down after the election, he might return to showing the happiness, joy and sprightly good humour that we used to know him for. He has unfortunately become rather morose, which is well and truly out of character.

Senator McKiernan—You could not call him Red Fred any more.

Senator COONEY—No, but he will return to that situation. We have never stopped loving him but we will be able to love him more easily than we do at the moment when he returns to that situation.

An agreement has been reached in the Northern Territory, as Senator Collins no doubt knows and welcomes. A very big part in reaching that agreement was played by the new Minister for Aboriginal Affairs, Mr Gerry Hand, who has already proved himself to be in the tradition of Senator Chaney. He will be an outstanding Minister and he has already done great things for the Aboriginals in the Northern Territory and throughout Australia. The problems of the Aborigines differ, depending on what State one is in. Mr Hand is on top of all of those problems. I would like to take this opportunity to express my admiration for him and to welcome him to his new ministry. I would like also to mention Warren Snowdon, who has worked for the Central Land Council and who is now happily ensconced as the member for the Northern Territory. I wish him all the best.

Senator CHANEY (Western Australia—Leader of the Opposition) (3.19)—Mr Deputy President, I do not wish to prevent anybody else speaking on this paper, but I understand that no other senators wish to at this stage. For that reason, in a moment I propose to seek leave to continue my remarks later and again, unless a senator wishes to speak on Government Papers Nos 4, 5, 6 and 7, to move to take note of those together and simply keep them on the *Notice Paper*. I want to do that because it is pretty clear that there will be a need for some debate in this chamber about directions in Aboriginal affairs, given some of the matters which have been raised by the Prime Minister (Mr Hawke) and the new Minister for Aboriginal Affairs (Mr Hand) over recent weeks. I do not think one of these five-minute a side debates, or the amount of notice we have had, would enable us to make a sensible or significant contribution to the large issues which I think are going to be receiving Government attention over the next 12 months or so. That is why I wish to adjourn this debate now. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

MURRANJI LAND COUNCIL
Aboriginal Land Commissioner Report

TI-TREE STATION LAND CLAIM
Aboriginal Land Commissioner Report

NORTHERN LAND COUNCIL
Annual Reports 1983-84 and 1984-85

NORTHERN LAND COUNCIL
Annual Report 1985-86

Senator CHANEY (Western Australia—Leader of the Opposition) (3.21)—by leave—I move:

That the Senate take note of the papers.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

MATRIMONIAL PROPERTY
Law Reform Commission Report

Senator DURACK (Western Australia) (3.22)— I move:

That the Senate take note of the paper.

The Law Reform Commission's report on matrimonial property is of major significance, particularly as it relates to forthcoming amendments to the Family Law Act. It is certainly a matter that cannot be dealt with in a few minutes discussion of papers. The report is the result of a major inquiry into a vexed question which has a long history. The reference was given by the former Attorney-General, Senator Gareth Evans, in June 1983, but the need for investigation was a feature of the report of the Joint Parliamentary Committee on the Family Law Act which reported to this Parliament Committee which reported to this Parliament at the end of 1979 or early 1980. That Parliamentary Committee made a full survey of the workings of the Family Law Act in the initial period it was in operation and expressed concern about the way in which

the Family Court divided the property of the parties in divorce. The final view was that this matter needed detailed and careful examination.

It is quite clear from the brief consideration I have been able to give to the report and from comments on it that the Law Reform Commission, particularly the group headed by Professor Hambly, who was responsible for the inquiry and report, has given this matter deep consideration. The inquiry went thoroughly into the detail of cases during the history of the Family Court. Its most interesting and probably most important recommendation is that the parties, ahead of the breakup of a marriage, should be able to enter into contracts for the division of property in the event of a breakup occurring. That would be a major change in public policy if adopted by the Parliament. Undoubtedly we will be debating this matter in due course. Parties entering into contracts which contemplate in any way final separation or divorce has been regarded as contrary to public policy. It is now suggested that such a course should be permitted.

I believe that this matter should be given very close consideration. We should not rule it out on the basis of past public policy or moral attitudes. It seems to me that a lot of the problems that have arisen in the division of property between the parties could be resolved if those parties had entered into some property sharing arrangements. Whether those arrangements are based simply on the possibility of separation or are entered into simply to have a better arrangement as to matrimonial property is beside the point. This central recommendation of the Commission makes a substantial contribution to solving this problem. I look forward to having a greater opportunity to discuss this matter when, hopefully, legislation is brought forward to give effect to this matter. At this stage I express my concern that this matter should be given close consideration and not rejected out of hand, as it may well be.

Question resolved in the affirmative.

DISTRIBUTION OF POWERS

Report of the Advisory Committee to the Constitutional Commission

Senator CHANEY (Western Australia—Leader of the Opposition) (3.26)—I move:

That the Senate take note of the paper.

I do not wish in my remarks on the report of the Advisory Committee to the Constitutional Commission on the distribution of powers to appear to embrace the Constitutional Commission in all its works, but I was struck by some remarks made in the report which I wish to draw to the Government's attention. I refer particularly to the Commission's remarks relating to the proposal for a makarrata. I wish to do so because the Prime Minister (Mr Hawke) has reopened this possibility, and clearly the Minister for Aboriginal Affairs (Mr Hand) has a delicate task in dealing with this complex issue. I feel that it is of value to refer to what is said in chapter 6 of the report under the heading 'Aboriginal Affairs' where the advisory committee reports on the question of the constitutionally entrenched makarrata and makes a recommendation in these terms:

> It is too early to seek an amendment to the Constitution for the purpose of enabling constitutional backing to be given to a "Makarrata" or compact between the Commonwealth and representatives of the Aboriginal people.

The committee is not setting itself against the concept. The important thing is that it has identified the fact that it is too early, and makes some comments on the lack of knowledge and understanding in the general community and the Aboriginal community about the matters which are being dealt with and the need for a great deal more work to be done before this can be satisfactorily dealt with. In paragraph 6.75 the committee says that it:

> . . . wishes to reiterate that although it derived considerable assistance from the information given to it by the bodies and persons who made submissions, it does not regard the response received from the public and Aboriginal groups as adequate to gauge community or Aboriginal attitudes on this matter.

It goes on in paragraph 6.76 to say that had the compact concept attracted greater recognisable support within and outside Australia's Aboriginal population:

> . . . it might indeed have formed an appropriate amendment to be placed before the voters at a referendum to be held in the bi-centennial year of 1988.

But it does not believe that such agreement has emerged and, with some reluctance, believes that it is too early to seek the amendment. The committee goes on to identify some of the genuine problems that exist, such as the question of Aboriginal representation and the need for some representative body to undertake this sort of matter. Obviously various things need to be carefully considered by the Government. I understand from the Minister's public statements that he intends to take a very careful approach. I trust that by raising the matter in this debate it will be drawn to the attention of the Minister and his Department.

The other matter that I think is worthy of note is that in an earlier part of the same chapter there is a paragraph 6.25 which reads:

> The importance of devising special methods of consultation with aboriginal groups and tribes and the difficulty of doing so is stressed by Associate Professor Chisholm of the Aboriginal Law Centre at the Sydney public hearing.

A little later the paragraph reads:

> The importance of wide ranging discussions in this area cannot be over-emphasized since solutions devised in the past have so often been accused of failing to reflect the wishes of aboriginal people themselves.

No one should underestimate the difficulty of trying in any genuine way to reach what might be described as any sort of agreement with a very large community of people. I remind the Senate that before the Aboriginal Development Commission legislation was passed there was an extensive process of consultation with representatives of the then Government moving around the country talking directly with Aboriginal groups. It was the most exhaustive process of consultation that has ever been entered into in this area and even then it would have been very bold of us at that time to have claimed that in some way we had obtained the full assent of the Aboriginal people. The Bill was introduced into this Parliament by Senator Neville Bonner as a symbolic follow-up to what was an intense process of consultation. If there is to be any value in the debate which is being started again by the comments of the Prime Minister, the greatest care will need to be exercised and a good deal of time has to be put into this process.

I conclude by adopting one of those poses which are so irritating to Senator Button and saying that I believe that if the Government is careless in this matter—I think its commencement of the debate was careless—it carries a very heavy responsibility for the damage which flows from careless actions in this field. It was a very unfortunate start to a complex debate. I am glad to see that the Minister seems to be taking a much more cautious and careful approach.

Senator COLLINS (Northern Territory) (3.33)—I welcome the statement that the Prime Minister (Mr Hawke) made on this matter and I am pleased that the debate has been opened. The reason I rise in the debate this afternoon is to support the remarks that were made by Senator Chaney in that when this matter is pursued again it will need to be pursued with much care. I point out that the report we are considering at the moment highlights the misunderstandings that can occur. No better example can be given of that than the evidence that was taken at Yirrkala by the Senate Standing Committee on Legal and Constitutional Affairs on the Makarrata. Makarrata was a name chosen for that treaty in the belief that that is what the word means, but in fact 'Makarrata' is a Gumadj word from Yirrkala near Gove. I was present for the purpose of giving a submission to the Senate Committee and I found it to be an impressive meeting. It was held in the library of the Yirrkala school and the Aboriginal people took it very seriously indeed. A number of very old, powerful, tribal men turned up with bark paintings wrapped up—because they were not allowed to be seen by certain people—and started to get involved in a very spirited discussion about agreeing to this makarrata. I am sure that those members of the Senate Committee who were present will remember this occasion.

In times past if two tribal groups fell out because someone had offended—and often this meant running off with someone else's wife, which was and is a very common cause of dispute not confined to Aboriginal society—this generated conflict, and as a result a lot of people were being disadvantaged. Quite often the leaders of the two groups would get together and say, 'We will have a makarrata to sort it out. We will choose the offender who committed the wrong and we will take him to the beach at Yirrkala and spear him to death'. That, in fact, is what 'makarrata' means—I guess that in essence it is a treaty. The Senate Committee had an extremely entertaining afternoon. The old blokes began discussing this and I heard the well-known name of a very eminent man being discussed. The words 'Malcolm Fraser' kept being repeated. The Aborigines had all come to the conclusion that this makarrata was a great idea and that the obvious person who should be chosen to be speared to death in atonement for the wrongs done was the then Prime Minister. Personally, I though that that was a terrific idea. It simply illustrated the care that needs to be taken on these matters. People had been labouring under a misapprehension about the very word that was used to describe the process that was being undertaken.

Honourable members in the other place opposite keep talking about the 'A grade' and, although I have been here only four days, it is beginning to irritate me enormously. If people wish to look at the most useful document which exists on this whole question of a treaty, agreement, compact or whatever else one wishes to call it, honourable senators and indeed members of the A grade can do no better than to look at

the report of that Senate Committee which conducted that exhaustive examination. This matter was outlined very well indeed in a recent article in the *Australian* by Paul Kelly, who drew on the final recommendations of that Select Committee in highlighting the very conclusions that were then reached. In my view—and perhaps I am sticking my neck out a little here, but I do not hesitate to do so because of the profound issues involved—the conclusions reached by the Senate Select Committee were correct. The four options that were put forward were indeed correct. I welcome the Prime Minister's statement but I suggest, along with the Minister for Aboriginal Affairs (Mr Hand) and Senator Chaney, that great care needs to be exercised in renegotiating this process.

Debate (on motion by **Senator Reid**) adjourned.

INDIVIDUAL AND DEMOCRATIC RIGHTS

EXECUTIVE GOVERNMENT

AUSTRALIAN JUDICIAL SYSTEM

TRADE AND NATIONAL ECONOMIC MANAGEMENT

Reports of the Advisory Committee to the Constitutional Commission

Senator DURACK (Western Australia) (3.38)—by leave—I move:

That the Senate take note of the papers.

I propose that this debate be adjourned and take place on another and more appropriate occasion. The report entitled 'Matrimonial Property', together with the report that the Senate has just agreed to take note of—namely, the report of the Advisory Committee of the Constitutional Commission on the distribution of powers—and these four reports are very detailed documents which deal with the many proposals for constitutional change as part of the process that was established by the government body known as the Constitutional Commission. That Commission is required to report by 30 June next year. These advisory committees have been established as part of this process and have now all completed their work. The Constitutional Commission is now in a position to provide its report by 30 June. It is quite clear that the Government has in mind some major constitutional change. It set up this Commission with the objective of getting some specific recommendations which may be agreeable to it for that purpose. The Government abandoned the former vehicle of constitutional reform, known as the Constitutional Convention, which comprised Federal, State and local government politicians, in favour of this different body which is a rather assorted collection of people including some former politicians, a number of lawyers and others. Of course, these reports are of very great significance to us all because there cannot be any initiative for constitutional change unless there is some broad agreement amongst the politicians in this country. Despite the failures of the Australian Constitutional Convention, in my view it would have been better if all these reports had been available to that process because ultimately there will have to be substantial agreement among politicians before any change can be had. I hope that we will be in a position to debate these matters among ourselves in the absence of the other vehicle, namely, the Constitutional Convention. I have moved that the Senate take note of the paper and I hope that a debate will take place in this chamber on this subject in the near future.

Question resolved in the affirmative.

AUDITOR-GENERAL'S REPORT

The DEPUTY PRESIDENT—In accordance with the provisions of the Audit Act 1901, I present on behalf of the President the report of the Auditor-General on audits, examinations and inspections carried out under the provisions of the Audit Act and other Acts, dated 17 September 1987.

(*Quorum formed*)

SELECT COMMITTEE ON COASTAL SURVEILLANCE

Senator MESSNER (South Australia) (3.45)—I move:

(1) That a select committee, to be known as the Select Committee on Coastal Surveillance, be appointed to inquire into and report upon the circumstances surrounding the calling of tenders for the contract for the surveillance of Australia's northern coastline and the subsequent grant of the contract to Amann Aviation Pty Ltd and, in particular, the following questions:

(a) Was the investigation of Amann's resources thorough enough before the contract was awarded, including investigation of Amann's:

(i) financial backing and status (was it a two dollar company),

(ii) access to a supply of appropriate aircraft,

(iii) access to maintenance bases, fuel supplies, etc.,

(iv) access to appropriate personnel, and

(v) proven background in aviation operations and logistics;

(b) What questioning of Amann's ability was there by the Tender Board; was there a thorough Federal Police report on Amann and what law enforcement agencies were involved; did the Federal Police investigate the possibility of vested interests on the Tender Board;

(c) What role did the Department play in attempting to cover up Amann's shortcomings; did any officers of the Department act as de facto recruitment offices for Amann;

(d) Were there any changes to the original tender which assisted Amann, in areas such as start-up dates, technical changes, and aircraft to be used (both number and type);

(e) What information did the Minister at the time, Mr Morris, have that could indicate that he might have misled the Parliament;

(f) Did Amann Aviation mislead the Department and the Minister concerning the equipment to be used, start-up dates, frequency of surveillance, numbers of aircraft, etc.;

(g) Why did the Department allow a start-up date for Amann Aviation (12.9.87) to be nearly three months later than the date on which the original contract lapsed.

(h) What did Mr Morris do to thoroughly investigate and to expedite the Amann contract after he had twice been warned by the Opposition in April/May that all was not well with Amann;

(j) When were the alternative arrangements for coastal surveillance made with Skywest and what were the terms of those arrangements;

(k) Why did the Amann contract not contain legally enforceable appropriate arrangements to phase in surveillance operations rather than a single start-up date;

(l) On what grounds did the Government terminate the Amann contract and what were the details of that contract.

(2) (a) That the Committee consist of six Senators, three being Government Senators, and three being Senators who are not Government Senators nominated by the Leader of the Opposition in the Senate or by any minority group or groups or Independent Senator or Independent Senators.

(b) That the nominations of the Opposition or any minority group or groups or Independent Senator or Independent Senators be determined by agreement between the Opposition and any minority group or groups or Independent Senator or Independent Senators, and, in the absence of agreement duly notified to the President, the question as to the representation on the Committee be determined by the Senate.

(3) That the Committee proceed to the depatch of business notwithstanding that all members have not been duly nominated and appointed and notwithstanding any vacancy.

(4) That the Chairman of the Committee be appointed by and from the members of the Committee.

(5) That the Chairman of the Committee may, from time to time, appoint another member of the Committee to be the Deputy-Chairman of the Committee, and that the member so appointed act as Chairman of the Committee at any time when there is no Chairman or the Chairman is not present at a meeting of the Committee.

(6) That, in the event of an equality of voting, the Chairman, or the Deputy Chairman when acting as Chairman, have a casting vote.

(7) That the Quorum of the Committee be four members.

(8) That the Committee and any sub-committee have power to send for and examine persons, papers and records, to move from place to place, to sit in public or in private, notwithstanding any prorogation of the Parliament or dissolution of the House of Representatives, and have leave to report from time to time its proceedings and the evidence taken and such interim recommendations it may deem fit.

(9) That the Committee have power to appoint sub-committees consisting of three or more of its members, and to refer to any such sub-committee any of the matters which the Committee is empowered to consider, and that the quorum of a sub-committee be a majority of the Senators appointed to the sub-committee.

(10) That the Committee be provided with all necessary staff, facilities and resources and be empowered to appoint persons with specialist knowledge for the purposes of the Committee with the approval of the President.

(11) That the Committee be empowered to print from day to day such papers and evidence as may be ordered by it, and a daily *Hansard* be published of such proceedings as take place in public.

(12) That the Committee report to the Senate on or before the last sitting day in October 1987.

(13) That, if the Senate be not sitting when the Committee has completed its report, the Committee may provide the report to the President, or, if the President is unable to act, to the Deputy-President, and, in that event:

(a) the report shall be deemed to have been presented to the Senate,

(b) the publication of the report is authorized by this Resolution,

(c) the President or the Deputy-President, as the case may be, may give directions for the printing and circulation of the report, and

(d) the President or the Deputy-President, as the case may be, shall lay the report upon the Table at the next sitting of the Senate.

(14) That the foregoing provisions of this Resolution, so far as they are inconsistent with the Standing Orders, have effect notwithstanding anything contained in the Standing Orders.

In addition, I will seek leave to move an amendment to that motion. I will read it so as to make clear the intentions of the Opposition, especially for the benefit of the Australian Democrats. The final paragraph to be added to the motion is paragraph (15) which states:

Provided that, if a Standing Committee on Finance and Government Operations is established on or before Friday, 18 September 1987, the matters set out in paragraph (1) shall be referred to that Committee on its establishment, and the remainder of this resolution shall not have effect.

The point of the further amendment to the motion is simply to cover the variable situation with which we are faced in the Senate at present with regard to the establishment of the new committees, which as you, Mr Deputy President, will know, has not yet been completed. The point of the amendment is simply to allow flexibility so that, in the event that by tomorrow afternoon a Committee on Finance and Government Operations has been established to which the matter of my motion can be referred, the Senate will be able to determine whether that is the direction that it will take as opposed to the one outlined in my motion which requires the establishment of a select committee to investigate certain matters. I seek leave to amend my motion in the manner outlined.

Leave granted.

Senator MESSNER—I move:

That the following paragraph be added to the motion:

"(15) Provided that, if a Standing Committee on Finance and Government Operations is established on or before Friday, 18 September 1987, the matters set out in paragraph (1) shall be referred to that Committee on its establishment, and the remainder of this resolution shall not have effect."

The motion is a rather long one. To spell it out in very simple terms, the point of the exercise is to establish a committee of the Senate to investigate the circumstances of the granting of the Coastwatch contract for the surveillance of the Australian coast to a company known as Amann Aviation Pty Ltd. I am sure that most honourable senators are familiar with the basic circumstances of this matter and I do not intend to reiterate every single matter which has been brought to the attention of the Senate over many months. I simply summarise the issue by saying that the granting of the contract which occurred on 12 March 1987 to a company known as Amann Aviation Pty Ltd—a $2 company, a shelf company, which had no staff, no aeroplanes, no background in aviation, no background in coastal surveillance work whatsoever—appears to be one of the greatest scandals of any Federal government of any political persuasion. How the Government could have been led to the conclusion that this particular company was suitable for what is one of the most sacred duties of this nation, that is, to investigate and survey the coastline of this country and to warn Australians against any untoward activity on the part of the overseas intruders into our waters, seems to be an absolute travesty of the trust which the people of Australia have given the Hawke Labor Government.

This is as serious a matter as any that could be brought before the Senate today. Consequently, I believe that this motion which seeks to set up a committee in order to investigate this very serious question is one of great importance and deserves the support of all honourable senators whether they be members of the Australian Labor Party or its three other constituent parties, the Australian Democrats, the National Party of Australia or, of course, the Liberal Party of Australia. The extraordinary events which were touched off right from the beginning by the granting of this contract, I think, are well documented in *Hansard* and in other places.

Perhaps the most critical point is this: The granting of that contract was questioned in the Senate and in the Estimates committees of the Senate, by the media and by other people who are interested in the matter. I name Skywest Airlines Pty Ltd, the former contractor for the surveillance. Questions have been asked consistently in relation to the details of this contract. Time and time again in the Senate, Hawke Labor Government Ministers have denied that there were any impropriety, any problems, any difficulties or any unsuitability on the part of the people seeking the contract. We have had that consistently from the Government. We can name Senator Gietzelt, the former Minister for Transport, Mr Peter Morris, and Mr Scholes who, at one critical stage, was the Acting Minister in charge of this sorry affair. Now the new Minister for Transport and Communications, Senator Gareth Evans, has again sought to deny all the accusations that have been thrown at the Government about the handling of this matter.

As I have said, we have heard denial after denial about these matters but slowly we have found out that all the allegations, all the fears, have been substantiated. However, not all the information is yet available. We know that there are many questions yet to be asked and many answers yet to be obtained. It is therefore of the utmost importance to the integrity of the Hawke Labor Government that it agree to the establish-

ment of a Senate select committee to investigate this matter and obtain detailed and relevant information about how this contract came to be granted to Amann Aviation, under what circumstances the decisions were taken and how people were influenced—if they were influenced—to make such a decision when apparently the Australian Federal Police have said that Amann was an unsuitable applicant.

Senator Gareth Evans—Nonsense.

Senator MESSNER—The Minister can say that, but a question was asked today in this very chamber to which he was unable to give us a clear answer, in conflict with his colleague in the other place, Mr Duncan. He apparently gave a piece of advice quite different from that given to us by Senator Gareth Evans, indicating that there was some unsuitability on the part of the applicant for the contract and that that was known to the Australian Federal Police. The Minister can deny that statement, and I would like to see evidence produced to prove that denial. I hope the Minister will do so.

Senator Gareth Evans—How do you produce evidence in the negative?

Senator MESSNER—That is the Minister's problem. The fact is that the Minister for Land Transport and Infrastructure, Mr Duncan, said in the House of Representatives that there was a document which contained advice from the Australian Federal Police that this company was an unsuitable applicant, that that document was delivered personally to the Minister for Transport and Communications and that he has the document. Yet when the Minister was questioned he would not produce that document. In fact, he denied its existence. Those matters are on the public record. Somebody in the Hawke Labor Government is not telling the truth, and the question is who. We want to know the answer to that question. The Senate Select Committee may well have to investigate that matter unless the Minister is able to satisfy us during this debate.

Behind the bluster that has come from the Government and its various Ministers over the last several months in this debate is a porcupine of prickly questions which they have refused to answer. Instead of answers to straightforward questions that have been properly raised by Opposition senators, all we have had is the reply that somehow we are trying to support vested interests in this matter. I see in reading the *Hansards* for the last few months that that is a consistent theme that has come from Ministers.

Yet we have had the spectacle of Senator Evans in the last few days having to tear the contract away from the people to whom the Government granted it—Amann Aviation—because the contractor has proved to be unable to fulfil the obligations of the contract. The Minister has mucked around for months, allowing extensions of time for Amann to get its act together in order to undertake this duty. Just at the time when it looked as though it was almost ready to go, the Minister took the rug from under its feet.

Why has the Minister taken so long to come to his conclusions? Why did he not take action earlier to investigate the questions which we have raised properly in the forums of this chamber and other places and seek answers to them? Why have we had to put up with the very disrespectful denigration of honourable senators by Ministers in this place accusing members of the Opposition of all kinds of dishonourable conduct when the Ministers have apparently been privy to information over the last several months that indicates that this company was unsuitable to carry out the role which it was assigned in the contract?

Finally, the Minister took the contract away after all the agonies of the last six months or so. There are so many questions that demand answers on this matter. It is of absolute importance to the integrity of this Government that we proceed with this matter with very little delay.

Public interest has well and truly been aroused by this matter. There is no doubt that there is now considerable interest in the media as to what has been going on behind the scenes with this contract and why this company, which apparently has had no experience in this area whatsoever, has been entrusted with the sacred duty of patrolling our northern approaches. The Government needs to answer those questions and, for that matter, the Senate needs to know the answers so that it can properly inform the Australian people.

The Government has been cavalier in its approach to this matter and obviously cavalier in its regard to the whole defence and coastwatch surveillance question. It is important that these matters be cleared up quickly. Consequently, my motion calling for the establishment of a Senate select committee requires a report to be made to the Senate by 29 October, a little over a month from now. It is of absolutely vital importance to the security of this nation that we know the procedures that were undertaken in this matter. We understand how this Government thinks

in regard to the allocation of contracts in such an important area, and consequently decisions need to be made now to ensure that this Government is kept on the line.

No doubt many honourable senators want to speak on this matter. I commend to the Senate the views of some of my colleagues who will be raising these matters, they having been involved in the detailed examination of the various questions over the last several months.

Senator GARETH EVANS (Victoria—Minister for Transport and Communications) (3.59)—The Government has nothing whatsoever to hide in this matter and it will not resist the reference of the general subject matter of the Amann tender to an appropriate Senate committee. We will do so solely in order to put at rest some of the canards that have been set flying by the Opposition not only in the last few days but also over the last few months when this issue has been a sensitive and visible one in the public domain.

We do not do so because of any acknowledgement of a need for such an inquiry. We do not believe there is such a need. The internal processes which led to the conclusion by a tender assessment committee and then a formally constituted tender and contract board that Amann Aviation was the most suitable tenderer have been reviewed by Mr Roger Beale on my behalf, Mr Beale being the Associate Secretary of my Department, a former Commissioner of the Public Service Board, a former Acting Secretary of the Department of Territories and Local Government and, before that, a First Assistant Secretary in the Department of Finance, someone with impeccable credentials, as I am sure would be acknowledged by the Opposition. The result of that review, a summary report to me last week on the processes associated with the assessment of tenders and the grant of the Coastwatch contract to Amann Aviation, is a document that addresses and answers a number of the questions that have been raised, certainly ones that were raised by me, about the adequacy of those processes. I am happy to put that document in the public domain. I do so now. I seek leave to incorporate it in *Hansard*, Mr Acting Deputy President.

Leave granted.

The document read as follows—

DEPARTMENT OF TRANSPORT AND COMMUNICATIONS

Office of the Associate Secretary
R. D. Beale

MINISTER

PROCESSES ASSOCIATED WITH THE ASSESSMENT OF TENDERS AND GRANT OF COASTWATCH CONTRACT TO AMANN AVIATION

PURPOSE

You asked me to review the papers relating to the granting of the Coastwatch contract to Amann Aviation to assess whether the appropriate processes had been followed.

ISSUES

After a preliminary review of the papers I have reached the conclusion that there are some important lessons to be learned for the future in the assessment of tenders for this service.

With the advantage of hindsight, three areas where greater effort and attention to detail would have been justified are discernible.

The first of these was the level of testing of Mr Amann's general managerial competence.

The second was the level of detailed assessment of Mr Amann's, his proposed chief pilot's and his maintenance engineer's understanding of the practical difficulties associated with acquiring, modifying and certifying the number of aircraft proposed in the timescale proposed.

The third was the assessment of the current competence of the nominated supplier and modifier of aircraft to Mr Amann.

Before I deal with each of these issues, I want to underline a number of points:—

There is no evidence on the papers of any impropriety in the process;

This preliminary review is focused on what was done at the time of the tender assessment process, and I do not mean to imply that Mr Amann, or his suppliers, have necessarily failed in any of these areas.

I am not saying that, even with the advantage of hindsight, it was inevitable that the contract would get into difficulties.

Similarly, I am not suggesting that, in itself, it was imprudent to engage a contractor from outside the aviation industry. It is important in contracting to preserve scope for the entry of new service providers in order to maintain a truly competitive environment.

Throughout the process officers quite properly concentrated on achieving an economical service for the Commonwealth, and believed that the onus was on them to accept the lowest tender if they could not demonstrate it failed to conform.

EVALUATION OF MR AMANN'S MANAGERIAL CAPACITY

This is an important issue because what Mr Amann brought to the contract was not a high level of general aviation expertise nor extensive asset and organisational backing but rather entrepreneurial drive and a capacity for project management.

Clearly then, Mr Amann's apparent strengths should have been very closely examined.

There are two aspects to such an examination:

review of the submitted papers and interview of the tenderer;

follow up with referees and other sources of information to confirm claims and competence.

On the first aspect, it appears that Mr Amann was very closely questioned on his plans by the Tender Assessment working party and came through that interview with 'flying colours'. I will separately deal with the fact that the Department of Aviation's representative did not participate in that interview. I have no reason to doubt that Mr Amann presented a clear and well thought through approach to the general management of the Coastwatch service and showed evidence of detailed planning.

On the second aspect, detailed follow through, I am concerned, however, that Mr Amann's statements (which are ambiguous) in relation to his past managerial experience were accepted at face value without being tested with referees. In reply to a departmental query Mr Amann indicated that "Mr Amann has been employed in the construction industry for the past 12 years, 6 of these as a project manager on various contracts of total worth $30 million". In his interview with the Tender Assessment Committee Mr Amann said that he was an experienced project manager and had managed "a number of large scale contracts up to $30 million in Australia and South East Asia". There is a significant difference between managing contracts of "total worth $30 million" over 6 years and contracts of "up to $30 million". One suggests a relatively junior level of project management, while the other suggests the management of projects on a scale compatible with the Coastwatch contract. This ambiguity was not addressed or resolved and no action was taken to confirm Mr Amann's claims or the quality of his performance with previous employers.

While care was taken to confirm with White Industries that Mr Amann had been employed with them for three years and that his current title was "Job Co-ordinator and Senior Estimator", White Industries was not asked to provide details of his current duties nor an assessment of his current and past performance against the demands that would be likely made in fulfilling his contractual obligations.

As noted above neither were his previous employers identified or approached for references.

Mr Amann may prove to be a brilliant manager, but there was no independent specific verification of his abilities during the tender assessment process. There was, of course, implicit endorsement of his abilities by those who were prepared to support him financially, but this was very much a second hand and implicit assessment, which may in turn have been influenced by his success in securing a $17 million Government contract.

In contracts where the putative contractors' personal skills comprise an important element of the package they are offering, it would not be unusual to check these with a number of independent sources.

EVALUATION OF AMANN'S SPECIFIC AVIATION SKILLS

The Tender Assessment Committee reached the quite justifiable conclusion that it was not essential that the principal contractor personally possess extensive experience in the aviation industry. What was important was the ability to bring together a financial and management package which could incorporate those skills.

That said, it would clearly be very important that the aviation expertise being "brought in" was skilled. This is particularly so given the very tight timetable in which Amann had to perform.

It is of concern, therefore, that the Aviation representative on the Tender Assessment working party did not participate in the interview of Mr Amann. The Aviation representative was acting in a more senior position and on that day had to undertake check pilot functions in Melbourne. The notes of the meeting with Mr Amann suggest that the focus of questioning was in relation to his overall planning and his proposals for establishing with an interview held by Mr Thompson, Aviation's NSW Regional Director, on 24 March 1987 (eleven days after the contract was granted). That interview focused on Mr Amann's plans for modifying and registering the requisite aircraft and establishing and certifying the flying services. Mr Thompson concluded at the end of a detailed interview that Mr Amann appeared not to understand the dimensions of the task in front of the company, the chief pilot appeared not to understand that he was out of his depth, and the maintenance engineer did not appear to be very confident either of his firm's ability or of its future in the operation.

Even allowing for the sensitising effect of press reporting in the period between when the contract was made and the interview, one has to question whether, given the very tight timetables involved the Tender Assessment Committee should not have ensured that Mr Amann was required to undergo an examination of the type carried out by Mr Thompson prior to the decision to award him the contract.

It is also not clear that the Department of Transport fully appreciated that there might be technical risks in the airframe engine combination that Mr Amann was proposing in this particular role. It was known that the airframe was quite suitable for the task, and that there was an Aerocommander with the engine fit Mr Amann was proposing in Australia. What was not appreciated was that that aircraft had only been used in high altitude work. When Mr Amann came to test the combination in the United States he claimed that in low altitude work the proposed engines suffered an unacceptable level of overheating and repair costs. As a result Mr Amann stated he was in a position where he had to change course on aircraft model.

I am not saying that Mr Amann did not present evidence of considerable investigation of the technical aspects of his proposal, rather my concern is that there appeared not to be a full appreciation of the level of technical risk involved once significant modifications to aircraft/engine combinations are proposed for a novel operating requirement. In short, more expert advice might have urged caution, not so much in terms of the eventual likelihood of acquiring aircraft with the contractually required performance specifications, but rather

in terms of the risk that the very tight timetables would not be met. In a real sense Mr Amann was proposing to step into uncharted territory, and his timetable did not leave much room for any unexpected technical problems that would require a change in aircraft.

The failure of the Tender Assessment Committee to fully understand and test the technical risks and Mr Amann's aviation advisers' skills may have arisen because of a misunderstanding between the Department of Transport and the Department of Aviation about Aviation's role in the tender process.

Specifically, Aviation saw its role as providing expert advice on the regulatory dimensions of providing a Coastwatch service, while Transport might have also expected more general advice on the relative merits, from an aviation viewpoint, of the contenders for the contract. This affected both the officer nominated by Aviation for this task and his approach to the task.

EVALUATION OF AMANN'S SUPPLIER

If Amann Aviation was going to meet its tight deadlines it clearly needed competent suppliers capable of delivering on time.

I am advised that at his interview on 7 January, Mr Amann indicated that he had options over the relevant number of aircraft. This was understood to mean binding options over specific aircraft rather than a contract to supply unspecified aircraft within a timeframe. Clearly the former understanding would have implied a far lower risk in meeting tight timetables than the latter. This is important in a situation in a context where we are talking about acquiring aircraft which had been out of production for about 15 years.

The Tender Assessment Committee confirmed directly with Northeast Airmotive that Amann Aviation had an agreement with them to supply and modify aircraft. It was not ascertained at that time whether or not this involved options over specific aircraft or the prospect of a contract in relation to specific numbers of aircraft, or whether Northeast Airmotive had any view on the technical risks. Similarly, assessment of Northeast Airmotive's competence was limited to confirming that it was recorded in the World Aviation Directory as an FAA authorised repair station. There was no contact with third parties able to give an up-to-date assessment of the firm's competence to meet its contractual commitments to Amann Aviation. Had there been such a contact it might have revealed that the top management of Northeast Airmotive had recently changed with Mr Henry Laughlin Jnr. succeeding his father. Mr Laughlin Jnr. does not claim any specific aviation industry experience.

It is not known to what, if any, extent Northeast Airmotive's efficiency contributed directly to any delays in procuring and modifying Amann's aircraft, but it does appear to be the case that scarce time was lost in acquiring and outfitting the necessary planes.

In significant contracts involving an important subcontractor or supplier it would be normal practice to investigate these arrangements closely. In Defence contracts, for example, it would be normal practice to have our Embassy in Washington arrange third party checks of the quality and repute of nominated sub-contractors or suppliers.

CONCLUSIONS

It is my view that before any further tenders are called for the Coastwatch service we should specify an improved tender assessment process.

This would benefit from a more detailed and expert review of the processes in relation to awarding of the current contract. Such a review should be carried out by contract experts from departments not associated with the previous tender evaluation, and there may be merit in also involving an independent lawyer.

Accordingly, I have asked the Secretaries of the Departments of Administrative Services and Defence if they would each be prepared to nominate a senior officer to carry out an urgent review to report within three weeks in accordance with the attached terms of reference. They have agreed.

I *recommend* that you approve this review.

Roger Beale

11 September 1987

Senator GARETH EVANS—A second reason why it is not necessary for there to be any such inquiry is that there will be a further inquiry conducted on my behalf by a committee consisting of an 'expert review team', as we have described it, made up of Mr Andrew Menzies, a retired Acting Deputy Secretary of the Attorney-General's Department, assisted by two senior officers, Mr Barrie Slingo of the Department of Defence, and Mr Stan Perry of the Department of Administrative Services, the qualifications of whom and the terms of reference of which committee I now also seek leave to incorporate in *Hansard*, Mr Acting Deputy President.

Leave granted.

The document read as follows—

ATTACHMENT B

EXPERT REVIEW TEAM—MEMBERS

Mr Andrew Menzies

Mr Menzies retired in 1984 as Acting Deputy Secretary in the Attorney-General's Department after a long period of service in various branches of that Department. Since that date he has performed a number of tasks or inquiries for the Government including, most recently:

— review of material relating to the entry of war criminals into Australia;

— inquiring into the administration of the Australian War Memorial, and

— membership of the committee under the chairmanship of Sir Harry Gibbs reviewing the Commonwealth Criminal Laws.

Since 1984 Mr Menzies has been Chairman of the ACT Credit Tribunal.

Mr Barrie Slingo

Mr Slingo is an Assistant Secretary in the Department of Defence, presently acting as Manager of the Defence Contracting Regional Office in Victoria.

He has both engineering qualifications and extensive experience in contracting, and particular experience in both aviation and maritime matters.

Mr Stan Perry

Mr Perry, an Assistant Secretary, is head of the Department of Administrative Services Purchasing Policy Branch.

He has extensive experience in contracting matters.

REVIEW OF TENDER PROCEDURES FOR THE COASTWATCH CONTRACT

TERMS OF REFERENCE

To review the procedures, and the effectiveness of their implementation, used by the Department of Transport to contract for civil aerial coastal surveillance services.

To report on any changes which should be made to improve those procedures and/or their implementation for future contracts, including:

the training of personnel;

any amendments to relevant Manuals;

the desirability of using expert advisers from outside the Department; and

any other matters which the Committee considers require attention.

The tender specifications and processes should be reviewed to determine whether they allow for an adequate assessment of the likely overall performance of tenderers.

Senator GARETH EVANS—This inquiry will be, as its terms of reference make clear, to review the procedures and effectiveness of their implementation as used by the Department of Transport to contract for the coastwatch contract. It will be a review of the circumstances of the handling of the previous tender, not in order to embark upon some witch-hunt but to draw conclusions as to the proper way of handling such tenders in the future. I believe that, given the competence and credibility of the persons in question and the determination of the Government to act immediately upon the results of that inquiry, which will be a short one because of the need to move quickly on this matter, the inquiry will render again quite unnecessary the kinds of processes that Senator Messner and the Opposition seem determined to set in train this afternoon.

Nonetheless, as I have indicated, because the Opposition has pursued this matter and because of the impression that will no doubt be engendered that we think we have something to hide if we do not go along with such an inquiry—not a blackmail to which I propose to succumb in the future but nonetheless on this occasion there may not be much choice—

Senator Durack—You have not got the numbers.

Senator GARETH EVANS—Senator Durack is not very far from the truth in that respect—in all the circumstances we will not resist the reference of this matter to an appropriate Senate committee. I believe that for this purpose an appropriate Senate committee is not a select committee, established with all the need for additional or alternative staffing arrangements that that implies, but one of the standing committees of the Senate. We are to have a standing committee on finance and public administration constituted within the next day or so. My understanding is that the Australian Democrats, through Senator Macklin, will be moving an amendment to the Opposition motion directing the substance of this matter to that committee. As I have indicated, that is not a course we will resist. I believe that all the questions the Opposition wants to get answers for can be pursued in that environment.

I repeat: we have nothing to hide. There is no need for an inquiry, but we will not resist one being directed to an appropriate Senate committee. We will support the Democrat amendment, when I see the final terms of it, directed to that effect, the point of the Democrat amendment being, as I understand it, to deal not only with the Amann question but also with a range of other issues that arise in relation to the civil tendering process. Such an inquiry may well produce some useful conclusions for the Government and be a contribution to the quality of public administration. As such, there is no difficulty about accepting that course.

But let me now address some of the questions that have been raised in this debate. I refer more to the public debate because Senator Messner did not treat us to much at all by way of substance in his contribution to this discussion this afternoon. The main point I wish to make is in answer to the very common gibes and scuttlebutt one hears around the place that there must have been something fundamentally cockeyed, fundamentally wrong, about the very notion of giving the Coastwatch surveillance contract to a body which was a $2 company, which had limited aviation experience and which had no actual planes operating or available on the ground in Australia.

Let me say right at the outset that I very strenuously resist any such suggestion that those considerations in themselves should have been a decisive reason in the mind not only perhaps of the tendering committee but also in the minds of the relevant Ministers in simply refusing to take seriously the tender from this group. There

is simply nothing conceptually wrong with contemplating that a successful tender might be put in for a contract of this kind by someone who could satisfy the following requirements: First, that the person or company be a proven, competent manager; secondly, that the person or company have access to proven competence so far as aviation expertise is concerned; thirdly, that the person or company have access to adequate finance; fourthly, that the person or company have access to an adequately reliable supplier in terms of the equipment that was proposed and finally, that the person or company satisfy the security checks that are appropriate to a contract of this kind.

I repeat: There is nothing conceptually wrong, nothing that should make nerves jangle or alarm bells ring, about someone not previously known in the aviation industry coming forward with a tender for this contract provided that those criteria could be satisfied. The truth of the matter is that the Tender Assessment Committee and the Tender and Contract Board of the Department of Transport to whom it was reporting, acting with input not only from that Department but also from the Department of Primary Industry, quarantine expertise, the Australian Federal Police, the Department of Aviation to a lesser extent and I think one or two others as well, formed the judgment that on all the criteria I have mentioned there was a perfectly respectable tender before them and one, moreover, that was very significantly below the next highest tenderer and some $2.5m to $3m, depending on which way one calculates the discounts offered for speedy payment, below the tender of the existing contractor.

The Board, the Committee in other words, believed that it had a conforming tender which satisfied all the criteria I have referred to and which was very much in the public interest and in the taxpayer's interest to accept because it came in so much lower than the other competing tenders. It was that information that it communicated to the relevant Ministers, in the first instance by way of a minute, I think in March, to Mr Morris who did not see it because he left to go overseas the following day. The minute went accordingly to the Acting Minister, Mr Scholes, who, along with Senator Tate, had the carriage of a Cabinet submission of about that time seeking Cabinet approval for funding for the contract. Then Mr Scholes, on the basis of a further minute, and again with the Tender and Contract Board documentation attached, on the basis of that advice entered into the contract as Acting Minister on 12 March this year.

It was on the advice that they had a conforming tender satisfying those sorts of criteria that this particular contract was awarded. It is on the basis of that advice, on the face of it perfectly credible advice, that Ministers acted; and it is on the face of it that I have constantly made the point and will do so again—and all the documentation will, I am sure, bear this out that the relevant Ministers acted with total competence and with total probity in accepting the tender in the way that they did.

What then went wrong? Something clearly did go wrong, and I am not for a moment going to seek to deny that. We had a tenderer who, at the end of the day, simply did not make it. He came close, in fact closer than many people, perhaps even including myself, might have anticipated, given the circumstance of failure to meet earlier self-imposed deadlines—not contractual deadlines but self-imposed operational phase-in deadlines. That did not give one a great deal of confidence that any particular date was likely to be either observed or even got near. But, in fact, he did get closer than many people would have anticipated when the date that mattered, and the only date that ever mattered, namely, 12 September 1987, came around. How close did he get? I put it all in a Press statement on 13 September 1987. I ask for leave to incorporate it in *Hansard* at this point because it brings it all together.

Leave granted.

The statement read as follows—

COASTWATCH CONTRACT TERMINATED

The Commonwealth has terminated the civil coastal surveillance contract it held with Amann Aviation Pty Ltd, following the failure of Amann to fulfil its requirement to be fully operational at all five northern bases by the 12 September deadline specified under the contract.

Under a contingency plan arranged several weeks ago, and now confirmed by Skywest Aviation Pty Ltd, Skywest will continue from today to operate the surveillance function for a period of 6 months, within which time the Government will call and determine fresh tenders for the contract.

It is critical that a high quality coastal surveillance operation be maintained. The arrangements now in place will ensure that there is no break in continuity, nor any reduction in the standard of the surveillance of Australia's northern coastline.

Inspections by Department of Transport and Communications officers yesterday established that Amann Aviation had in place 7 operational aircraft with Australian registration and Certificates of Airworthiness—one each at Broome, Gove and Cairns, and two each at Darwin and Weipa.

But none of these aircraft had the specific contractual requirement of bubble windows and drop hatches, and only two had the necessary flying range.

Moreover, the two which did have the necessary flying range were not fitted with some of the required avionics, including specified navigational equipment, radio capability and weather-warning radar. This equipment is manifestly vital to effective surveillance capability.

Amann had contracted to provide 14 fully configured aircraft on and from 12 September; the tender requirement was for a minimum of 11 fully configured aircraft, eight operating from particular bases and three back-up.

Clearly Amann was unable to fulfil its contractual requirements, leaving the Commonwealth no option but to terminate the contract.

The detailed reasons for the termination are set out in the Notice of Termination delivered yesterday to Amann (ATTACHMENT A).

A preliminary review has been carried out of the processes by which the contract was awarded to Amann.

It is apparent from the review that:

there is not evidence in any material sighted by me, or the senior officer reporting to me, of there having been any impropriety in the process;

it was not impudent to engage a contractor from outside the aviation industry; what was important was management skills and access to appropriate aviation expertise, coupled with adequate financial backing;

it was not inevitable, even with the benefit of hindsight, that the contractor would not be able to meet his obligations.

Nevertheless, it has become clear that there are a number of aspects of the tender assessment process where greater effort should have been made, and greater attention should have been paid to matters of detail.

In particular:

there should have been a higher level of testing of Mr Amann's general managerial competence;

there should have been a more detailed assessment of Mr Amann's, his proposed chief pilot's and his maintenance engineer's understanding of the practical difficulties associated with acquiring, modifying and certifying the number of aircraft proposed in the timescale proposed; and

there should have been a more detailed assessment of the current competence of the nominated supplier and modifier of aircraft to Mr Amann.

I have directed that, before fresh tenders are called, there be an expert review of the procedures used and the effectiveness of their implementation in the awarding of the original contract.

The review will be headed by Mr Andrew Menzies, a former Deputy Secretary in the Attorney-General's Department who has acted in a number of inquiries or reviews for the Government in recent years.

The other members of the review team will be Messrs Barrie Slingo and Stan Perry, Assistant Secretaries in the Departments of Defence and Administrative Services respectively. Further details on the review team members and their terms of reference are at Attachment B.

The results of the expert review will be rigorously applied to the fresh tender assessment to ensure that the successful tenderer is unquestionably in a position to provide an effective and cost-efficient surveillance of the northern coastline—as is demanded by the national interest.

Senator GARETH EVANS—As I made clear in that statement, and do so again, the tenderer fell short of his contractual obligations. It is a matter of some difficulty, given that legal proceedings are pending, to go on at any great length about this, but since the matter is so obviously in the public domain, I say no more than that it is my belief that given the facts I am about to quickly sketch out there can be no question, certainly in the Commonwealth's mind, of there having been substantial compliance with the contract. It is a matter that will have to be tested in the courts. It will be tested next month. The Commonwealth acted on the view, based on these facts I am about to spell out, that there was no substantial compliance.

The facts were as follows: the contract was for 14 aircraft to be supplied. That was against a tender requirement not of 14 aircraft but a minimum of 11 aircraft, being eight front-line aircraft located at particular identified bases—five of them in all—across northern Australia and three back-up aircraft that need not be physically allocated to any particular base. So the contract was for 14 against a tender requirement of a minimum of 11. In fact, on the day, on 12 September, there were just seven operational aircraft available. And all seven, moreover, did have serious equipment deficiencies. All seven of them lacked the required bubble window and drop hatch—the bubble window necessary for complete 180 degrees vision on either side of the aircraft, the drop hatch to meet a particular contractual requirement of a capacity to deliver messages to quarantine vessels and so on, not to mention in situations of search and rescue emergency or something of that kind.

Five of the aircraft lacked the required long range tanks. There has been some misunderstanding as to the significance of that. That is not relevant only in the context of the wet season flying environment when particular aircraft strips may be inaccessible and accordingly one has to have the flying capacity to go on somewhere else. The requirement for long range tanks was an immediate one that could not wait until the wet because it relates to the requirement in the tender documentation that there be

a capacity to respond to contingencies that arise in the course of the surveillance exercise, the particular contingencies being those that would require loitering on-station for a significant time, for example, pursuing a particular quarantine, sighting or something of that kind—the primary purpose of this whole coastal surveillance exercise—or, perhaps more likely, some kind of search and rescue contingency which would involve circling on the spot, radioing instructions, and things of that kind. It is to meet that contingency that the long range tanks were required, and required not just at some future time but from day one of the contract.

Finally, two of those seven aircraft lacked basic avionics: the necessary radio equipment, the necessary navigation equipment and the necessary weather radar. It is ultimately a matter for the court's judgment whether that does amount to substantial compliance. I simply indicate that there was a clear, factual foundation for the Commonwealth reaching the judgment that we did that there was no substantial compliance with the contract.

It was not possible to reach that view that there was a failure of compliance with the contract at any earlier stage than 12 September. Let me make that point absolutely clear. There were some earlier phase-in dates, first of all in May, then later in July and then later again in the early part of September, that were identified by the tenderer as target dates for the operational start-up of particular aircraft. Initially, those dates had some significance as being the dates around which the Skywest contract continuation was in fact negotiated. They were never the crucial contractual dates, and the failure to meet those dates in turn was not a failure of any contractual significance. The Commonwealth had no foundation upon which to act at any earlier stage than 12 September.

We may have had concerns, we might have had anxieties, as to the possibility that the contract date, 12 September, would not be met. It was certainly on the basis of those concerns and anxieties—not concerns about alleged security reports possibly coming from police or from anywhere else but on the basis of my concerns about the possibility that the contract date would not be met—that contingency arrangements were entered into, and directed by me to be entered into, when I became the Minister and was sworn in towards the end of July. They were contingency arrangements to cover the various vacuums that potentially arose between operational phase-in dates and the crucial contractual date, 12 September, and the contingency of the possible inability of the contract to run after 12 September. Certainly, contingency plans were made, as one would expect of any competent and credible government. But there was no basis on which I or my predecessors could have acted earlier than 12 September. That was a point I think that was made with some effectiveness by my colleague Mr Duncan in his answers in the House of Representatives today.

What then did go wrong? Why was it that the particular contract was not in fact met when it was? There may be all sorts of explanations for that, including explanations which go further than those which I have found sufficient in terms of the internal review of the situation that has been done so far. I am referring in particular to the kinds of reasons that are disclosed in the report by my Associate Secretary, Mr Beale, to me dated 11 September to which I have already referred. Those things that appeared on their face to have gone wrong really relate to three of the criteria that I mentioned: firstly, the criterion of managerial competence and experience; secondly, the criterion of access to aviation experience of the necessary depth and degree; and, thirdly, access to a reliable supplier.

Let me say at this stage that I have found nothing which bears upon the fourth of those criteria that I identified, that is, the ability of adequate finance, to suggest that there was any reason for either terminating the contract or, more particularly, any explanation of why the contract was not able in the event, in our view, to be honoured. Finance was not a problem.

Let me say at this point that the argument that this was a $2 company is, I think, perhaps the weakest of all arguments that have ever been marshalled against this particular exercise. Let me tell the Senate about a couple of other $2 companies that have a passing relevance to this particular affair. One such company is Skywest Holdings Pty Ltd which happens to have 24 subsidiaries, one of which is Skywest Aviation which happens to be the body that previously had the coastal surveillance contract and which has the continuing contract now for the next six months. Another one of its subsidiaries is East-West Airlines Ltd. The total paid up capital of Skywest Holdings Pty Ltd is $2. Let me tell the Senate about another company called Morael Pty Ltd, which happens to have been the take-over vehicle deployed by TNT and News Ltd to acquire Skywest Holdings and all its subsidiaries including East-West. Morael Pty Ltd is another $2 company—it has a paid up capital of just $2.

In other words, as any one familiar with the operation of company law, takeover strategies and tendering vehicles will know, the particular corporate vehicle that is chosen for any one of these exercises is not to the point; what matters is the asset backing, the capital backing and the finance that subsequently becomes available. In this case there is no question about that finance subsequently becoming available. There was a 50 per cent equity injection from Continental Venture Capital which brought it up to $650,000, and there was never any difficulty in their getting access to the relevant loans from credible and reputable financial institutions. So the financial criterion was never in issue, and never became subsequently in issue.

Nor, let me say, was the security matter ever something that came in issue in a way to affect the Commonwealth's judgment either as to Amann's capacity to meet the contract or as some sort of reason for terminating the contract—or as a reason for thinking that Amann Pty Ltd might not be an appropriate tenderer in the future. I repeat what I said at the end of Question Time when questioned on this subject by Senator Messner: I make it absolutely clear again for the record that there was no advice to me or to my Department from the Australian Federal Police in early August or at any other time advising me or my Department that Amann was unsuitable or inappropriately awarded——

Senator Messner—Why did your colleague say that there was?

Senator GARETH EVANS—Because my colleague was labouring under a misunderstanding which, if he has not already done so, he will shortly correct in the House of Representatives. He had not been briefed on the subject——

Senator Durack—He is a very useful assistant, isn't he?

Senator GARETH EVANS—My views on the system are something I do not propose to share with Senator Durack or anyone else at this stage. I simply make the point that my colleague was not briefed in detail on the security questions that arose. They did arise subsequently, after the contract was issued—I am not suggesting there was no subsequent investigation of particular aspects of Amann and its associates. I am not suggesting that no such further investigation was made in the aftermath of the contract being awarded. Questions were raised and there were such investigations, but I can assure the Senate on the basis of all the material I have seen, which unfortunately my colleague had not seen—he was labouring under a misunderstanding about this matter, no doubt aided and abetted by some rather unhappy newspaper reporting at various stages of this affair—that there is nothing in any of that material which was colourable so far as Amann was concerned in the sense of giving rise to either a recommendation or a conclusion that Amann Aviation was an unsuitable body from a police or security point of view. There just is no such minute which makes any such finding. I can do no more than that to scotch that particular issue. It is an unfortunate misunderstanding, but it is one that has now been corrected and I have made it as clear as I possible can for the record.

I have mentioned finance, I have mentioned security, but there were those other three criteria. In respect of those other three criteria, I think it has to be frankly acknowledged that it is evident that the tender evaluation processes—as they have subsequently been reviewed in great detail by Mr Beale on my behalf and in very considerable detail by me—in practice were inadequate in the way they were actually carried out. Mr Beale's memo explains this very well, but let me indicate quickly for the Senate today what some of the problems were. The first problem, I think, was in relation to the area of proven managerial capacity and experience.

I do not want to be misunderstood. It may well be the case that Mr Amann is in fact a brilliant manager and perfectly capable of performing this contract and that considerations totally outside questions of managerial expertise lay behind the failure to perform. All I would say, however, is that it is not evident that it was proven objectively that he was a brilliant manager on the basis of the material available to me. Not many questions were asked about his previous management track record. Those that were asked revealed some ambiguity and some uncertainty on the record. For example, in one place on the record there is a reference to Mr Amann having been:

> . . . employed in the construction industry for the past 12 years, 6 of these as a project manager on various contracts of total worth of $30m.

That does not signify very much. A total worth of $30m over six-plus years may or may not involve significant managerial input. There is, however, elsewhere a reference to Mr Amann managing:

> . . . a number of large scale contracts up to $30m in Australia and South East Asia.

There is an obvious difference between a reference to contracts of a value of up to $30m and those totalling $30m over a particular period. A

capacity to manage large projects involving $30m is obviously relevant experience; the other kind of experience may not prove very much at all. Equally, there was insufficient follow-up of just what was available by way of referee reports from his previous corporate employers and so on on these particular matters.

Secondly, there is the question of relevant aviation skills. There was a degree of confusion in the kind of advice that was passed backwards and forwards between the Department of Transport and the Department of Aviation. The Department of Transport was labouring under the impression that the Department of Aviation had given an absolutely clean bill of health so far as technical competence was concerned. In fact, it becomes clear from the documentation and oral interviews of the people concerned that the only bill of health they were giving was as to the likely absence of significant hurdles to Amann getting the necessary air service licence. Questions were raised after the contract was awarded by the aviation inspector in New South Wales expressing doubts about the availability and extent of the expertise that was available to Amann and concern that it might not be able to meet its timetable given its lack of familiarity with the real complexity of what was involved in airworthiness and certification and registration proceedings.

Finally, there were problems that have shown up on the question of the reliability of the supplier—the Northeast Airmotive supplier—that was identified and checked out in the books but no further; not through the embassy processes and so on of third party references. The embassy said the supplier was a perfectly credible operation; it had been for a number of years in repairing and brokering the sale of small aircraft of the kind in issue here. The trouble was the very senior and very expert gentleman who had been running that operation had died a month or two before the relevant date, leaving the operation in the hands of his 23-year-old son who, self-confessedly, had no aviation experience whatsoever. So problems of that kind did occur. They can be articulated. They have been already to some extent by Mr Beale. They will be articulated in the Menzies review. We will draw the lessons from them. There is no need for this inquiry, but if the Senate wants to ram one down our throats through Senator Macklin's motion, we will accept it again with such grace as we can command.

Senator MACKLIN (Queensland) (4.29)—I apologise first of all to Senator Messner. Discussions were proceeding with regard to an agreed series of references. But when the Opposition publicly broke off negotiations with the Australian Democrats earlier today we were not able to complete those negotiations successfully. It was no fault of Senator Messner's or mine. I have circulated in the chamber a revised set of amendments with regard to the matter of the reference to the committee. It was our view at the outset that an inquiry was justified. We had been of the opinion that a reference to the appropriate standing committee would be of greater benefit than a reference to a select committee. The reasons for that are that we believe that the Amann Aviation Pty Ltd situation is an instance of problems with the general tendering procedures. Indeed, the Government has acknowledged this by the appointment in the Department of Transport of the Menzies Review of Tender Procedures for the Coastwatch Contract. However, I do not think that the problems are limited to the Department of Transport and Communications. I think a general inquiry into the civil tendering arrangements that the Government undertakes would be a very useful and profitable undertaking for a committee of the Senate.

The specific item raised in Senator Messner's inquiry is worthy of investigation. We have put down an alternative system which we believe is a more succinct and possibly tighter rendition of the terms of reference for the committee which Senator Messner has proposed. I intend to move the following amendment to Senator Messner's motion:

(1) Leave out all words after "That" in paragraph (1), and paragraphs (2) to (15), insert the following words and paragraph:

"the following matters be referred to the Standing Committee on Finance and Public Administration, upon the establishment of that Committee, for inquiry and report:

(a) The circumstances surrounding the calling of tenders for the contract for the surveillance of Australia's northern coastline and the subsequent grant of the contract to Amann Aviation Pty Ltd and, in particular, the following questions:

(i) Was there full and effective investigation of Amann's resources in relation to the following—

managerial expertise;

aviation expertise;

financial backing;

access to reliable suppliers; and

security considerations?

(ii) Was there any impropriety involved in the conduct of the tendering process or grant of the contract to Amann?

(iii) Was there any basis on which the Government could have acted to terminate the contract earlier than 12 September 1987?

(b) The procedures and the effectiveness of the Government's civil tendering program.

(2) Provided that, if a Standing Committee on Finance and Public Administration is not established by Friday, 9 October 1987, the matters set out in paragraph (1) shall be referred to a committee specified in a subsequent resolution."

I indicate that if there is an inordinate delay—we believe the standing committees will be established long before 9 October—and the standing committees are not established by the end of the third week of the parliamentary sittings, it is fairly obvious that a select committee would have to be established to look at these matters.

We have some other difficulties with the investigation which I think it is only fair should be raised at this point. The problems in respect of a Senate inquiry that we had to weigh up are twofold. Firstly, legal proceedings are under way in the Federal Court and at the moment it is unclear what the extent of those proceedings will be. I believe that in the past the Senate has been careful not to prejudice the rights in Law of either individuals or companies. I think that when the committee is established and proceeds, it will need to give careful consideration to the fact that there are legal proceedings. The committee may wish, for example, to conduct its hearings in camera or by some other method. It will need to pay attention to the fact that what is actually said and done in any open hearings will not prejudice the company's rights in law as it seeks to remedy what it feels to be a denial of its rights. This is one area to which I think concern needs to be directed.

The other item concerns the Menzies inquiry into the tendering process in the Department of Transport and Communications. Obviously, this inquiry is relevant to both parts (1) and (2) of my amendment. Let me refresh the minds of honourable senators as to the terms of reference of the Menzies inquiry. They are as follows:

To review the procedures, and the effectiveness of their implementation, used by the Department of Transport to contract for civil aerial coastal surveillance services.

To report on any changes which should be made to improve those procedures and/or their implementation for future contracts, including:

the training of personnel;

any amendments to relevant Manuals;

the desirability of using expert advisers from outside the Department; and

any other matters which the Committee considers require attention.

The tender specifications and processes should be reviewed to determine whether they allow for an adequate assessment of the likely overall performance of tenderers.

I think it is fairly obvious that that inquiry goes very much to the heart of what will be considered by the suggested Senate inquiry. The Menzies inquiry is being undertaken by a person of some eminence. One could expect that in terms of past performances and reports that he has produced this inquiry will be a thorough and conscientious investigation which should provide the Government with a comprehensive review of the types of procedures that need to be undertaken. That being the case, it seems to me that the additional items and information that would be gathered by the Menzies inquiry would be of advantage to the Senate inquiry. It may very well be that the Senate Committee would wish to wait upon the reporting of the Menzies inquiry before making a final report to this House so that it would have the advantage of reviewing that inquiry's information, understandings, deliberations and recommendations.

I think those two points are important in the consideration of this inquiry. I believe that our inquiry will be an important one but we would not want it to be seen as a political witch hunt. Quite frankly, I think it is very important that the inquiries in this place be seen to be constructive and have as their goal a beneficial effect on public administration. It may be that embarrassing political information is turned up along the way. I refer the Senate to the very excellent inquiry that was undertaken by the Senate Standing Committee on Foreign Affairs and Defence with regard to the land acquisition by the defence forces. That committee was inquiring into a specific matter but also inquired into more general items. That committee's report has had a profound effect on the way that the defence forces now intend to go about further land acquisition. So I think that they are runs on the board for Senate committees in regard to this type of inquiry although damaging political items came to light in that committee's inquiry and report. Similar types of things could well come to light in the proposed inquiry. That is for the mill. That is the problem that the Government has to deal with in whatever way it can at the end of the day. Like the inquiry into the land acquisition, I would hope that this Government would have as its ultimate goal the vast improve-

ment of the tendering arrangements that the Government undertakes in terms of its civil procurements. I would therefore formally move my revised amendment to Senator Messner's motion which has now been circulated to honourable senators. I move:

(1) Leave out all words after "That" in paragraph (1), and paragraphs (2) to (15), insert the following words and paragraph:

"the following matters be referred to the Standing Committee on Finance and Public Administration, upon the establishment of that Committee, for inquiry and report:

(a) the circumstances surrounding the calling of tenders for the contract for the surveillance of Australia's northern coastline and the subsequent grant of the contract to Amann Aviation Pty Ltd and, in particular, the following questions:

(i) Was there full and effective investigation of Amann's resources in relation to the following—

managerial expertise;

aviation expertise;

financial backing;

access to reliable suppliers; and

security considerations?

(ii) Was there any impropriety involved in the conduct of the tendering process or grant of the contract to Amann?

(iii) Was there any basis on which the Government could have acted to terminate the contract earlier than 12 September 1987?

(b) The procedures and the effectiveness of the Government's civil tendering program.

(2) Provided that, if a Standing Committee on Finance and Public Administration is not established by Friday, 9 October 1987, the matters set out in paragraph (1) shall be referred to a committee specified in a subsequent resolution."

Senator COLLINS (Northern Territory) (4.40)—Senator Messner commenced his speech by saying that the coastwatch contract is the greatest scandal, et cetera, and then proceeded to provide the Senate with absolutely no information about why it should be. As a new senator in this chamber I do think there is some obligation on senators moving motions to provide some material to the chamber as to why their motions should be supported, particularly when they have 20 minutes in which to do so.

Senator Knowles—After months.

Senator COLLINS—That may well be so, but I point out to the honourable senator opposite that there are 17 new senators in this House who were not here last session, and that motions stand on their own basis as they are moved. Senators have an obligation, if they expect motions to be supported, to provide information in the debate as to why they should be supported.

Senator Knowles—I thought that you, coming from the Northern Territory, would have known all about it and would not be relying on Senator Messner's motion.

Senator COLLINS—Fortunately, coming from the Northern Territory, I know all about it so I am in fact able to participate in the debate despite the lack of information provided by the mover of the motion. It is obvious—and this needs to be said immediately—that mistakes have been made. People do make mistakes.

Senator Vanstone—Big ones.

Senator COLLINS—Indeed people do make mistakes, that is why they put rubbers on the end of pencils.

Senator Walters—Your Ministers would need a lot of rubbers.

Senator COLLINS—Yes, I understand it is the fashion these days. One does it for one's health, I am told. An examination of the information that has been provided makes it fairly clear that the guidelines for Commonwealth purchasing were followed, but there was not sufficient examination of some of the aspects of that contract. This is of some concern to me because I come from the Northern Territory and the operations of that company directly affect the area in which I live. What is also obvious, when we read the documentation, is that the people concerned in the granting of the tender considered cost to be the overriding consideration.

Looking at the motion I would suggest to Senator Messner that he take a few drafting lessons from Senator Macklin, because there is a lot of extraneous material in it that really is nitpicking and clutters up what needs to be investigated. Senator Macklin's amendment does in fact do precisely that. For example, the question of whether Amann Aviation Pty Ltd was a $2 company—and this is part of the first question—implies that there is something inherently sinister about a $2 company, and that does no credit to the mover of this motion. Two-dollar companies are commonplace in the financial world, and indeed the Minister for Transport and Communications (Senator Gareth Evans) himself gave a number of examples of that. The motion mentions access to maintenance bases and fuel supplies. What sort of nonsense is that? Maintenance bases and fuel supplies are within easy access to anyone who has an aircraft and who wants to collect the fuel. It also mentions access to appropriate personnel. I assure the

honourable senator that there are four pilots available for every job that is available. There is no problem with that either. That simply does not need to be in there. There is just so much extraneous and unnecessary material in the motion, which leads me to be unhappy about supporting it. That is why I am pleased that this amendment has been moved by Senator Macklin. What is also obvious from an examination of the documentation that has been provided, and which I understand is freely available, is that sufficient finance was not the problem. The company appeared to have the necessary finance, and indeed purchased a number of aircraft that were available, although they were not in the condition required by the contract.

The other part of the motion that interests me is:

> Why did the department allow a start-up date for Amann Aviation (12.9.87) to be nearly three months later than the date on which the original contract lapsed;

It would not appear to me to be unreasonable for that to be granted. Mistakes, if mistakes were made, were made in the tender process. The contract was granted. That was not an unreasonable situation. There have been a number of situations, to my knowledge, where this has happened with substantial contracts. Indeed, the unsuccessful tenderer for this contract was successful in picking up another very lucrative contract, the aerial medical contract for the Northern Territory, under circumstances of similar controversy from the current operators, Air North Pty Ltd in the Northern Territory. This is a very controversial area to get into, and the same kind of flexibility was applied in that case. It is not unreasonable, despite the fact that mistakes were made—the Minister has enumerated what they were—that once the contract has been given and the company concerned is making earnest endeavours to comply with the contract, some flexibility at that stage should then be applied, especially considering the fact that the flights were being made in any case at that time by Skywest Airlines Pty Ltd. So I do not think that is a matter of any great moment.

Senator Macklin touched on another matter that concerns me and that is why I think his amendment is far more supportable than the original motion. He mentioned that legal proceedings are under way. It is important that the Senate allow Amann Aviation to have its day in court without prejudicing in any way at all its chance of getting a fair hearing. Indeed Senator Macklin's amendment would accomplish that. Most of the matters contained in the original motion are not of any great consequence. I think it is worth repeating that it is clear that the Minister has taken the appropriate action required in this case, and taken it very promptly. Senator Messner asked why action was not taken earlier. Again I point him to the obvious problem that the Government and the Minister wanted to allow the company that had the contract the maximum opportunity to honour it, so that they would not be prejudicing their legal position in the event of the contract being breached, with arguments that perhaps would touch upon whether the company had been given sufficient opportunity to do that. In my view it was not appropriate for the Minister or the Government to do anything until it was made absolutely clear that there has been, in the view of the Government, a gross breach of that contract. So I do not think anything can be attached to that either.

I think the action that has been taken by the Minister is appropriate. The only thing to be expected if mistakes have been made and have been freely acknowledged to have been made, is that some lessons are learned from them. I have no doubt that in view of the internal inquiry that has been set in train by the Minister, and indeed the inquiry that perhaps will take place as a result of Senator Macklin's amendment to the motion, that at least will be accomplished.

Senator VANSTONE (South Australia) (4.48)—I am pleased to support the call for an investigation into the circumstances surrounding the awarding of the Coastwatch contract to Amann Aviation Pty Ltd. I notice that there is a display at the moment in the Parliamentary Library of political cartoons on the basis that a cartoon is frequently a way of passing over political information to those people who put us in this chamber. I notice a cartoon in the *Australian Financial Review* of the 15th of this month of a person who is obviously a drug smuggler hurling a big box of heroin down to a little boat. He is yelling out: 'They gave Coastwatch to a mob without planes!' The person in the little boat says: 'I can't wait until they sell off the bank'. That is obviously some sort of reference to the about face of the Prime Minister (Mr Hawke) on privatisation. I noticed another cartoon, this time in the *Age* of the 14th of this month, with the heading 'somewhere north of Darwin a small band of smugglers sip their martinis' and the person on the boat says, 'Switch on the ABC. It's time for the "Coastwatch" bulletin'. Both cartoons convey Australian's concern over the bungling over this contract.

The Minister for Transport and Communications (Senator Gareth Evans) has admitted mistakes and says, with whatever grace he can muster, that he will accept an inquiry into this matter, and I am pleased about that. The Minister also says, as I understand his comments, that the relevant Minister is not responsible for what has gone wrong, nor is the Minister who was the acting relevant Minister at the time the contract was awarded. He says, I understand, that there was a systems failure and that we should all accept that; that there are systems failures regularly and no one need worry—in other words, it will all be okay. It is as if the failure of Amann Aviation adequately to fulfil the Coastwatch contract by 12 September is some sort of unhappy accident. I think the Minister said earlier this evening that they just did not get there by 12 September. No one need worry; no one need concern themselves about the extra costs to the Commonwealth in the meantime of arranging for another firm to carry out the contract; no one needs worry because there has been a small bungle over a $17.5m contract.

That sort of attitude is a problem for two reasons. First, if Mr Peter Morris is not responsible for this mess—and it is a mess—if Mr Scholes is not responsible for this mess and a systems failure is responsible, who is responsible for the systems failure? Or do we have to accept that when government has a bungle, of whatever size, we can put up our hands and say, 'Oh no, another systems failure. Let us not worry about it?' Patently that is an unacceptable attitude. Someone is responsible for what went wrong. The person who is responsible will probably be able to tell us what went wrong.

I refer the Senate to a report in the South Australian *Advertiser* of 16 September with the Headline 'Ministers misled on Amann, says Evans'. In other words, if Ministers are misled, they are not responsible, they cannot be responsible for getting the right information. If someone gives Ministers the wrong information, obviously it is being said that it is not their fault. Heavens no! Governments can operate with Ministers being misled. This is clearly just a joke and simply is not acceptable. Senator Collins said, as I understood him, that there had not been sufficient information offered to justify this sort of inquiry.

Senator Collins—To me.

Senator VANSTONE—I put forward the view that this is the information, and it is very simple and clear. This contract was awarded in March this year. Amann Aviation was given until 12 September to fulfil the requirements of the contract. In March, April and May, through the media, through the Estimates Committee and a debate in this chamber, the Opposition parties said that there was something wrong with the tender process and with the awarding of this contract to these people. We said that they would not be able to complete. The Government steadfastly ignored our warnings. The date of 12 September is now past and what we said turned out to be true. What more does one need to say than that? We told the Government early in the year that this contract would go wrong, the Government denied that it would go wrong, and now that it has gone wrong the Government tries to say that somebody was misled. It wants to sweep the matter under the rug and asks people not to worry about it. I feel particularly strongly about this matter because when I spoke in the relevant debate Senator Reynolds, now a Parliamentary Secretary, was misled too. She was duped. I do not suppose she is worried about it either. She told the Senate:

> The first five aircraft will be due late in June or early in July.

As a matter of fact, I do not think they arrived until early August. She also said a little later:

> Yet Senator Vanstone and others choose to waste the time of the Senate in this quite trivial debate that we have heard this afternoon.

It turns out that that quite trivial debate outlined for the chamber exactly what was to happen, and indeed that is what has happened. Let us turn to the debate held on 13 May this year and to the contribution of the Minister representing the Government on that occasion, Senator Gietzelt. He had a number of things to say, such as the following:

> The Government takes the view, correctly, that it has an obligation not only to assess in the proper due processes the viability of the tenderers but also to save the public dollar . . .

And that is what it did. In other words, he told this chamber that the viability of Amann having this particular contract was investigated and that the Government was satisfied that Amann would be able to complete the contract. Senator Gietzelt went further in that debate and said:

> Because the lowest tenderer, Amann, was new, additional and particular care was taken to assess whether that organisation was capable of doing what was done in 1983 . . .

Namely, to take over the coastwatch contract. Particular care, the Minister said, was taken. The inquiry will show the Australian public what particular care was taken because it is not im-

mediately apparent on the face of it. These people just did not make the grade. We said all along that they would not make the grade. I for one would be delighted to see what particular care was taken to see that these new people would be able to complete the job. The Minister, not satisfied that he had committed himself to the success of Amann at that point, went on and said:

> The Committee assured itself that Amann had made realistic provisions for costs and had the necessary arrangements in train to enable an early startup in the event that the tender was successful.

Not only did they not start up early, they only just started up on time and not in an adequate way. The Minister went on to say, in criticising the Opposition, that a small business person is entitled to move on and to develop himself. That is true, but one would not expect a business such as a corner deli to become a Coles Myer Group overnight. With respect, I suggest the tender assessment committee made a subjective assessment that Amann Aviation would be able to go from a small operation to a much bigger operation virtually overnight. Senator Gietzelt said:

> Any small business, any person seeking to enter this area, would need to set out the expenditure, equipment and certification required. Amann has satisfied the Government that in each of these areas it can carry out its tender obligations successfully.

I would like to know just how it satisfied the Government that it was something it could do. There is another point I would like to address which relates to the first two points I have made. Earlier in the debate Senator Gareth Evans said that he wanted to make particular reference to the argument that Amann obviously had a lack of expertise and that somehow this should rule it out. I understand that conceptually it does not, but we do not live in a conceptual world. Senator Evans left the academic conceptual world some time ago. We live in a real world where someone has to make a subjective assessment about concepts and whether in this case somebody could make that quantum leap. Conceptually anyone can. He then went on to outline that if we had available proven competent management experience, proven competent aviation expertise, proven adequate finance, proven adequate reliable suppliers and if adequate security checks were done, everything would be okay. Presumably, this inquiry will show that Amann Aviation did have the management expertise, aviation expertise, adequate finance and supply. But on the face of it that is not immediately apparent because the company was meant to have a certain number of planes here, meant to have them in a modified condition, and simply did not make the grade. That is one of a number of things that will come out of this inquiry and ought to come out. The Government cannot simply sweep this under the rug and say that it was a systems failure. One has only to look back over the history of politics to see the number of things that have gone wrong and asked oneself whether one can say that it was a systems failure and that is all one must put it down to.

There is an additional point I would like to make. Since he has had this particular ministry, Senator Evans has said in public statements, 'The Government's hands have been tied. Up until 12 September there was nothing we could do'. I hope the inquiry addresses that point as to why the Government put all its eggs in a one-date basket. Joe Blow down the road who has a swimming pool built does not put himself in a position where he is stuck with a contractor up until the very end. There is a phase-in contractual arrangement. I hope that this inquiry addresses the question of who drew up such an inflexible contract that put the Government in the position of having its hands tied despite the concerns that it says it began to develop. I hope the inquiry also reveals whether what is implied in Senator Evans's comments is true—namely, following the Government's developing concerns about this contract, is it true that the only contractual clause which would have allowed it to take any action is the clause saying that compliance with the contract had to be completed by 12 September? Were there no other breaches of any conditions in the contract? These are the sorts of matters that need to be addressed.

I am conscious of the fact that there is other business before this chamber. I conclude by saying that I am delighted that there is to be an inquiry into this matter. I hope that the truth will out and we will see just what steps the Government took to ensure that the Coastwatch contract was appropriately awarded.

Senator DURACK (Western Australia) (5.02)—I rise to support the motion which has been moved by Senator Messner and which is supported in principle by the Australian Democrats. It may be of little significance as to which particular wording is adopted but the important matter here—which Senator Vanstone has just stated in her conclusion—is the fact that the Senate is to set up an inquiry into all the circumstances in which this contract for the coastal surveillance of Australia was awarded to Amann Aviation Pty Ltd. The Minister for Transport and Communications (Senator Gareth Evans)

made one contribution to the debate by telling us how to pronounce 'Amann'. I have heard various ways of pronouncing it. We now have it from the authority himself as to how it should be pronounced. Apart from that, Senator Evans's contribution has really not thrown much light on the really difficult questions that the inquiry has to address. Whether that is done by a standing committee or a select committee is of little significance. The important point is that it will be done.

Senator Evans has bowed to the inevitable in stating that the Government will not resist the establishment of this inquiry although he indicated that it was not necessary because of the inquiries he has embarked upon since he became the responsible Minister. If Senator Evans is right that this inquiry is not necessary because of the adequacy of the inquiries that he has already had and those he has set up, it is only the Government and Senator Evans's colleagues who had the former responsibility in this matter who are to blame. We in this Parliament—in this chamber and in the other place—have not been given until today an adequate explanation of how this enormous bungle occurred. I will at least say this for Senator Evans: Since he became the responsible Minister after the recent election—he has been responsible for the past couple of months—he has at least appeared to have got some sort of ministerial grip and control over his Department and in relation to this matter. He has also been making a few public statements, which at least indicates that he is trying to do something about this problem and that he is trying to be helpful. Indeed, his contribution today sought to be helpful. Nevertheless, a whole series of very major issues of public administration are still not fully clear. It may be that, when we have time to read some of the documents that Senator Evans has tabled, some more light will be thrown on the situation.

Senator Evans has been doing his valiant best to defend the indefensible—namely, his colleagues. These people are still his colleagues because one of them, Mr Morris, the former Minister for Transport and Aviation is now a Minister in another portfolio. Although no longer directly responsible for this area, Mr Morris is still a Minister of state and his performance as a Minister in this matter is of great public significance. Senator Evans's attempt to defend his colleagues—and another former Minister, Mr Scholes, was involved—by calling this 'a system failure' is another piece of Evans rhetoric which nevertheless exhibits an attempt at all costs to throw the blame off his colleagues and on to the bureaucrats. That is not a very edifying exercise by a Minister or by a government. It is probably not justified here—although this is another matter which the committee will inquire into—because it is clear that this advice, contained in documents, was dealt with by the Ministers. It is not a matter where the Ministers had absolutely no knowledge whatever. They received submissions in relation to this matter.

Senator Evans says that in effect they were not given the adequate information and that it was not their fault. But it is the responsibility of a Minister to ask appropriate questions. Some of the material that Senator Evans quoted from today would indicate that there were some very obvious reasons for a Minister to ask questions. These questions were not asked. Therefore, I hope that this inquiry will not just focus on the role of the departmental officials, but also consider the role of the Ministers concerned. This is most important. That must include Senator Evans although, as I have said, he appears to have taken something of a grip on the matter since he assumed responsibility a couple of months ago. Nevertheless, Senator Evans's own role in this matter—even over that latter period—should still be investigated.

The matter that particularly concerns me and is one of the main reasons I wished to speak is the failure of former Ministers, including the former Minister in this place who represented Mr Morris, to make any attempt to answer questions that were legitimately raised in this chamber and in another place from virtually the word go. The contract was let early in March and concerns about it surfaced almost immediately. As early as 18 March this year I asked a question of Senator Gietzelt, then a Minister representing Mr Morris in this place. My colleague Mr Lloyd, who was then shadow Minister for Transport and Aviation, asked a question about the same time in the House of Representatives. We were simply fobbed off; there is no other way to describe the treatment displayed to myself and subsequently to other Senate colleagues. I know that Senator Knowles asked some questions at that time. Senator Vanstone, who has just spoken, attended an Estimates committee and asked a whole number of questions. She has probably dealt with the inadequacy of the answers she received at that committee. All this took place over the period from the middle of March until towards the end of May. The Opposition in this place also proposed an urgency motion in an endeavour to obtain further information from Ministers. Certainly by the end of May there was most widespread public con-

cern about the future of the Coastwatch program. Clearly by then very grave doubts had surfaced in people's minds as to the ability of Amann Aviation Pty Ltd to perform the contract, or certainly to honour it on time.

The Government simply adopted an approach of bluff and, to some extent, abuse. I even remember former Minister Senator Gietzelt suggesting that I was only asking questions because I was some sort of lapdog for Skywest Airlines Pty Ltd which is, of course, a leading company in Western Australia, the State for which I am a senator. I explained at the time that I had received no approach from Skywest and that in fact I was the one who first contacted the company in order to get some further information on this matter. This was the manner in which the two Ministers responsible, the one in the House of Representatives and the other in the Senate, treated a series of very serious, very proper and, if I may say so, quite polite questions from members of the Opposition in both chambers. This manner was maintained throughout the whole of this period despite the fact that it should have been becoming obvious to the most obtuse Minister, even if he had no knowledge of this matter in the past, that he should busy himself to find out what was going on. In my opinion the former Minister for Aviation should have set up an inquiry at that stage to find out what was going wrong, because things were clearly going wrong by the end of May. Indeed, things were going wrong even before then, because phasing in dates were being bandied about and statements were being made, I think by Mr Amann or somebody on behalf of the company, that it would be able to take over this base or that base on a certain date, as early as May but certainly by early in June.

It was clearly the responsibility of the Ministers. Even if one says that they were misled by their bureaucrats or that they could not have been expected to ask the questions or make the inquiries at the very beginning when the contract was let, certainly within a very short space of time the Ministers had full knowledge. Bodies such as the Australian Federation of Air Pilots, an independent body, expressed grave concern about this matter. It was not simply a case of sour grapes on the part of Skywest Airlines Pty Ltd as an unsuccessful tenderer. There was widespread concern in the community about this whole matter. There was clear dereliction of duty by the Ministers at that time.

Another most serious matter—I do not know whether it has been mentioned so far in this debate but it has always caused me great concern—is that the contract was entered into on 12 March. Amann Aviation Pty Ltd had six months—that is, until 12 September—in which to have its operations in place. But although the Government entered into the contract with Amann on 12 March—there was apparently no contractual obligation before 12 September, a matter that Senator Vanstone has already commented on—it did so notwithstanding the fact that the contract with the existing operator, Skywest, expired on 30 June. It entered into that contract even though it had not made any arrangements with Skywest to continue its contract until 12 September, or whenever Amann might have been in a position to take over from it.

It was clear from the nature of this operation that there ought to have been a proper phasing in period, that appropriate deadlines should have been set for the taking over of particular bases and arrangements made for an adequate backup to ensure a smooth phasing in period. It may well have been that, as a result of the delay in the contractual tendering process, there was not time between 12 March and 30 June for this phasing in to take place before the expiry of the Skywest contract. But surely any responsible Minister—the Minister was informed about and approved the entering into of this contract, as I understand it—would have ensured that the Amann contract was not finalised until contractual arrangements had been made with Skywest to bridge the gap. That was patently not the case. It was only about the middle of April that it was revealed that Skywest had been asked to continue its operations after its contract expired on 30 June. That seems to me to be a very clear area for investigation and explanation. It seems unbelievable that that occurred. I think it will probably not be explained except by reason of sheer negligence, not only on the part of bureaucrats but also on the part of Ministers or a Minister.

Fortunately, Skywest was prepared to continue, even though it was in the position of having lost its contract and of having to look after its own interests in the first place—to ensure that its staff were given appropriate notice, to dispose of its aircraft at the appropriate market prices and so on. Skywest was completely left in the air by this indefinite request that it—

Senator Messner—They were left somewhere.

Senator DURACK—Yes, perhaps Skywest was left on the ground by the totally inadequate

arrangements made with it by the Government. It was not surprising to me that Skywest then decided it could not go on any longer. It was not prepared to extend this concession to the Government beyond 12 September unless the Government terminated the contract with Amann. I believe the Government and Australia were very fortunate that the Skywest company was prepared to carry on under this most unsatisfactory arrangement for the company and to bridge what would otherwise have been a great hiatus in the Coastwatch operation. This is a very important part of what must concern the proposed inquiry—not only the circumstances in which it was entered into but also why the contract was so inadequate in major respects, such as the lack of deadlines with which Senator Vanstone has dealt, and why such a great hiatus would have been left after 30 June. Fortunately that did not occur. But it was not because of any good management, simply by good luck. So for these reasons I strongly support the proposed inquiry and hope that it will be conducted in the terms that Senator Messner has moved.

The important thing is to have the inquiry. I hope that it will be a wide-ranging one and that it will effectively report to the Senate on what is a first class bungle on the part of the Hawke Government—particularly its then Minister for Aviation, Mr Morris, the then acting Minister, Mr Scholes or whoever else was responsible. We have no reason to believe that this matter can be just fobbed off again, as Senator Evans is trying to do, as a systems failure. There is clearly a need to investigate the role of Ministers.

Senator BOSWELL (Queensland) (5.21)—I rise to support Senator Messner's motion. I believe that the debate is now becoming a little irrelevant because the Government, the Australian Democrats and the Opposition have all decided that a committee of inquiry will be set up for various reasons. As a senator who was involved in the Senate Estimates Committee E debate on 9 April and who contributed to the debate on 13 May, I want to say a few words about the letting of this contract. Probably the only way one could sensibly describe it would be as a complete botch up. It shows the inexperience of Government members when it comes to matters of business. I do not believe that many of them have been involved in business. They have gone down the road of blindly accepting what the Public Service has told them.

I respond to Senator Collins who said that Senator Messner gave no substantial reasons as to why the motion should be agreed to. Let me put it to the Senate that there were a number of anomalies when the contract was let. The tender was contracted in the name of R. and P. Amann Aircraft Hire, which was a registered business name, but it was not a registered company. I do not see any reason why a contract has to be in the name of a business, it may be able to use another business name. But then Amann Aviation Pty Ltd, a completely different company with completely different directors, was formed. If a tender is entered into under one name the contract should not be let to a company that has a different identity and different directors. That is the first irregularity that should be investigated by the committee.

The tender was submitted for 14 680FL Rockwell Commanders, which the Government departments accepted. Amann then turned up with a different version of the Rockwell Commander, the 690 version, a cheaper version, one entirely unsuitable for conversion to perform this type of work. The aircraft were pressurised, which made the addition of bubble windows and drop hatches very hard. It was stated on the notice of termination, attached to Senator Evans's statement that not one of the planes had a bubble window or a drop hatch. The reason they did not have a bubble window or a drop hatch was that it was near impossible to put them into those aircraft. If a tender is let based on a certain plane, for the tenderer to buy an entirely different aircraft—this is another reason why a committee should be set up—is not acceptable in any form of government tendering. It would be the equivalent of contracting for 14 Range Rovers and the tenderer turning up with 14 Mini Mokes. That matter also has to be investigated.

The planes had turbine engines and had to cruise at much higher altitudes and at a much faster speed than the tender document required. The planes were just not suitable to do the job, and that has to be investigated. Something went wrong with the contract in the various government departments or in the committee that was set up which allowed the contractor to supply a completely inadequate plane. We pointed out all these matters in our speeches on 13 May. Senator Gietzelt replied—I quote from the relevant *Hansard*—as follows:

> I cannot for the life of me understand how any person can claim that this is a matter of urgency and of such importance as to justify spending two hours debating the acceptance by the Government of a contract dealing with the surveillance of our coastline.

If Senator Gietzelt had listened to a bit of reason, I am sure that the Government would not find itself in the embarrassing position it is in

now. It could have found itself in a more embarrassing position, as my colleague Senator Durack has pointed out. A firm was given a contract in about March to get its planes flying by 30 June. It had to purchase 11 planes which were not available in Australia and then adapt them to the specifications required. The contract was let in March and the contract held by Skywest Airlines Pty Ltd expired on 30 June. Therefore, the Government, the Ministers and public servants responsible have failed miserably. They allowed 12 weeks for Amann to get 11 planes in the air and adapt those planes to what was required by the contract. It was an impossible task. It would be impossible for anyone to achieve that, and yet the Government ignored what we continually said.

So many things have to be explained. I believe that gross incompetence has been displayed by the Ministers responsible. Although I do not make a point of attacking public servants in this place, the bureaucracy has to share some or a lot of the blame for this fiasco. The contract never had a chance of succeeding and it was only by an act of good luck that Skywest agreed to carry on its contract until 12 September. It would have been perfectly within its rights at any time to tell the Government that it no longer wished to continue the contract. That would have left Australia without any aerial surveillance at all. That is something that I believe every Australian should be terribly concerned about. Our northern coastline could have been without surveillance for up to six or eight months, until the Government made some other arrangements. The Royal Australian Air Force, a paramilitary organisation, the National Safety Council of Australia or some such body may have been able to fill the gap. The point I want to make forcefully is that the incompetence of the person responsible deserves to be thoroughly investigated by a Senate committee.

I also want to refer to an article which appeared in the *Sydney Morning Herald*, headed 'Amann Pair's link to Whitlam . . .', meaning the Whitlam Government. The article implies that one of the directors of the merchant banking company behind Amann Aviation is on the payroll of the New South Wales State Government and that the other had connections with the Australian Labor Party. These claims may well be irrelevant. They may well not mean anything. But I believe that they have to be investigated by a Senate committee. I support Senator Messner's motion and look forward to the investigation.

Amendment agreed to.

Original question, as amended, resolved in the affirmative.

AUSTRALIA CARD

Senator PUPLICK (New South Wales) (5.31)—I move:

That the Senate notes—

(a) the submissions opposing the introduction of the Australia Card were presented to the Joint Select Committee on the Australia Card by such organizations as:

(i) the Australian Catholic Social Welfare Commission,

(ii) the Social Responsibilities Commission of the Anglican Diocese of Perth,

(iii) the Australian Pensioners Federation, Newcastle,

(iv) the Australian Retired Persons' Association, Melbourne,

(v) the Combined Community Legal Centres Group, Marrickville, and

(vi) the Interagency Migration Group, Parramatta; and

(b) that opposition was also expressed by various trade unions and councils for civil liberties and believes that this gives the lie to Federal Government claims that the Australia Card will be particularly beneficial for low income groups, the poor and the disadvantaged.

In the debate which took place last Tuesday on the urgency motion, which the Senate passed without a division, calling for an adequate public debate on the question of the introduction of the Australia Card, one of the points which both the Special Minister of State, Senator Ryan, and subsequently, Senator Cook tried to make in their addresses to the Senate was that there was particular advantage for the poor, the needy, the disadvantaged and the recipients of welfare benefits in the introduction of an Australia Card. In Senator Cook's speech he said in part:

I want to pose the question on behalf of the poor and on behalf of people who rely on welfare: What about their civil liberties?

He went on to ask, 'Who speaks for them?', claimed that the Australian Labor Party spoke for them and that the urgency motion calling for adequate public debate on this issue, which the Senate eventually passed, was, therefore, not necessary.

I was one of the members of the Joint Select Committee on an Australia Card. It struck me immediately that if one looked through the submissions which were made to the Joint Select Committee it became absolutely apparent that the overwhelming majority of the organised mi-

grant, welfare, legal rights, community and welfare groups and organisations which put submissions to the Joint Select Committee opposed the introduction of the Australia Card and did so on the basis that it would disadvantage people who were already disadvantaged. In Senator Haines's speech on Tuesday, for instance, she drew attention to the position of women who wanted to escape from violent domestic relationships, who sought to move interstate or to some other place and to change their identity—quite legitimately and quite properly—for their own protection and for the protection of their families. Senator Haines drew attention to the extent to which they would be disadvantaged by a system which would allow them to be traced and to become, once again, the victims of domestic violence or of violence directed against them and the members of their families.

So I have moved this motion drawing attention to only six of the many groups representative of churches, of welfare organisations, such as the Australian Pensioners Federation and the Australian Retired Persons Association, of community legal groups and of a group concerned with the problems of migrants, all of which put in submissions to the Joint Select Committee opposing the introduction of the Australia Card. I now propose to take the Senate through some of the comments made by each of those groups.

I turn first to the submission made by the Interagency Migration Group located in Parramatta, New South Wales, which specialises in assisting the protection of the legal rights of migrants. It makes it quite clear that it also seeks to protect the legal rights of people in Australia who are in dispute with the Department of Immigration, Local Government and Ethnic Affairs. The details of the group's submission to the Joint Select Committee can be found in the *Hansard* of the Joint Select Committee's hearings of 1 April 1986. Under the heading 'Conclusions' the submission states:

> It is quite clear that from the enquiries which have looked at DIEA and its detection of overstayers, that there are few reliable statistics available upon which reasonably accurate estimates can be made of the number of overstayers in Australia or of their cost to the Australian taxpayer in terms of unauthorised use of benefits and services.
>
> To support the introduction of the Australia Card on the ground that many illegals will be caught because they cannot obtain such a card and that major savings will result to the taxpayer, is to make a claim without solid statistical data being available.

The group said in its covering letter, which was directed to the Secretary of the Committee, dated 16 December 1985:

> Members of the Group are opposed to the concept of a universal identity card in Australia. The grounds of such opposition include invasion of privacy, the cost to the taxpayer and the likely effectiveness of such cards in saving taxpayers' money.

The group made it perfectly clear that its opposition was on behalf of disadvantaged members of the migrant community who felt that their civil rights were likely to be prejudiced and that the arguments put forward by the Government, which we will have a chance to explore in greater detail when we actually discuss the legislation, were based on a series of false claims and assertions.

I turn next to evidence given to the Joint Select Committee in written form by the Australian Pensioners Federation. The Australian Pensioners Federation says in its submission, which can be found on pages 1270 to 1273 of the *Hansard*:

> We believe that the solution to this problem should be kept in perspective. The cost, the inconvenience and human rights infringements proposed by the NIS—

that is, the national identification system—

> are not legitimate. Requiring individuals to have an identity number is not really going to help that much at all. I really think that it is a nonsense to suggest that it is . . . There is absolutely no security in the NIS system, although the system is already in place for selling personal information. It is big business in itself, and is already standard business procedure: even for credit checks to get the phone on—All they need is the ID number and that completes the system.

The submission concluded:

> The ID card will play a dominant role in people's lives.

On behalf of the many disadvantaged pensioners in the community, the Australian Pensioners Federation expressed an opinion against the introduction of the Australia Card.

I turn to another group which speaks on behalf of retired and disadvantaged people in the community. A submission from the Australian Retired Persons Association, which can be found on page 3334 of the *Hansard* of the Committee's hearings on 24 March 1986, states in part:

> The only people to benefit from the Card would be the empire-building public servants controlling the operation and the private sector suppliers of the enormous computer and the endless millions of identity cards.

The testimony given on behalf of the Retired Persons Association by Mr Parry contains considerable detail of the ways in which he believes that members of his association and the people for whom he acts—he is a chartered accountant—defending them and securing their pension and entitlement rights will find themselves dis-

advantaged by the introduction of the Australia Card.

I turn next to the submission from the Combined Community Legal Centres Group in Marrickville, New South Wales. This is a group that acts on behalf of a number of welfare organisations in Sydney in order to help them secure their legal rights and to protect their entitlements. It made a submission which will be found starting on page 588 of the *Hansard* of the Joint Select Committee. This group says:

> The possession or non possession of a card (if an identity card system is introduced) will be of much greater significance to those groups in the community already disadvantaged, discriminated against or otherwise regarded with suspicion. These are exactly the groups most likely to lose, or have stolen, cards due to circumstances of lifestyle and uncertain housing.

About migration it says:

> One of the proposed uses of an identity card is to control illegal immigration. A similar system has not worked in the U.S.A. Indeed it has led to a grossly exploited class of illegals who have none of the protections of labour and industry laws.

Under the heading 'Starting Life Anew' it also made this point:

> The classic case is that of a woman who has been the subject of gross domestic violence.

As Senator Haines indicated on Tuesday the group details the circumstances whereby a person seeking to escape from an unsatisfactory relationship which has involved gross domestic violence is going to be one of the potential victims of the numbering and tracing system which the Australia Card will introduce.

I turn now to what the Australian Catholic Social Welfare Commission had to say. Its testimony will be found on page 873 of the *Hansard* of 1 April 1986. It makes a number of points. It says, among other things:

> Another stated objective of the system and card in the longer term is 'to rationalise the many Government identification systems currently in operation and to simplify dealings with Government for all Australians'. This could be seen as a major threat to privacy and civil liberties. A fundamental principle that data gathered for a particular purpose ought not to be used for any other purpose without the consent of the subject could be jeopardised. Although the Government considers cost efficiency in terms of dollars and cents, it needs to consider likewise the human element. In this case, it is the right to privacy on the part of its citizens.

The Commission goes on to say that it believes that there are proper alternatives to the establishment of a national ID card system in Australia. It says:

> The Community generally does not seem to be aware of the implications of the proposed legislation and more time ought to be given to the dissemination of information to it before Parliament seeks to introduce such legislation.
>
> With these concerns in mind, the Commission is of the opinion that the disadvantages seem to outweigh the potential benefits of a National ID card.

I do not believe that the Australian Catholic Social Welfare Commission does anything other than speak for a large number of disadvantaged people in the community. That it does so with complete integrity and that it does so with a great deal of expertise—indeed, far more expertise than was demonstrated in the debate on this subject today by either Senator Ryan or Senator Cook during their contributions last Tuesday.

I turn, finally, to the submission made by the Social Responsibilities Commission of the Anglican Diocese of Perth. It presented a written submission which will be found on page 3027 of the *Hansard* of 4 March 1986. The Chairman of that Commission, the Right Reverend Michael Challen, Bishop of Perth, to whom you, Madam Acting Deputy President, referred in your excellent contribution to this debate on Tuesday, gave evidence to the Committee. The Commission, in its written submission, said:

> With an identity card system, the Commission suspects that increasingly people will need to prove themselves to be who they declare themselves to be by the production of their identity card. In other words the introduction of a legal system of identity cards will be contrary to the promotion of healthy social relations.

His Grace the Bishop went on to say that the impact of an identity card and the information systems on a fundamental reality about human relationships, namely, the matter of trust, was something which he regarded as a very serious problem. It needs to be borne in mind that His Grace, when asked about the effect of the card on people who were otherwise users of the welfare services provided by the Social Responsibilities Commission of the Diocese of Perth, said:

> In other words, a card could lock a person out who is needy, who is desperate for assistance.

In other words, His Grace was making the point that in fact the card itself may operate with a quite negative impact upon the lives of people who are most in need of assistance from the welfare system.

I am anxious to allow some of my colleagues to participate in this debate. Therefore, I will make only a few very brief remarks which do not arise directly from the evidence which I have quoted from the various welfare organisations. I will simply draw attention to the fact that in the *National Times* of 21 September 1986 there was an article headed 'For Sale: Social Security

files'. In response to that the then Minister for Social Security, Mr Howe, put out a Press statement on 21 September in which he admitted that the Department of Social Security was vulnerable to breaches of privacy and confidentiality because of the records it keeps. It keeps records on the people who by and large are the needy in our society. It is their records which are subject to being tapped. It is their records which are subject to being stolen. It is their records which are subject to being misused to their detriment. When one looks at the attitude which the Government takes in terms of the proposed extension of this, one will note that only on the third of this month was there a report from Brisbane in the *Sydney Morning Herald* which quoted the Minister for Veterans' Affairs, Mr Humphreys, who told the newspaper that he was in favour of extending the proposed Australia Card to applicants for veteran's pensions. It is reported that Mr Humphreys said:

> Most of the veterans already have all their records on file anyway, and it would make little difference to take it one step further.

This is what we have been saying all along—one step further. They are the very words used by Mr Humphreys, the Minister for Veterans' Affairs. We know that the Health Insurance Commission in its outline plan indicated that it would be looking for an extension of the use of the card. It said in its own documentation:

> It will be important to minimise any adverse public reaction to implementation of the system. One possibility would be to use a staged approach for implementation, whereby only less sensitive data are held in the system initially with the facility to input additional data at a later stage when public acceptance may be forthcoming more readily.

Senator Knowles—It is a dreadful admission. Tell us what is in store for us.

Senator PUPLICK—As the honourable senator said, it is a dreadful admission from the Health Insurance Commission, from its own planning documents, for it to say, 'Let's con the people. Let's try to tell them that there will only be a little data about them held on our records initially, but we'll have the capacity to put in more as time goes by and as people are soothed into thinking there is nothing particularly strange about this'. Opposition has been expressed to this by groups such as the Federated Clerks Union, the Australian Public Service Association, the Administrative and Clerical Officers Association, the Building Workers Industrial Union, the Amalgamated Metal Workers Union, the Independent Teachers Association, by Premier Cain, by Premier Unsworth, by Premier Burke——

Senator Knowles—And senators and members from within the Labor Party.

Senator PUPLICK—To whom we will come in a few minutes. Is it to be assumed that those trade unions, those Labor Premiers, and those Labor members of parliament who express concern about the identity card do not speak for the poor, for the disadvantaged, for the needy, for those who will be the victims of the misuse of this system? Are we to assume that those Labor heroes, Prime Minister Curtin and Chifley, who spoke out against the national identification system were not mindful of the position of the poor and the needy when they indicated their opposition to it?

Senator Walsh—Ben Chifley was Prime Minister and people had to carry it every time they left home and produce it to anyone in authority.

Senator PUPLICK—I know that the Minister would like to get back to that system. All of us on this side of the chamber have no doubt that that is precisely the sort of situation to which Senator Walsh wishes to revert. He wants to get the card scheme in place now, telling everybody it is not compulsory, while working gradually, on the good Fabian socialist principle, towards the establishment little by little of a system where one will need to carry it and produce it all the time. These are precisely the difficulties which were presented in evidence to the Joint Select Committee on an Australia Card. In the Hobart *Mercury* of 25 August 1987 the Tasmanian Australian Labor Party member Mr John White expressed his concern. Mr Lewis Kent, MP, in the House of Representatives has expressed his concern. Senator Bolkus, in a submission to the Joint Select Committee, expressed his concern. Indeed, on *The World Today* program of 10 June 1986 he again expressed his opposition to the card. We know that such Labor stalwarts as former Senator James McClelland, Mr Petersen, a member of the New South Wales State Parliament, and Mr Cyril Kennedy, MLC, in the Victorian Parliament, have expressed their opposition. We know that John Saunderson, MP, in an article in the *Journal of Civil Liberty* of January-February 1986 entitled 'ID Cards—the case against', expressed his opinion. He even sent around to all members of Caucus a letter—it starts off 'Dear Comrade'—in which he went through the arguments why the Joint Select Committee was correct in recommending against the introduction of a national ID card and why a letter which had been sent around by the

minority of Labor members on that Committee was in fact a misrepresentation of the truth. In respect of the report of the Joint Select Committee he says, in part:

> The majority report, for which I take some credit in its preparation, has rejected the introduction of an ID card with or without a photograph.

So we know that within the Labor Party there are people, whatever their factional allegiances, who are totally opposed to the introduction of the ID card. We know that the spokesmen and organisations who act on behalf of the poor, the needy and the disadvantaged have made it quite clear that they believe the ID card will be more likely to be a burden and a difficulty for these people than for anybody else. We must bear in mind that these are the people about whom there are most likely to be records. They are mostly likely to have interconnecting welfare records in social security and health. Some of them will have interconnectable police records. A large number of them will be subject to conditions in which they will be the most obvious targets of theft, misuse and misrepresentation by others, because of their circumstances. They are the ones most likely to lose their cards and not have the documentary evidence they need to get a replacement card. They are most likely to be the victims of violence, assault and theft, and therefore of misuse of the card allegedly establishing their identity. Therefore, I believe that of all the spurious claims made by the Government in relation to the identity card, the claim that it will be of particular benefit to the poor, the disadvantaged and the needy is one of the most spurious and the one which is most easily rejected.

Senator KNOWLES (Western Australia) (5.54)—I think it is absolutely amazing that we have to continue to debate this issue when the Government must be quite aware of the public outrage to it. A few months ago it was debated in the context of limited public awareness and considerable apathy. But that has all changed, and the public simply does not like it. It is about time the Government accepted that the public does not want this type of national tagging, dogtagging, tattooing—call it what you like. It is being demanded of the Government that it answer questions—questions that it cannot or will not answer.

The public debate is very one sided because the Government recognises the fact that it simply does not have the answers that can carry the day on this issue. There are unprecedented numbers of petitions calling for the rejection of the proposal. I, as just one Senator, have already presented 18,596 signatures on petitions to the Senate this week, with a further 2,000 to be presented tomorrow. There has been an unprecedented number of letters to newspapers. The *West Australian* has admitted that its letters are running at 50 to 1 against the card. Many of the newspapers—the *Australian*, the *West Australian* and a number of the other dailies—are in fact running full pages of letters against the ID card because of the averages they are getting. There has been an unprecedented number of letters to Government senators and members. They are not read, not answered and not acted upon—and that is an absolute disgrace.

This country's Prime Minister (Mr Hawke) continues to say that he has a mandate to put this measure through. That is simply not so. The Australian Labor Party received only 45.8 per cent of the vote. The non-ID card parties received 52 per cent of the vote—and let us not forget it. There is a difference between winning enough seats and winning a majority of votes. Where is the Government's logic? It does not want to enter into logic. Government members say that the recent election was fought on the ID card issue. It was simply not fought on the ID card and they know it. That was because they knew that they could not convince the Australian electorate that the ID card was worth while. The Government even went so far as to stop the printing of Bills for distribution to the public so that the public would not be able to get the Australia Card Bill. Efforts to contact all the relevant authorities to get copies of the Bill for constituents who wanted them saw us being told that they could not be obtained. We were told that the Government would not reprint it because it did not want the public to know about it. That is a disgrace. It is the right of any Australian citizen to have a copy of a Bill that is going through this Parliament. But this Government wants to make sure that the public is not informed on any of these issues.

The standards have changed dramatically since 1951 under the Menzies Government when it obtained a double dissolution over the Communist Party Dissolution Bill. The campaign was run on that issue, the Liberal Party won a majority of seats in both Houses, and yet that Liberal Government still went to a referendum at which the Bill was rejected. That was the way the Menzies Government operated—but not this Government, no. It calls a double dissolution on a particular issue, will not canvass it and will not have a referendum, because it is not game to go to the public. Now, in 1987, the Govern-

ment simply conceals the reason for an election and will not let the people decide.

The Liberal Party and its coalition partner have consistently warned against the ID card even when it was an unpopular decision to do so—even when the media were saying that we were wrong. They would not even report on the two extensive debates that were held in this chamber. The Government has said that this is one of the longest debates that has been held in this chamber. What did we see in the newspapers? The newspapers and also the electronic media were very tardy indeed in reporting accurately any debate on this issue. The media and the Government painted us as friends of the tax cheats and welfare frauds. They cannot any longer go on doing it because there is no point in dog tagging the whole 16 million Australians as criminals for the very small minority of people who avoid tax and indulge in welfare fraud, which this card will not stop anyway.

The important question that needs to be asked in this whole debate is: why has this tardy Government—this Government that wishes to conceal the facts from the Australian public—gone against the recommendations of the Joint Select Committee? Why did it set up a Joint Select Committee and then just throw out the window any recommendation that came forward suggesting that the card would not help? Why is it that the Government has continued to say that the card will stop tax evasion, welfare fraud, illegal immigration, the cash economy—all these things—when in fact the Government departments, plural not singular, have admitted to the Joint Select Committee that it simply will not stop these things?

The Joint Select Committee heard from the Department of Social Security that its problem was not associated with those using fictitious identification. In fact, the Department estimated that 0.6 per cent of welfare recipients were in that category—not even one per cent, but 0.6 per cent. This Government is saying that we are going to dog tag 16 million Australians to catch 0.6 of welfare recipients. The Department of Social Security said that it will not even catch them with that. The Department does not have a problem with people using multiple identification; it has a problem with people not telling the truth. How is an identity card going to stop people misrepresenting their circumstances? It simply will not, and the Government will not admit it.

We have the absurdity of Dr non-medical Blewett, the Minister for Community Services and Health in the other place, Senator Susan Ryan in this place and the Prime Minister in the other place all saying that they are going to carve up the Bill afterwards and make it different. Why does not the Government amend the Bill here? Dr non-medical Blewett said in February this year that he was going to amend the Bill before it came back into the Senate this year. But he did not bother to change even a comma in it, let alone change or amend the Bill itself.

Only today the Prime Minister gave a very simple answer—I suppose that is appropriate—to the question of what the amendments or alterations the Government was going to make after it had rammed this Bill through. The Prime Minister was asked whether he would elaborate on those changes. His simple answer was, no, he would not elaborate on them. Why will not he elaborate, why will not Senator Ryan elaborate, why will not Dr non-medical Blewett elaborate? It is because they have something to hide. If they want to amend the Bill, they should have amended it before they brought it back into the Parliament. But, oh no, that is too simple. They say, 'We cannot do that'.

As my colleague Senator Puplick has already said, there are so many people on the Government side of politics who do not want this Bill, including a number in this very Parliament. What does the Government do? It gets them by the scruff of the neck and makes them vote one way. It makes them vote the way it tells them to vote by using the threat of expulsion. Look what happened to former Senator George Georges. This Government and the Labor Party need to look at whether or not they are game to expel the 30 or 40 senators and members on their side of the Parliament who want to vote against this Bill. Is the Government going to expel the lot of them? It would be a very interesting Parliament if it did.

It is interesting to read what has been said by other people such as John Halfpenny who, mind you, one would think was the Prime Minister of this country judging by the way he rules the Prime Minister. The *Age* of 11 September 1987 quotes John Halfpenny in the following terms:

> The Government does not have a mandate from the electorate.

He crossed his Prime Minister when he said that. He went on to say:

> The ID Card was used as the vehicle for a double dissolution but did not rate two lines in the Prime Minister's speech. I would suggest to you that either

deliberately or for some other reason, debate on the ID card during the election campaign was concealed.

That is the Government's mate John Halfpenny saying that. Honourable senators opposite reckon he is top of the wazir when he is saying the right thing; but they reckon he is in the pits when he is saying things like that. Premier Burke, the so-called wonder kid of Western Australia, said:

I think the Federal Government has to some extent been caught napping by the opposition and the strength of opposition to the Australia card . . . the national government has not explained the Australia Card properly or fully . . .

Mr John White, an ALP member of the Tasmanian House of Assembly, said:

. . . the card will not touch corporate tax evasion which is major contributor to tax evasion.

Is not that interesting? The Government's scaly mates around the country are all saying that it will not work, yet Government members persist with some dream that they have at midnight or four o'clock in the morning that it is going to work. All of the evidence that has been put before the Government says it will not work. My colleague Senator Puplick both yesterday and today, or the day before that and today—whenever it was this week—has given endless reams of information to this Parliament as to why the card will not work. The Parliament has debated this matter fully—it will not work.

Senator Ryan stood up the other day and said: 'Oh, it is all right. Do not worry about a national identification system that gives us all a number that is tattooed on the forehead, because we all have a drivers licence'. When interjections came across the floor asking whether a drivers licence was compulsory, she virtually said yes. I think that is an absolutely outrageous thing to say. My 15-year-old niece does not have a drivers licence. It is not compulsory. A lot of people out there in the community do not have a drivers licence. We were then told about passports and all these other documents that carry identifying numbers. There is no such single identifying compulsory number in this country and there is no such single identifying number or system in any other common law country in this world. But, oh no, Australia wants to go to the bottom of the barrel and that is exactly the way we are going to go. We are going to go down the mine shaft with a tail wind if this type of legislation is allowed to go through.

The simple fact of the matter is that the Government revenue estimates were discredited by the Joint Select Committee on an Australia Card. The proposal was rejected by members of all political parties on the Joint Select Committee—not just the ratbag elements that the Government talks about now. If it is going to talk about ratbag elements it has to include its own. Frank Costigan QC claimed that an ID card would have done little to inhibit the organised crime which he investigated. As Australia's most experienced royal commissioner against organised crime, Costigan vigorously opposed the card. Yet the people on the Government benches could not care less.

The intrinsic value of this card is going to make it worth forging. A whole new business is going to be set up in the forgery department. Of course, we are going to have fines, fines and fines. Mind you, the fines will create a whole new business because so many people will not be able to pay them. I suppose the Government will set up a new little industry to build the prisons in which these people can be locked up. The Government simply will not have the resources to get people to pay fines of $20,000, $100,000 and so on.

Another one of the Government's mates, Mr Lewis Kent, Labor MP, said:

There is no doubt that once the ID card is introduced it can be used for any purpose, legitimate or sinister, depending on the government of the day—or, even worse, on the bureaucracy.

Yet the Government says, 'Oh, no, that is all right. He did not mean that. He meant something else'. One has to take these people at their word. There are so many of the Government's own mates who do not want this. Why does it not let them have a free vote? Why does not the Government put this matter to a referendum? It will not allow the people to decide.

I think it is worth repeating what Senator Puplick said a moment ago about the leaked document from the Health Insurance Commission setting out where it wants to start and where it wants to finish. The Commission wants only to bluff the people in the first instance and then come down with a sledge-hammer and bang them on the back of the head when it is ready. It said in this document that it is going to minimise any adverse public reaction to implementation of the system but that it has a facility to input additional data at a later stage when public acceptance may be forthcoming more readily. How sinister can one get! These are the people who are putting the plan to the interdepartmental committee on national identification. They are the ones that are saying, 'Let us just creep in through the back door and then burst

out the front door when we are ready, when everyone has gone to sleep'. It is just outrageous and this Government could not care less.

We should look at what people such as Dr non-medical Blewett have said. The socialist tendencies of the Minister have been quoted many times. We have heard his comments about privacy being a bourgeois right similar to the right to own private property. Well, I think the right of Australians to own private property is pretty jolly important and something that we should not treat lightly. But this Government, this Minister and his assistant Minister, who perhaps is a Minister without portfolio, are really fighting an uphill battle. Until such time as they decide that they want to put this to a referendum they are in real strife, because there are too many safeguards which are just not in existence. This so-called Data Protection Agency has been an absolute disaster in Sweden, yet this Government models its system on the Swedish experience. It cannot see that it has been a disaster there.

The ACTING DEPUTY PRESIDENT (Senator Morris)—Order! The time allotted for General Business has expired.

AUSTRALIAN NATIONAL RAILWAYS COMMISSION AMENDMENT BILL 1987

Second Reading

Debate resumed from 15 September, on motion by **Senator Gareth Evans:**

That the Bill be now read a second time.

Senator WATSON (Tasmania) (6.10)—The Bill before the Senate, the Australian National Railways Commission Amendment Bill 1987, is certainly a much more mundane item for debate than the last two motions that have been before the Senate this afternoon. The Bill amends three parts of the original 1983 Act. The first amendment concerns section 13, which deals with the provision of an entertainment carriage on some Australian National (AN) passenger services, including the provision of gambling facilities and the sale and supply of travellers' requisites.

The second amendment preserves the existing rights of employees who have been transferred to Australian National under the Railways Agreement (South Australia) Act 1975, to elect whether to claim compensation under either the Compensation (Commonwealth Government Employees) Act 1971 or the South Australian Workers Compensation Act 1971, which is shortly to be repealed. The effect of the second amendment will be to continue the right of eligible employees to have access to the provisions of the repealed South Australian Act. In effect, employees of Australian National who transferred from South Australian Railways will have their existing compensation provisions maintained.

The third amendment broadens section 70 relating to the powers of boards of inquiry to examine the causes of railway accidents and to make appropriate recommendations. The Opposition supports the broadening of sections 70 and 47, but has certain reservations about the amendment to section 13, which allows poker machines and some card tables on Australian National trains. The Minister for Transport and Communications, Senator Gareth Evans, foreshadowed in his second reading speech that poker machines will be installed in some AN passenger trains. What is not clear is what number of poker machines will be allowed. We do not want a Macao type situation, where almost every square inch of the available area is covered with poker machines. The Opposition seeks an assurance from the Minister that reasonable limits will be imposed on poker machine numbers. Unfortunately, poker machines do have an insidious attractiveness, especially to young people. In clubs these can be, and generally are, well policed with proper supervision. But on a train such supervision would be impossible because safety requirements mean that a train cannot have a closed off passenger carriage for entertainment type purposes.

We wish to know what steps the Government has offered to take to ensure that these gambling facilities are not available to children. Senator Evans did not, of course, mention the social effects that these poker machines will have. I contrast the allowing of poker machines on Australian National entertainment carriages with the position on the trans-Tasman line, which runs the *Abel Tasman.* The Tasmanian Government has rejected the installation of poker machines on that vessel. I think it is proper that Australian National continues to try innovations and experiments to see whether it can increase patronage at a time of generally declining long distance rail passenger services. It is also good that the entertainment carriage will, I think, be managed by the private contractors, as this will tend to result in tighter cost control. It is vital for Australian National Railways, the Government and most importantly the taxpayers of Australia, that the $70m deficit incurred by Australian National is continually reduced. I must note, to be fair, that Australian National has been addressing this deficit problem and has made quite substantial inroads despite the fact

that it must contend with the difficulty of not controlling all aspects of some of its services, for example, the *Indian Pacific*. The large deficit in the transport area is not unique to Australian National.

In February this year, the then shadow Minister for Transport, the honourable member for Murray, Mr Lloyd, commented in another place on a 1985 seminar which looked at ways of improving passenger services, particularly those going east-west and west-east. That seminar recommended that management consultants be appointed and that a market survey be undertaken. This was done and the recommendation was that there be a single organisation to control rail passenger services, similar to Amtrak in the United States of America or Via Rail Canada. The result so far has been restricted to the railways of Australia establishing a national passenger group, but unfortunately the pace of reform to make the system more cost effective and attractive to travellers has been far too slow. The frustrations which have been shared by all parties in this Parliament is that they have little direct power to intervene in the inefficiencies and wastefulness in some of the State systems in contrast to the Federal ones. One of the things we must do is deregulate surface transport to allow competition with the railways at a State level; that is, allow the sort of competition which presently exists, say in South Australia, with transporting passengers, grains, wool and superphosphate, and at the same time reduce the burden on the taxpayers and the exporters of Australian produce.

The point that has to be emphasised is that cost recovery alone is not sufficient. The Inter-State Commission, for example, or commissions of inquiry, royal commissions and bodies such as the Industries Assistance Commission, are all instruments that I believe the Commonwealth can use to expose some of the inefficiences in some of the State systems. We hope that this pressure will lead to a re-evaluation and a more cost effective approach. Commissioner McColl of the Royal Commission into Grain Storage, Handling and Transport has released a paper indicating that 47.3 per cent of a grain grower's gross return is taken from him at a point known as beyond the farm gate. Sea freight costs account for 16 per cent; the Australian Wheat Board accounts for 11 per cent; rail freight accounts for 10.4 per cent and storage and handling accounts for about 10 per cent. The tonnage of grain handled per annum at the bulk grain terminals in New South Wales is only 24,000 tonnes per employee. In Canada, by contrast, the lowest figure is 33,000 tonnes and the highest is 75,00 tonnes. In the United States of America the figure varies between 53,000 tonnes and 96,000 tonnes per employee. From these figures it is clear that Australia has a long way to go in providing a competitive transport system which will allow the primary producers and exporters of this nation to continue to sustain their livelihoods. The same sorts of ratios apply in relation to passenger transport trains.

I think it is worth noting when we look at section 70, which relates to road accident inquiries, that some measures need to be taken in general terms for railway safety. I believe, for example, that reflector strips should be provided on the sides of rolling stock to decrease the high number and tragic results of level crossing accidents in practically every State. If reflectors were provided, on a dark night a motorist approaching a crossing where there were no flashing lights, and with the increased speed of trains, would be provided with an extra warning that there is a train crossing his path. I put it to the Australian National Railways and unfortunately it was not prepared to take up the suggestion.

I now turn to my own State of Tasmania. Tasmania has not had a passenger train service for 12 years since the Federal Government scrapped the Tasman Limited. It is all very well for the Minister to wax lyrical about hair salons, souvenir shops and video machines, but of course none of these benefits will come to my State of Tasmania. The Minister also announced four new initiatives undertaken by Australian National, all of which were of course in South Australia. Australian National is responsible also for the operation of Tasrail. In February 1983 Mr Hawke announced in Hobart that he would immediately grant $3m of a 10-year $20m development and upgrading program for the Tasmanian railway system. Mr Hawke then said that the grant would be increased in line with inflation. That was certainly good news for Tasrail and the Tasmanian people.

The next thing the Government did in this field was in July 1986 when the then Minister for Transport, Mr Peter Morris, wrote to the Tasmanian Minister, Mr Nick Evers, saying that the Government had directed the Bureau of Transport Economics to undertake a study of the possible impact of the closure of Tasrail and that he expected the report early next year. The report is due to come out early in 1988. Therefore, on the one hand Mr Hawke is promising funds for the upgrading of the system and Mr Morris is announcing a report to close all Tas-

manian railways. Unfortunately, the Tasmanian Government was not consulted prior to this inquiry being instituted. No reference was made to the Tasmanian Minister's office or input sought on the terms of reference. One has a right to be very cynical about this Government's ruthless attitude to Tasmania in many areas. Unfortunately, railways are just another example in a long list of broken promises and undertakings.

I mentioned earlier that in some States road haulage is a viable alternative to rail transport. In Tasmania, because of our poor road infrastructure and the number of heavy industries such as forestry and mining, the railways are a vital element of the economic framework. If Tasrail closed, at least $55m would have to be provided immediately for early road upgrading. Another $5m to $6m would be required for road maintenance. There would be a cost of between $30m and $40m to the private sector for the provision of additional heavy vehicles. One company alone has indicated that it would require a further 80 vehicles to provide it with coal. The costings provided by the Department of Transport do not include any amounts for the relocation of the infrastructure of the system. There is also the question of compensation for retrenched railway employees.

Tasrail reduced its loss in the last financial year by 5 per cent to $19.7m. Since 1977 this loss has been progressively reduced by 37 per cent, and this Government wants to impose an initial cost of over $100m on Tasmania business and industry if the closure goes ahead. It should be noted that road transporters pay a levy to Tasrail when they carry bulk commodities such as logs, cement or bulk fertiliser on the road. It would be very dangerous for the regular log trains to be replaced by hundreds of juggernauts on Tasmanian roads, which are generally not designed to cater for such heavy loads. The road toll would increase, road maintenance costs would burgeon and the long term cost to the State would be astronomical.

The Tasmanian Government has been steadily improving the efficiency of the road system. Recently on the advice of the Australian Traffic Advisory Council load limits were increased from 38 to 41 tonnes to maximise the effectiveness of the road transport industry. The Federal Government should be improving the effectiveness of the railways to complement a better road haulage system. Instead, the Labor Government has asked for an inquiry into closing the whole operation. I put it to the Senate that it would be far better if this Federal Government improved the effectiveness of railways to complement road transport.

The Hawke Government's attitude to Tasmania, as has often been mentioned, is disgraceful. Senator Gietzelt, when he was Minister representing the Minister for Transport, said that the Australian National had launched a number of major initiatives to provide better, more efficient services to its customers, but none of them were in Tasmania. The Federal Government has abrogated its responsibility to maintain and upgrade Tasrail and now seeks—ignoring the interests of the Tasmanian Government, Tasmanian industry and road haulage groups—to set up the Bureau of Transport Economics inquiry.

At this point I must compliment Australian National Railways on the cost recovery targets it is applying. It is very important to have the most cost-effective passenger services, and the setting of a 60 per cent target for Australian National to improve its passenger cost recovery level is a step in the right direction. I commend the management of Australian National in its previous work and its continuing commitment to cost efficiency. However, I seek assurances from this Government that this Bill will not give children easy access to poker machines. I am concerned about the Hawke Government's attitude to our rail system, and I urge the new Minister, Senator Gareth Evans, and the Government to make a real and constant commitment to the development of the Tasmanian transport system and indeed the whole railway system throughout Australia. With the reservations I have outlined, the Opposition supports this Bill, which I commend to the Senate.

Sitting suspended from 6.28 to 8 p.m.

The PRESIDENT—Before I call Senator Schacht I remind honourable senators that this is his maiden speech and ask them to extend the usual courtesies to him.

Senator SCHACHT (South Australia) (8.00)—Before I speak specifically about the matters contained in the Australian National Railways Commission Amendment Bill 1987 I wish to make some preliminary comments about the Senate convention which allows new senators in their first speech to be heard without interjection. I appreciate your asking the Senate, Mr President, to extend this courtesy to me. However, on Tuesday in the matter of urgency debate on the Australia Card I made a number of interjections whilst Opposition senators were speaking. I did so because I believed that many of the assertions being made were clearly inaccurate and certainly provocative. The Deputy

President, Senator Hamer, called me to the chair to advise me privately that it was not customary for new senators to interject until they had made their first speech. He said that this was because other senators would extend to me, as a new senator, the convention of not interjecting during my first speech in this chamber. While believing that in most cases conventions should be supported, I note that in October and November 1975 the then Opposition in the Senate broke many constitutional conventions regarding the passing of the then Government's Budget. I believe that the breaking of those conventions was much more serious than any transgression that I might have made by my interjections on Tuesday. However, since it seems that I have broken the convention, I think it only fair that, if any senator feels that my following remarks are worthy of interjection, he or she should feel free to interject.

Whilst I am speaking about such matters, I believe it opportune for me to set out my own views on how I see my involvement in political debate because of the controversy about my interjections on Tuesday. I have been very fortunate in that I have been able to spend nearly 20 years in full time involvement in politics. During this 20 years I have always been open, forthright and direct in expressing my views, whether within the Australian Labor Party (ALP) or in the community. I have never asked that any quarter be given and I have never given any in return. If one cannot take the heat, one should get out of the kitchen or, as Harry Truman once said, 'the buck stops here'. Even more bluntly, if one is prepared to dish it out one should not squeal when one cops some of it in return. Although I have dished it out from time to time I have certainly copped plenty in return and I have taken it on the chin. I have always accepted that as part of political debate and I have certainly accepted that within the debates in the Labor Party in my own State. The only qualification which must be placed on these views is that one should stick to the issues and play the ball and not the man or the woman.

I know, for example, that some senators believed that my questions on Tuesday to the Minister for Finance, Senator Walsh, about Mr Des Moore were uncalled for. I do not agree. Mr Moore chose to use extravagant language about the need to reduce government expenditure. That is fine. He has every right to do so and that is part of the public debate. But in my view he should have ensured that his own use of public moneys was all above board before he commented.

Like all senators, I have no doubt that I will make mistakes. I will err; that is only natural, When I do I am sure that other senators will use their every right to point out my mistakes to me. I also wish to stress that outside this chamber and away from public debate, I believe that at a social level all senators, of whatever political persuasion, can privately discuss and exchange views with personal civility and courtesy. For example, in recent times I have had private discussions and meetings with senators such as Senator Stone. I first remember meeting Senator Stone many years ago on a Friday night in the National Press Club over a number of drinks. I enjoyed the exchange. We did not agree on anything we talked about but to me it was a very useful discussion and it certainly sharpened up my views on a number of issues on which Senator Stone expressed himself so forthrightly. I have also had the opportunity in South Australia to be involved in public media debates with Senator Hill from South Australia. The most recent one was a debate on election night on 11 July. I must say that it was a more pleasant experience for me than it was for Senator Hill to be talking about why the Labor Government had been re-elected for its historic third term.

The most recent involvement I had with senators opposite was in January this year when I was fortunate enough to be chosen to visit the United States of America as a member of a delegation. Also on that delegation were the now Senator Bishop, who was then the President of the New South Wales Branch of the Liberal Party, and Senator Chris Puplick. During that trip we had many interesting social gatherings and exchanges. Today Senator Robert Ray said to me, 'We have a marvellous photograph of you, Schachty, having a dance with Senator Bishop'. He offered to publish it in the Labor Party *Herald* in South Australia as a way of indicating to me that I have to watch myself. All I will say about that is that I have also seen an even more interesting photograph of Senator Bishop and Senator Chris Puplick dancing together. Anyone who knows a bit about the internal history of the New South Wales Liberal Party in recent times will know that that is really an amazing photograph and an amazing occurrence. Although we often disagreed strongly, I found the chance to discuss, exchange views and debate with members of opposite political persuasions very instructive. Whatever arguments take place in this chamber—no matter how forthrightly and vigorously they may be

expressed—I would always attempt to maintain a civility and a courtesy to all senators.

I must also refer to a remark that Senator Stone made the other day in his maiden speech when he said that he thought it was provocative to be wearing an H. R. Nicholls tie. It might have been provocative and it was particularly provocative to me as I have been noted for some time as having an aversion to wearing any tie, let alone the H. R. Nicholls tie. I advise Senator Stone that he should stop wearing it before it strangles him. However, I point out to senators in this chamber that I am not the only person who does not wear a tie. There are 17 other senators who come into this chamber every day without wearing a tie. I am the eighteenth. I notice no one comments about the fact that the other 17 never wear a tie. The fact that they are all women senators might explain it. I only hope that we 18 who do not wear ties can set a further trend for the remaining male senators also occasionally not to wear ties.

I make a further comment about ties because I do not know whether senators are aware of how the tie developed. It developed in the fifteenth century from Croatian mercenaries who were hired by one of the French kings to fight on their behalf. In those times they wore around their necks a dirty rag which they used to clean their muskets. The French dandies of the court thought that they could adapt it. They started wearing frilly arrangements and from that the tie developed. I find it interesting that it is now the convention in Western society that we have to wear a piece of clothing that developed from a cleaning rag for Croatian mercenaries.

Before I get to the substance of this Bill, I would say that later in this session I will speak in the Address-in-Reply debate in which it is more customary and traditional for new members to make their first speech. During that speech I will refer to a number of remarks that Senator Chaney made only the other day in a debate in which he said that it was disgraceful that the Labor Party had been campaigning in recent times using distortion in advertising to win elections. I will not go into details here but I say to Senator Chaney that as a former State secretary of the South Australian branch of the ALP, a former full time official for nearly 20 years who has been through 27 election campaigns—many that we have lost but a lot more in South Australia fortunately that we have won—I will spend some time explaining to him some of the developments that have been made in advertising. I will also explain that many of the developments that he is complaining about started with some of the activities and methods adopted by the Liberal Party when I was a young person in the late 1950s and early 1960s.

Some may think it strange that I have chosen to make my first speech on what may appear to be a relatively unimportant Bill. However, there are a number of quite valid reasons for my selection. The Australian National is of particular importance to South Australia because South Australia is the centre of the trans-Australian rail system for both freight and passengers. As I am an elected senator from South Australia, it is therefore most appropriate that I speak to the Bill. In recent years South Australians have seen many worthwhile developments in the rail system in our State, particularly since the Whitlam Federal Labor Government and the Dunstan State Labor Government in 1974-75 reached the agreement which saw the non-metropolitan South Australian railways sold to the Federal Government to become part of the Commonwealth railways and subsequently the Australian National. As a result, South Australians have seen the standardisation of the Adelaide-Crystal Brook railway, the establishment of a new headquarters for Australian National at Keswick in Adelaide and the building of a new interstate and country passenger terminal also at Keswick.

We have also seen the upgrading and modernisation of many country rail tracks. This is important to the servicing of our rural community in the transporting particularly of grains at harvest time. We have seen the progressive concrete sleepering of the Trans Australian railway line. By the end of this year some 80 per cent of that track will have been so upgraded, making it a much more efficient track to be kept and used. These more recent developments have been built upon other developments going back some 25 years. In mentioning them I pay tribute not only to former Labor governments but also to former Liberal-Country Party coalition governments. For example, the standardisation of the Port Pirie-Broken Hill line in the early to mid-1960s was a very important step in establishing the national rail system in our State and in this country. We also saw the building of the new standard line from Port Augusta to Whyalla which opened in early 1972. In the mid to late 1970s we saw the building and opening of the Tarcoola to Alice Springs line. Like most South Australians, I have always argued that we would like to see that line extended to Darwin, and certainly I will continue to argue for that. I appreciate the fact that under the present Federal Labor Government, with the priorities that

it has to set in the present economic circumstances, that program cannot be completed as fast as we in South Australia would like to see it done.

It is also important to remember that Australian National, despite declining employment through attrition, is either the second or third largest employer in South Australia. At the moment nearly 5,000 people are employed full time by Australian National. That is a very important fact to all of us in South Australia.

When the present Hawke Labor Government came to office in early 1983 the Australian National Railways Commission was in a poor financial state. AN required a record contribution by the Federal Government of $106m in 1982-83 to support its operating loss. This can now be contrasted starkly with AN's current financial position. The Government's financial support for AN's operating losses this financial year has declined to $54.9m—a fall of over 60 per cent in real terms since 1982-83—and is due to the improved efficiency of the organisation. This has been achieved with very little additional financial assistance and is an efficient use of taxpayers' funds.

The Government's overall aim is for AN to become a more commercial and competitive organisation and it has taken a number of steps to achieve this. Firstly, it introduced legislation to provide AN with a framework to allow it to operate as a commercially oriented business undertaking. This has also placed responsibility on AN for being accountable for its performance. Secondly, it provided AN with a grant of some $17m to fund early retirement schemes which will generate net savings of over $75m over the next 10 years. Already some 993 staff have taken advantage of these schemes. It should be pointed out that in the last 10 years AN has not retrenched one full time employee. All the reductions in staff have been by natural attrition, and also after lengthy consultations with the unions and the workers involved.

AN has engaged in vigorous competition in the marketplace. For example, it has improved performance in piggyback traffic which includes its recently developed multimodal facilities at its Islington yards. This innovation was assisted by a government grant of $2.3m to improve terminal facilities and purchase high speed rolling stock. AN now has most of the freight traffic between Adelaide and Perth and 95 per cent of the traffic between Adelaide and Alice Springs. As a further measure designed to increase AN's efficiency, the Government has agreed to provide some $18.7m in funds over four years to enable the revitalisation of AN's railway workshops in Adelaide. These are at Islington.

If I may digress for a moment, the very first factory gate meeting that I organised for the Australian Labor Party was during the Federal election of 1969 when the then Leader of the Opposition, Gough Whitlam, spoke to several hundred workers at that workshop. I must say that it is a pleasure to be able to mention in my maiden speech in Parliament the fact that the Government has made a commitment to upgrade those workshops so that they once again can provide a highly skilled work force with permanent and secure employment to the advancement of the railway system in Australia. The revitalisation will involve streamlining and modernising the workshops with a view to achieving more efficient, cost effective operations and a better, safer working environment.

These initiatives have begun to turn the AN into a more commercial organisation able to compete in the transport marketplace. These achievements have been made possible only by fully involving all parties in the process—government, management, employees and unions. Again, I must pay tribute to the unions involved in AN, particularly those in South Australia. Though from time to time it is always inevitable that there will be industrial disputes involving stoppages, the unions have accepted the need for AN to become commercially and market oriented. They have accepted the need for improved work practices and new efficiencies in the organisation if they are to be able to secure long term job security for themselves and ensure the future of AN in the transport system of Australia. They are to be congratulated for their responsible attitude on this. It is a credit to them and an example to management and unions in other industries that, despite strain at times and despite difficult transitions, unions and management can work together to ensure that a business operation can achieve the necessary changes for survival.

AN is also involved in the operation of the interstate passenger services of the *Indian Pacific*, the *Trans-Australian*, the *Ghan*, the *Alice* and the *Overland*. It also operates intrastate the Adelaide, Whyalla, Broken Hill and Mount Gambier passenger services. Over the past few years AN has taken action to rationalise and improve the viability of its passenger services. Such action has included the handing over of the Victor Harbor line to the South Australian Government to operate as a tourist service. That began last

summer season with the upgrading of the Mount Gambier Service known as the *Blue Lake*. It is now faster and, with better on-board service, it recorded a 15 per cent increase in patronage over the first 12 months of its operation, resulting in an occupancy rate of 64 per cent. Last year saw the launching of a new Budd car service between Adelaide and Whyalla, known as *Iron Triangle Limited*, which is currently running at 70 per cent capacity, to replace the former Port Pirie Service. The diversion of the *Indian Pacific* into Adelaide provided a direct Sydney-Adelaide service for the first time without adding to the transit time. On 14 December last year the AN launched an Adelaide to Broken Hill service, *Silver City Limited*, which is currently achieving a 70 per cent loading, to replace the Peterborough service. The launching by AN of its conference car, which can be hired by businesses, clubs or organisations for mobile conventions, took place in October of last year. With those developments we can see that AN has a commitment to improve its passenger service which has been considerably criticised over recent years by many people. It was claimed that AN was concentrating only on providing a freight service.

The objective of part 3 of this Bill is to allow AN, consistent with its charter, to act commercially to improve the financial performance of its passenger operations. AN aims to maintain an increased patronage by improving the quality of services provided and by being innovative in the selection of activities being offered to passengers. Passenger service operations are a major contribution to AN's losses, accounting for over two-thirds of its mainland losses. This is clearly a matter of concern for the Government and AN. This amendment Bill is part of a total package to improve the performance of AN in passenger services.

The Minister's second reading speech the other day outlined the reason for this amendment. It included the provision of gambling facilities in the *Ghan*. Early this evening Senator Watson said that he hoped not too many poker machines would be provided. As I understand it, there will be a maximum of eight poker machines on the train. If we matched the St George Leagues Club, with several hundred, it would be the longest train in the history of the world. Consideration will be given to extending these facilities to other services depending on its success.

The entertainment carriage was fitted out at the Port Augusta workshop. I must mention again that back in the election campaign in 1969, with the late Laurie Wallis, who was then the Labor candidate for Grey, I attended one of my first workshop meetings at that workshop. This is again a slight digression, but I point out that I got to know Laurie Wallis very well in that campaign. He was a former boilermaker in the railways at the Port Augusta workshops and he did much to encourage my interest in the railways in South Australia. I think it was a great tragedy that within seven months of Laurie's retiring from Parliament in 1983 he died of cancer.

The second reading speech of the Minister for Industry, Technology and Commerce (Senator Button) clearly outlines the facilities already available in the entertainment carriage. We believe that with the addition of the gambling facilities AN will be able to cater for and encourage more customers to use the *Ghan* and therefore to reduce losses and make AN more efficient. Even though South Australia has a magnificent new casino, built as a result of legislation of the Bannon Labor Government, neither the casino operating in Adelaide nor the ones in the Northern Territory have any opposition to the proposed gambling facilities on the *Ghan*.

The second amendment incorporated in the Australian National Railways Commission Amendment Bill will preserve the existing workers compensation entitlements for AN employees who were transferred from the South Australian Railways in 1978. The condition of the transfer was that those employees would have the option of claiming workers compensation benefits under either the Commonwealth or the State legislation, and this right of access to the original South Australian workers compensation scheme will be preserved.

I must use this opportunity to congratulate the Bannon Labor Government in South Australia on setting up a new Work Cover scheme. Despite considerable opposition from some vested interests, this comprehensive, efficient and fair workers compensation scheme will commence on 30 September. The scheme will be managed by a board comprising representatives of employers and the trade union movement. Work Cover is basically a no-fault scheme designed to compensate workers on the basis of need rather than the causes of the injury. In addition, it will give greater emphasis to the rehabilitation of injured workers to enable their speedy return to the workplace and, by the use of broad band premium rates, Work Cover will save employers around $30m per annum.

There are a couple of other matters I want to mention in my address on this Bill. The first is the standardisation of the Adelaide to Melbourne rail line and the second is the question of privatisation. The development of a truly national rail network will not be completed until the Melbourne-Adelaide line is standardised. As I have said before, I also support the standardisation, when appropriate to economic circumstances, of the Alice Springs to Darwin line. But there is no doubt that the most important and fundamental link to create the final national railway system in Australia is the standardisation of the Adelaide-Melbourne line.

It is no doubt the view of many honourable senators that a national rail network should also include, as I have said, the Alice Springs to Darwin line. I share this view and hope that as soon as the economic climate allows, this track will be laid. However, it is the Adelaide-Melbourne line which is the critical missing link and standardisation would provide quicker transit times between Perth, Adelaide and the eastern States and cost reductions by the elimination of bogie exchange for most traffic. The benefit of standardisation, however, will not be confined to just Western Australia and South Australia. It will also benefit the eastern States. Yet, despite the obvious benefits, there is an absence of serious discussion and progress on this matter.

In May 1983 a preliminary AN-VicRail joint report gave an optimistic view about the standardisation of the railway line but, subject to certain levels of new traffic, VicRail has now slowed down its enthusiasm for such a project. It is disappointing that discussions have not proceeded as fast as they should and I call upon the Cain Government to encourage VicRail once again to enter sensible discussions with AN and the Federal Government on this project.

The final matter on which I wish to touch—I will touch on it only briefly because I believe there will be plenty of opportunities to speak on it in this chamber and publicly—is the question of so-called privatisation. I note that in all the calls from New Right and parts of the Liberal Party for privatisation, no one seems too keen to suggest the privatisation of Australian National. Obviously, it has to be admitted that the sustained losses in the past of Australian National do not make privatisation of that organisation an attractive proposition for those private interests which wish to get their hands on the publicly owned assets of Australia. Despite the sustained losses of AN it has shown considerable improvement in its operating efficiency over the past decade. As mentioned previously, this Government has given it a commercial charter and a plan to work to. I believe that AN should be congratulated on its efforts to improve its performance. In particular, the AN workers have done a sterling job in meeting the new challenges so well. AN is well on its way to meeting its own target of breaking even on its commercial operation by 1988-89. Therefore, I have a firm conviction that AN must be maintained and improved as an efficient public sector organisation and enterprise. I do not believe that it is in Australia's interests—either economically or socially—for AN to be either privatised or partly sold off because my State of South Australia in particular would be severely disadvantaged if it were.

Mr President, I look forward to being able to participate in future debates in the Senate on transport issues. I have indicated to my Party that I wish to be a member of its Caucus committee on infrastructure dealing with transport and communications. I look forward to speaking again from time to time on Australian National matters as well as on other matters dealing with transport in Australia which, in a continent the size of ours, with such a sparse population is of vital importance to all the people of Australia. I also look forward in my own way and terms to leading a vigorous and interesting life in the Senate for however long the people of South Australia choose to elect me.

Senator MAGUIRE (South Australia) (8.27)—I also rise to address some remarks to the Australian National Railways Commission Amendment Bill 1987. Firstly, I offer my congratulations to my good friend and colleague Senator Schacht on his maiden speech. It was a frank and, if I may say so, iconoclastic maiden speech. The Australian National Railways Commission Amendment Bill provides for a special entertainment carriage on the *Ghan* train from Adelaide to Alice Springs. Other provisions will amend section 70 of the Australian National Railways Act to expand the powers under which boards of inquiry undertake investigations into the causes of accidents involving the railways system.

I am very pleased to note that in the last financial year, 1986-87, the Government's revenue supplement to cover the operating losses of Australian National (AN) was further reduced, this time to $64.5m, down from the $72.5m required during the previous financial year to cover Australian National's losses. The amount of money provided in this year's Budget in antic-

ipation of a need for a revenue supplement is $54.9m. So in just two financial years the budgeted figure for the Government's revenue supplement has been reduced by 24 per cent in nominal terms and, of course, by a much larger amount in real terms.

Australian National's corporate objectives include increasing its financial independence and not calling on taxpayers to support losses on commercial transport services. To this end Australian National must become a more efficient and more commercially orientated organisation. I am delighted to say that Australian National's management and staff have accepted this challenge. The major unions which represent the employees of Australian National in South Australia are the Australian Workers Union, which covers the northern region or the region which was once the old Commonwealth Railways of Australia. The Australian Railways Union covers former employees of the old South Australian Railways union, who tend to be located in the southern part of the State and the Australian Federated Union of Locomotive Enginemen covers the engine drivers in the organisation. All of those bodies have accepted the challenge laid down for Australian National to become a more efficient and more viable organisation.

The Hawke Labor Government has taken a range of initiatives to improve significantly the performance of the Australian National railways system. Initiatives include the initial legislation brought down in 1983 to allow Australian National to operate more commercially and to react more quickly to the demands of the marketplace. There has been provision of significant financial assistance to the railways network. Senator Schacht a while ago referred to the piggyback railway system operating to the Northern Territory. There has been very large investment in that facility in the Keswick area in Adelaide. High speed rolling stock has been purchased. It is very pleasing to note the quite rapid increases in traffic carriage of a piggyback nature following those significant investments, particularly in South Australia, to enable that traffic to be carried to the Northern Territory.

There is a three-year arrangement between Australian National and the Commonwealth Government to revitalise Australian National's operations in Tasmania. The total package involved is some $52.4m in fixed revenue supplements as well as $7m in loans to complete track rehabilitation in that State. Australian National is developing strategic plans in consultation with the trade unions for the revitalisation of the Islington workshops in Adelaide and the Launceston workshops in Tasmania. I was delighted to see in the Budget brought down on Tuesday evening by the Treasurer (Mr Keating) that there is to be a very large boost in activity at the Islington workshops in Adelaide, with a $20.5m program over four years to increase investment in the workshops to improve productivity and efficiency.

A package of measures has been brought down by this Government to improve Australian National's efficiency in passenger services. The system has been set a target of 60 per cent cost recovery on passenger services to be achieved by 1988-89, a major improvement on the 45 per cent cost recovery achieved in 1985-86.

One of the most pleasing items in the 1987 Budget as far as transport is concerned is the demonstration of an increase in the productivity of the railway network, as operated and managed by Australian National Railways. There has been a quantum leap in labour productivity in freight handling. For example, in 1982-83 some 760 net tonne kilometres were performed, in effect, by each employee involved in freight. This financial year the figure has risen to 1,200. So there has been an enormous increase in labour productivity in freight handling in the Australian National system, which shows what can be done by appropriate investment in the latest technology in freight handling equipment.

In the context of cost recovery on passenger services, the Government has allowed the introduction of an entertainment car on the *Ghan* train from Adelaide to Alice Springs. There has been a long term decline in interstate and country passenger services but Australian National was able to arrest that trend in 1985-86. However, it is a matter of note that both the *Ghan* and the Alice train, which ran from Sydney to Alice Springs, recorded decreases in patronage against the trend. The entertainment car on the *Ghan* is designed to attract passengers to the *Ghan* and to improve its competitiveness against bus traffic on the newly sealed Stuart Highway from Adelaide to Alice Springs. It is essential for Australian National to increase passenger numbers if it is to achieve the corporate aim of becoming a viable, efficient, commercial enterprise.

In order to increase passenger capacity and improve cost recovery, Australian National has introduced new initiatives in passenger services, many of which have benefited South Australia. It is a matter of record that Australian National Railways is the second largest commercial enter-

prise employer in South Australia. It is the second largest employer of my State's labour force after Telecom Australia. It employs some 7,000 persons in South Australia, plus another 700 who are made available to the South Australian transport authority to perform the metropolitan passenger task in the Adelaide metropolitan area.

Australian National has its head office in Adelaide at Keswick. Australian National has made a number of major capital investments in my State in recent years. Not only do we have the new interstate passenger rail terminal at Keswick, but also we have the new head office of Australian National there. A range of very pleasing rail standardisation projects has been carried out in my State. It is a matter of great delight to me to see those standard gauge tracks running into the Mile End railway yards after so many years of delay, waiting for the connection of Adelaide to the national standard railway grid. When I go about my duties in the country areas of South Australia I am also pleased to see the extension of the standard gauge network in my State. It is a delight to see the standard gauge running to Crystal Brook and to the port complex at Wallaroo where grain can now be shipped on standard gauge tracks.

A number of regional cities and towns in my State rely heavily, both directly and indirectly, on the effects of Australian National's activities. Such centres include Port Augusta, Port Pirie and the smaller towns of Peterborough and Tailem Bend. They all rely heavily on the activities of Australian National Railways. It is a matter of concern to my constituents in Port Pirie that Australian National's activities there are being run down as more and more of AN's tasks are being performed elsewhere. The indirect effects of Australian National's activities in South Australia are very wide ranging indeed.

Not only are steel rails produced from time to time in large quantities at the Broken Hill Proprietary Co. Ltd steel works at Whyalla but also we have one of the most innovative concrete sleeper factories in the world located at Port Augusta in the Grey electorate, represented by Mr Lloyd O'Neil. The sleeper factory is operated by the Monier company and provides a very much needed boost for economic activity in the area. It has now reached the stage where concrete sleepers have been exported from Port Augusta to the United States of America. It is very remarkable to see such a heavy, low value product as a concrete sleeper being exported from the shores of Australia to the shores of another nation far away across the ocean. It shows what can be done by innovative activity in our country.

The example should be taken further because it shows just how heavily many private sector enterprises in Australia rely on public sector activity. The debate about privatisation in some aspects is quite a phoney debate because it ignores the interlinkings of various enterprises in our community. It can be argued that activities such as the production of concrete sleepers and their export for profit have relied very heavily on the awarding of public contracts by Australian National which has enabled the development of a viable plant which has economic cost runs because large volumes are produced and unit costs can be brought down. That is a very good example of how much nonsense is talked in some quarters about the public sector versus the private sector and about particular aspects of privatisation.

From my recent visits to the Grey electorate, particularly the Eyre Peninsula region, it is clear that Australian National's activities in the region are becoming more commercially orientated. The operation is now being run on a more commercial basis with efforts being made to obtain greater returns for the railway system. However, I have observed and have received representations about some of the problems being experienced in the region, particularly what I understand was a spate of recent train derailments on the Eyre Peninsula. Recently when I had the privilege to address the Kimba District Council in South Australia I received representations from the Council detailing its concerns about train derailments in that part of the State.

I believe that Australian National's drive for greater efficiency—a commendable drive in consultation with the unions—has been hindered by an Australian rail system which is not fully standardised on its trunk routes to the 4 foot 8½ inch gauge. It is a matter of great regret to me that, in my State of South Australia, Australian National still has to operate three different rail gauges. It still has to operate trains, rolling stock and locomotives over three different railway gauges with all the absurdities attendant upon that such as bogie exchanges, which I must say, have been quite commendable innovations to provide some solutions to these problems but which should never have been necessary in the first place.

On the Eyre Peninsular we still have a 3 foot 6 inch gauge system with two lines which transport products to and from Port Lincoln and Thevenard at Ceduna. In the north of the State

and on the transcontinental routes we have the standard 4 foot 8½ inch gauge. And in the old South Australian railways network which tends to be the east and south of South Australia, we have the old broad 5 foot 3 inch gauge with its links into Victoria. That absurd situation of having three different railway gauges still blights the map of South Australia. It is, of course, the legacy of past political squabbles by colonial politicians who just could not get their act together, who were lacking in national thought and whose smallmindedness led to this blight on the landscape, this absurdity of three different gauges within the boundaries of one State.

I can recall, as a child in South Australia, my school geography books almost making a virtue of the absurdity that at the Port Pirie railway station one could see three different railway gauges going to the platforms as though it was something that should be in *Ripley's Believe it or Not*. It was supposed to be something to brag about in Australia. This disastrous legacy of smallmindedness and petty behaviour by colonial politicians led to this ridiculous situation where trains could not be run across borders and, in my State, could even not be run more than 130 miles from Adelaide before a change of gauge was required.

I realise that further standardisation of Australia's railway system is subject to economic constraints. As a result of questions on notice over the last couple of years, I have monitored proposals to standardise the Adelaide-Melbourne rail route. I have noted with interest proposals to standardise the rail line to Mount Gambier in the south-east of my State. That proposal, I understand, involved looking at a three-rail operation from Adelaide through the Adelaide Hills to Murray Bridge and Tailem Bend so that the traffic from the eastern part of South Australia on the old broad gauge could still run into Adelaide on top of the three-rail system. I understand from my inquiries that the proposal to standardise the Adelaide-Melbourne railway line has reached a standstill and that the Victorian railway system seems to take the view that its cost benefit studies of this activity are not favourable. I hope that, if that is the case, in the years to come those costs and benefits find a happier arrangement and that we see a standardisation of the Adelaide-Melbourne railway line, thus closing one of the gaps in the Australian standard gauge railway network and bringing those two capital cities into the standard gauge network for the first time interlinked.

I hope at some point that something can also be done to consider linking the isolated Eyre Peninsula lines in South Australia to the rest of the South Australian grid. It is a rather strange situation to have a totally isolated railway system in that State running to Port Lincoln. Although it is a very long system—many hundreds of kilometres—it is totally isolated from the rest of the South Australian grid. I notice that Australian National in its 1985-86 annual report discussed studies it was conducting into linking that system to the rest of South Australia, perhaps by running a line from Whyalla across to Kimba. I realise that yet again it would involve a break in gauge. I understand that Australian National is not intending to take that study any further. Possibly in the future we might find that costs and benefits are in a more favourable arrangement and, if government capital funds permit, something might be done to link that isolated system to the rest of South Australia.

I believe that Australian National's rail services have a great potential to attract tourists from other countries. I believe that the *Ghan* and the *Indian Pacific* are among the last great rail journeys in the world. Programs made for British television have tended to endorse that view. In particular, a specific episode of a program on great rail journeys was about the great rail journey of the *Indian Pacific*. If our rail journeys were promoted better abroad, trains such as the *Ghan* and the *Indian Pacific*, and to some extent the transcontinental routes, could bring to Australia groups of people who are interested in railways and encourage more people to enjoy travel on our vast and quite different rail network. I think that Australian National could consult with the Australian Tourist Commission to better promote our long distance train journeys overseas. I believe that this legislation to provide entertainment services on the *Ghan* should help somewhat in the direction of promoting passenger numbers and tourism. For that particular reason, and in view of the importance of Australian National in my State of South Australia, I have great pleasure in supporting this legislation.

Senator McLEAN (New South Wales) (8.47)—Firstly, I congratulate Australian National (AN) on its achievement to date, certainly in its extension of its services, facilities and the creation of a financially viable operation. It has proved its worth and it is to be congratulated on these achievements.

Secondly, the Australian Democrats support the amendments to the Australian National Rail-

ways Commission Act. We agree that it is very sensible to widen the powers available to any board of inquiry so that they are equivalent to the powers available to boards such as those under the Air Navigation Regulations and to heighten the powers of investigation into important matters such as safety.

Likewise, we can see the sense of the amendment concerning compensation arrangements which would otherwise disappear with the repeal of the South Australian Workmen's Compensation Act on 1 October this year. The financial reasoning behind allowing AN to provide entertainment on its services—I believe it will be starting out with a separate car for that purpose on the *Ghan*—is, of course, unassailable and makes financial sense. Railway passenger services all over the country have been less than profitable for quite a while now and most of them are becoming more so each year. AN is to be commended for the way in which it has dramatically increased its financial viability over the last three years. Entertainment can be an excellent money spinner and we certainly do not object to its inclusion in the activities available on trains. However, we feel it is a sad comment on society today that the most lucrative activities which the Commission can find are apparently video games and poker machines. In general terms, the Australian Democrats offer their support wholeheartedly for the achievements to date of AN and we commend these three amendments to the Senate.

Senator GARETH EVANS (Victoria—Minister for Transport and Communications) (8.50)—in reply—I thank honourable senators for the contributions to this debate. They have been substantial and impressive as befits the importance of the measure and I commend it to the speedy consideration of the House.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The Bill.

Senator WATSON (Tasmania) (8.51)—Perhaps the Minister for Transport and Communications (Senator Gareth Evans) will respond to some of the matters that I raised in my speech at the second reading stage. One of those matters was this: Given the attraction of poker machines to children, what assurances can the Minister give that there will be adequate supervision to ensure that children do not have access to these poker machines?

Senator GARETH EVANS (Victoria—Minister for Transport and Communications) (8.52)—Australian National is a very responsible organisation and I have no doubt that the senior management will make appropriate administrative arrangements to ensure that the law is complied with in that respect. There is no question of trains constituting some kind of enclave with diplomatic immunity from provisions that apply to and properly govern the access to poker machines, and appropriate administrative arrangements will, I am absolutely sure, be made.

Senator WATSON (Tasmania) (8.52)—Given the fact that one cannot close off an enclave as the Minister has suggested, the fact that for safety reasons people have to have access to the full train and the fact that this operation will be contracted out to private enterprise, perhaps the Minister would like to reconsider his answer.

Senator GARETH EVANS (Victoria—Minister for Transport and Communications) (8.53)—No, I will not reconsider it. The administrative arrangements to which I referred will be supported by by-laws which in the normal way will be both enforceable and enforced, and it would be quite irresponsible of Australian National, whoever has the contract for the particular operation in question, not to apply its own by-laws in that particular respect.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

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

ADMINISTRATIVE DECISIONS (JUDICIAL REVIEW) AMENDMENT BILL 1987

Second Reading

Debate resumed from 15 September, on motion by **Senator Gareth Evans**:

The the Bill be now read a second time.

Senator ALSTON (Victoria) (8.54)—The Administrative Decisions (Judicial Review) Amendment Bill 1987 has previously been before the Senate but, as a result of the dissolution of the Parliament, the Bill lapsed. It is my proposal that the Bill should again be referred to the Senate Standing Committee on Constitutional and Legal Affairs or the equivalent committee by another name when it is established in due course. That committee would then be able to conclude the deliberations that have already be-

gun. It is fair to say that the previous referral to the Committee has to date justified all of the concerns that were expressed at the time. Yet they seem to have had no impact on the Government. The Government now, as then, seems to be determined to try to push this Bill through, despite the fact that very many significant concerns and reservations have been expressed directly to the Government and certainly to the Committee.

I will deal briefly with some of those concerns. The Bill is described as making some fine tuning amendments to the Administrative Decisions (Judicial Review) Act 1977. That Act came into operation in 1980 and it purported to codify and modernise the ancient prerogative of writ remedies under which the lawfulness of government decision making could be challenged. It is correct to say that that Act has indeed streamlined the processes, but it does not have the ability to cover the field; nor can it ever have that ability, simply because the Constitution of Australia and the Judiciary Act themselves provide for remedies and mechanisms that cannot be taken away. The effect of that is that there are overlapping jurisdictions. The statutory jurisdictions provided by this Act have resulted in quite a number of matters being dealt with under that Act rather than under the very uncertain and unpredictable common law remedies that are available by way of prerogative writ, which in themselves provided the basis for the introduction of the statute because of concern that the remedies were unnecessarily complex and created a mine field for young players.

No doubt the Government was justified in deciding to review that legislation after a period of time and, indeed, that it has done. But it has overreacted in a very significant way to what can only be described as one example—and perhaps 1½ examples—of possible abuses. That in no-one's language could be justification for the sorts of remedies that are proposed in this Bill.

Clause 2 of the Bill provides that where an application for a review is lodged in relation to a decision made by a tribunal or authority or person during those proceedings and a review of that decision is available at the conclusion of those proceedings and it is desirable to avoid interference with those proceedings, the Court shall refuse to grant the application unless the Court is satisfied that it is in the interests of justice for the application to be granted. That language is still rather tortuous. I know that at least one of my colleagues on the Constitutional and Legal Affairs Committee would well be able to wend his way through the intricacies of it, but the bottom line is this: it puts the onus of proof on an applicant to demonstrate that there are reasons in the interests of justice why he or she ought to be permitted to make an application at that stage.

It is an onus that is fraught with difficulties and it bears the ultimate cost penalty. That would seem to be an unfair and unnecessary reversal of the onus. It is quite proper to argue, as many have to our Committee, that it would be reasonable to expect a respondent in such a situation to have to justify the matter not being proceeded with at that stage. If that were the case and that respondent were to lose, that is the burden that he carries for taking that particular line of defence. But to suggest that any applicant should have to satisfy all of those tests is in effect providing a reverse onus of proof, which is normally quite unacceptable. I think that is one of the reasons why the Senate Standing Committee for the Scrutiny of Bills was established, and certainly there have been specific reports to the Senate in relation to the reversal of the onus of proof. Despite all of that, this seems to be an offence that the Government is prepared to perpetrate once again.

It can certainly be said that in one instance there would appear to have been an excessive use of the system, because the classic case that is cited as justification for the present Bill is the application for a third television licence in Western Australia. Those proceedings took an inordinate length of time before the Australian Broadcasting Tribunal (ABT). Between December 1984 and the conclusion of the hearing in March 1986 there were no less than 16 separate applications to the Federal Court of Australia and elsewhere.

However, to say that because of that circumstance somehow this demonstrates an abuse of the process and that therefore the system is being abused, is too simplistic by far. As has been pointed out elsewhere, the reality is that in almost every instance the result of those applications was that very significant clarifying decisions were made on both procedural and substantive matters and in a number of instances those applications were successful. Therefore, one can argue with some justification that those proceedings in fact assisted in the interpretation and application of the system of administrative law as it applied in Tribunal proceedings.

As we all know, in that instance the players in the game were in that unique position of having almost unlimited funds. Perhaps it could

be said that this was trial by money. Nonetheless, each was able to cope with that penalty. No doubt they were assisted by it being tax deductible. However, at the end of the day it is clear that they were not dissuaded by the fact that each of these applications was able to be made and to delay the ultimate determination of the licence application. That is a wholly exceptional circumstance. It would be my submission that that is certainly no justification for throwing out the baby with the bath water.

Of 11 matters that were heard by the Federal Court, nine were decided in favour of the ABT. I should point out that the great bulk of these applications related to the jurisdiction of the Tribunal. Undoubtedly those applications were motivated by commercial considerations and perceived advantage. They were not simply designed to test the limits of the jurisdiction for the benefit of future litigants. None the less, they had that effect. That is a very desirable situation in many ways because it means that less pecunious applicants have the benefit of those who can well afford to do so testing the various limits of the system. The body of case law that then builds up is able to demonstrate to those who might contemplate making such applications what the limits are likely to be, and that can only be to the good. Therefore, one can say that rather than simply clogging up the process, what happened in that instance was that some very useful test cases were run as to jurisdiction.

The initial Federal Court decision in each matter was given within three or four months of the decision sought to be reviewed. In the ultimate, as I say, the hearing extended over a period of several years. However, that, of course, did not deter any of the parties to those proceedings because they were not in a short term business. They were more than content to take the long view. It may well be that subsequent changes to licences, and even some of the proposals that we tabled prior to the election, might have made them think twice if they had known all that was lying ahead. However, the fact remains that in that situation this law was tested time and again by applicants and respondents who could well afford to do so and it therefore cannot be argued that they were suffering any disadvantage.

One of the criticisms that can sometimes be made and characterised properly as an abuse is where one litigant is able to force another out of the ring because of that enormous disparity in resources. But that was not the situation here. We had two financial heavyweights well able to afford to litigate, and litigate they did and frequently. As a lawyer I cannot say that that is an unmitigated disaster. None the less, it does not reflect adversely on the system and it is no justification at all for now proceeding to want to change the whole thrust and direction of the Act. Certainly, I would have thought that the reversal of the onus of proof was a very significant departure from the normal process of justice, and one that should be justified only in very extreme situations.

There have been estimates of the costs of Federal Court and tribunal hearings. An interdepartmental committee which examined the cost of the freedom of information (FOI) legislation took the view that there was very little difference between the typical costs to the Commonwealth of an administrative decisions judicial review matter heard in the Federal Court and simply a typical Administrative Appeals Tribunal hearing, at least on a FOI matter. The costs were of the order of $11,000 or $12,000 in each instance. So one cannot say that that is a justification for somehow forcing people to take alternative remedies. That is part of what is proposed by this Bill—that somehow one has to have exhausted all remedies elsewhere and if the Tribunal is not satisfied that one could not go elsewhere, one should be forced to go there.

What that means is that an applicant has to come along in the first instance, take his chances, jump over all of these procedural hurdles and run the very real risk that he will be told to go off and get into the mine field of ancient prerogative writs—before the High Court of Australia perhaps. That would seem to be a very unfair burden to place on someone who does have clear rights at the present time and simply seeks to exercise them, bearing in mind once again that there has been little or no abuse of the current situation.

The only other circumstance in which it has been said that the system has been over used is in relation to committal proceedings. It is my understanding that that has been and can be dealt with separately and that, therefore, does not provide any broader justification for taking the approach that the Bill seeks to take. The Act as it is currently worded provides the Court with a general discretion to refuse to grant an application for review where adequate provision is made under law. What is proposed here is that those limitations should be extended so that an applicant has to come along and seek a review and the Court shall refuse to grant the

application unless the applicant satisfies the court that the interests of justice require that it should not refuse to grant the application. All of that is pretty intimidatory stuff. It is quite clear that the average applicant will be deterred by having to face up to those sorts of barriers.

Despite the fact that concepts such as the interests of justice and others are fairly common in statutes and do not of themselves provide unnecessary difficulties for litigants, the fact still remains that a number of tests have to be satisfied by an applicant in situations where there would seem to be little or no justification for requiring those extra procedural hurdles to be put in place. Under the current arrangements, it is certainly possible for the Court to exercise its general discretion, and one would have thought that the court would not be reluctant to do that if it considered that the application was frivolous or doomed to failure and if it thought that there were obviously better and more easily available remedies elsewhere. So there seems to be precious little justification for proceeding down that path.

The Bill also contains a proposed new paragraph which would cover reviews of decisions during tribunal proceedings and that paragraph, as I previously indicated, seeks to cut applicants off at the pass. It is worth noting that the Administrative Review Council (ARC) has considered this matter and has given some advice. However, the Bill itself goes further than the ARC, which recommended that it should be left to the Court's discretion whether to refuse to grant an application during proceedings where the proceedings will conclude in a final decision that will be subject to judicial review, taking into account the balance of convenience, including the interests of the public, the applicant and the respondent or where a decision to refuse to grant an application is justified under the rules of the Federal Court. So there are already adequate powers for the court to intervene, exercise its discretion and so order its business so that time is not wasted with these unnecessary applications. Yet the Government, for some reason, feels that it is necessary to go even further and put these additional impediments in the path of our applicant.

The Bill also includes an amendment in line with the recommendations of the ARC that the court's power to refuse to grant an application can be exercised at any stage of the proceedings but, where appropriate, should be exercised at the earliest appropriate stage. That would seem to be relatively uncontentious. It is obviously desirable that the court have a broad discretion and that if it does see a basis for concern, it should exercise its concern to terminate the proceedings before quite often heavy costs have been incurred and, in the event, unnecessarily. Whilst there is no difficulty about the court having a broad discretion, I think the real difficulty arises when the court's discretion is going to be overlaid with various requirements all of which impose very daunting barriers to ordinary applicants.

I think a number of very valid criticisms have been made by interested parties to date, but which seem to have fallen on deaf ears, because the Bill has been reintroduced unamended. Few, if any, decisions which are subject to review under the AD(JR) Act would not also fall within the original jurisdiction of the High Court of Australia under section 75 of the Constitution, so that in many instances it could be said that an applicant was simply out of court in terms of the statute. That would not seem to be a fair result. The whole notion was to relieve applicants of the burden of having to weave through that minefield of complexities under the common law and decodify and streamline the proceedings, and that is the basis on which the Minister representing the Attorney-General, the Parliamentary Secretary for Justice (Senator Tate), in his second reading speech, proceeded. Nonetheless, what is now in place and what has been described by a number of interested parties, is a de facto leave requirement. That again would seem to be a quite unnecessarily high hurdle and one that is not justified in the light of the experience under this Act to date, and one which can only act to deter in general terms, irrespective of the merits of the application.

The disadvantages of introducing a requirement of leave have been adumbrated by the Administrative Review Council in its report No. 26. It went into quite some detail as to those matters for concern. For example it stated:

> A leave requirement would reduce the accessibility of review under the Act, and could serve to discourage the bringing of bona fide and legitimate applications for review.
>
> A leave requirement could itself be exploited to create further delays of the kind which it was designed to avoid,...
>
> A leave requirement would be of little assistance in regard to unwarranted delays, since many applications brought for this purpose involve an arguable case.
>
> Where leave was refused, the procedure would lead to little saving of time or expense; conversely, where a case is arguable, the fewer the steps between the filing of the original application and a hearing on the merits of the claim, the less will be the cost and delay.

> Existing powers and procedures were adequate to deal with the alleged abuses, or could be rendered so more appropriately than by a leave requirement.
>
> Wealthy applicants have the resources not to be deterred by the introduction of a leave requirement and would if necessary seek review under alternative avenues of review such as section 39B of the Judiciary Act.
>
> There are difficulties in practice and in principle in distinguishing (as happens in Britain) between public and private law matters in the context of justifying a requirement of leave . . .

In the absence of an expressed right of appeal an unsuccessful applicant would have been able at common law to seek a common law remedy and thus to secure a review of the decision not to grant the application for review. So we are likely to find a number of back-door appeals and they will simply be made that much more complex. For those who might be concerned about indigent applicants, the result is likely to be that very many more ordinary individuals will be deterred from seeking to have rulings made at an interim stage, or seeking to have decisions considered by the Tribunal.

The interests of justice concept is certainly one that provides almost an unfettered discretion. I would not argue that it is undesirably wide, but simply say that it is not calculated to engender certainty into the mind of an applicant who is considering whether or not an application is likely to succeed. That very lack of guidance as to what the terms are likely to mean, or to be held to mean by a court, may deter, again, less well off applicants. On the other hand, the generality and lack of definition or reference may well result in those parties with greater resources mounting long legal arguments to demonstrate that their cases come within the concepts. It seems that, despite presumably intending to tighten up the situation when applicants may apply for review, the introduction of such phrases as 'the interests of justice' may open up the way for at least some rather protracted hearing.

It is against the background of those concerns that I seek to move an amendment in the terms circulated in the chamber. I will briefly outline the factual circumstances that will lead to the necessity for a further reference. I wish to move the amendment to the Administrative Decisions (Judicial Review) Amendment Bill because we do not as yet have the new committee structure in place. It is therefore proposed that this Bill go to the appropriate committee by whatever name it might ultimately come into existence. According to the Minister representing the Attorney-General, the Administrative Decisions (Judicial Review) Amendment Bill 1987 is unchanged from the form in which it was passed by the House of Representatives on 26 February 1987 and the form in which it was introduced into this chamber on 17 March. It is certainly true that there has been no substantial change made to the 1986 Bill and for this reason I seek the reference of the Bill to the appropriate Committee.

On 13 May of this year, on my motion, the 1986 Bill was referred to the Senate Standing Committee on Constitutional and Legal Affairs, but at the time of moving that reference I advised the Senate that the Committee would report by August of this year. The dissolution of the Parliament on 5 June obviously precluded that, but it is appropriate to say that the Committee has almost concluded its deliberations and it would be anticipated that it would be in a position to report to the Senate within a matter of weeks. So we have not sought to delay the passage of this Bill for any length of time other than that which it will take to finalise that report and to enable the Senate to consider properly all of those very many concerns that the Government seems determined to ignore in reintroducing this Bill in an unamended form, despite all of the submissions that have been made to it. The Committee had embarked upon its inquiry before the dissolution of the Parliament and it had called for and received submissions from a wide range of interested persons and organisations. It is therefore very appropriate that the Committee should have the benefit not only of the submissions but of the Committee's findings. It is arguable that the amendments substantially change the spirit of the original Act, and it is because of that doubt that the original motion was moved for reference of the matter to the Constitutional and Legal Affairs Committee. I therefore now move:

> Leave out all words after "That", insert:
>
> "(1) this Bill be referred to the Standing Committee on Constitutional and Legal Affairs for inquiry and report, upon the establishment of that committee or, if a committee of that name is not established, to a committee specified in a subsequent resolution; and
>
> (2) for the purpose of its inquiry and report, the committee have power to consider and use for its purposes the minutes of evidence and records of the Standing Committee on Constitutional and Legal Affairs appointed during the 34th Parliament relating to its inquiry into the Administrative Decisions (Judicial Review) Amendment Bill 1986.".

Senator MACKLIN (Queensland) (9.18)—On the last occasion that the Senate was debating the Administrative Decisions (Judicial Review) Amendment Bill, that is, on 13 May of this year, I indicated that the Australian Democrats were

opposed to the Bill. I indicated then that if there were a vote on the second reading we would vote against it. At that time Senator Alston moved for a reference to the Senate Standing Committee on Constitutional and Legal Affairs, and since that seemed to be the only available option, other than the Bill being passed, we supported it. However, I think it makes eminent sense now to continue the inquiry that the Constitutional and Legal Affairs Committee has already undertaken. Senator Alston has already indicated that that Committee should be in a position to report to the Senate in a reasonably short space of time. Because of that, I think it is imperative that we have the report of that Committee before we extensively debate this Bill again.

As a result I do not intend to speak at length other than to indicate what our concerns were at the time, and still are, on this Bill. Senator Alston has gone through most of these, but I should like briefly to run through them again. We believe that the Bill goes significantly beyond the recommendations of the Administrative Review Council in its review of this Act. As Senator Alston also said, basically it introduced a de facto requirement for leave. Secondly, the Bill will operate in practice merely to add to the expense and delay of proceedings rather than to speed them up, as the Government maintains. Since the Government gives no basis for its claim, I think that the arguments of various law councils in Australia have convinced us that the point of expense and delay seems to be the more natural outcome of this Bill rather than the one that the Government claims.

Thirdly, the Bill in essence erects additional procedural hurdles in the path of those wishing to obtain judicial review of Commonwealth administrative actions. We have seen from this Government in past parliaments a tightening in a whole range of these areas in terms of the ability of citizens, for example, to make appeals in regard to judicial actions, or administrative actions in particular. Additional costs and hurdles are put in the way of obtaining information to enable people to make appeals. This simply adds another hurdle. It seems to us that at the end of the day ordinary citizens in the community will find themselves forced out of most of these procedures, and they will merely be available to the rich and powerful in the community who already have sufficient power to look after themselves.

The fourth point I made at that time was that the Bill provides little or no meaningful guidance as to the scope and meaning of key concepts contained in it, such as the interests of justice, interference with the due and orderly conduct of proceedings and so on. We believe that it would be preferable to identify the specific circumstances in which courts may traditionally refuse relief in the exercise of any residual discretion. Fifthly, the measures in the Bill designed to discourage disruption of administrative proceedings will at the end of the day add significantly to government costs by encouraging litigants to leave raising questions on authoritative rulings until the conclusion of what may be complex and protracted hearings. At that stage we believe that it is obvious from the way the Bill has been drafted that it has gone significantly beyond the recommendations of the Administrative Review Council with regard to that matter.

Furthermore, uncertainty exists in relation to the adequacy or suitability of alternative review procedures, for example with regard to clause 2 of the Bill. On that aspect we have significant concerns and I understand that the Committee is addressing that problem. The Bill's effect is to create, as we see it, an unreasonable and inappropriate imbalance in the respective positions of private individuals and the Government. At the end of the day that may well be a matter of judgment, but we believe that moving further and further in a whole range of these matters is making it increasingly difficult for individuals on ordinary incomes to be able to stay in the same court as the Government which has at its disposal unlimited resources. In addition, the Law Institute of Victoria has put a reasonably powerful case in its submission, which the Government has not yet answered. In terms of the second reading speech and explanatory memorandum it has not attempted to answer that argumentation. In simple terms the argument is that the Federal Court already has comprehensive powers to deal with alleged problems that this Bill is supposed to remedy, and that any proposed amendments need an argumentation to support them as to why increased costs and delays need to be introduced into the system if the system itself can already adequately deal with them.

The steps proposed in the Bill should be taken only where there is evidence that the Act as it currently exists is inadequate. I do not believe, nor do I feel that many other people dealing with this matter believe, that the Government has set out evidence of that inadequacy. At the end of the day the Law Institute of Victoria reaches the point that anything which threatens

to reduce the flexibility required to deal with the myriad problems which come before the courts is undesirable, unless one can weigh against that adequate and powerful reasons. Since none of those have been brought forward, it would seem that there is no supporting argumentation that the Government in its explanatory memorandum or second reading speech has brought forward that tells against the points made by the Law Institute. On that basis in May this year I indicated on behalf of the Democrats that we would be opposing this Bill. That still remains our position. I believe that it will be useful to allow the Constitution and Legal Affairs Committee, when re-established, to conclude its inquiry and then in the light of that report to be able to return to a debate on this Bill at that time. We will be supporting Senator Alston's amendment.

Senator GARETH EVANS (Victoria—Minister for Transport and Communications) (9.26)—Naturally enough, the Government is not ecstatic with the proposition to refer the Administrative Decisions (Judicial Review) Amendment Bill to a committee because we believe that its policy content is and should be acceptable to the Parliament. We stand by the legislation, as it is. A number of points have been raised which I think can be briefly dealt with. I am not sure that I have made a note of them all. In regard to Senator Alston's point that the onus of proof is put on the applicant to establish that the court should hear the application in question, the justification for that is that the particular circumstances of the applicant's case are primarily within the applicant's personal knowledge. The respondent still has to show that an alternative remedy is available. It is the traditional circumstance in which some kind of procedural reversal has been regarded as permissible, and we do not see this as offending any fundamental principles on this occasion.

As for the proposition that the broadcasting cases are no justification for the Bill, all I can say is that they constitute a pretty good start for a justification.

Senator Alston—It is the only example to date that anyone ever points to.

Senator GARETH EVANS—It is a pretty graphic example when we contemplate just one case, the granting of the third commercial television licence in Perth. In the course of those proceedings 16 separate matters were decided by the Federal Court, the effect of which was to delay the decision of the tribunal on the third licence for some 12 months, a matter of which I am acutely conscious in my new portfolio responsibility. I note that in the House of Representatives Mr Spender and Mr Hodgman both recognised the way in which that matter was conducted and the use of this legislation in those proceedings was an abuse of the proper rights of review, but as such it is the sort of thing that should be able to be avoided in future.

As to the suggestion that Administrative Appeals Tribunal costs are similar to Federal Court costs and that therefore no benefit is to be derived by litigants being forced to go down that track, the short answer is that that is not so. Federal Court cases are more expensive. The freedom of information figures referred to by Senator Alston cannot be attributed or repeated, as I am advised, in relation to other jurisdictions of the Federal Court.

Senator Alston—Are you tabling the real figures?

Senator GARETH EVANS—I am happy to draw that to the attention of the Attorney-General (Mr Lionel Bowen) in the hope that he may be able, if not this minute——

Senator Alston—Perhaps they can go to the Committee in due course.

Senator GARETH EVANS—No. We will make sure that Senator Alston sees the information in due course. It is information he is no doubt entitled to, but for the moment, if he is prepared to take it on trust, I am only too delighted to tell him on that basis. As the argument repeated by Senator Macklin that some sort of de facto leave requirement was involved in this provision which was unacceptable in principle, it should be acknowledged that the option of a leave requirement was examined by the Administrative Review Council (ARC) and rejected in favour of an amendment broadly along the lines of this particular Bill. I acknowledge that there are some differences in the ARC recommendation, which was not in terms of a mandatory requirement not to hear unless the Court was satisfied, but rather a general discretionary capacity to so decide. Nonetheless, the question of a leave matter was expressly addressed and not recommended. Therefore, it is quite inappropriate and unfair to describe this as a leave requirement in this Bill. I am sure there is another significant point here to be made in response to Senator Macklin but the intellectual skills of my adviser, Mr Ford, are not quite mirrored in his handwriting.

Senator Haines—Make it up.

Senator GARETH EVANS—No, no. I have clearly said enough to persuade the chamber to proceed with the reference to the committee.

Senator Messner—It happens all the time, doesn't it?

Senator GARETH EVANS—I have said enough to make clear the Government's position. Clearly it is not a position that is shared by the majority of senators. We simply hope that if we are forced into capitulation and submission on this momentous matter on this occasion, we will have a committee report as soon as possible in order that this necessary housekeeping of a very important piece of justice legislation can be attended to as soon as possible. On that basis, but not in any great spirit of optimism or confidence, I commend the Bill to the Senate.

Amendment agreed to.

Original question, as amended, resolved in the affirmative.

DEFENCE HOUSING AUTHORITY BILL 1987

Second Reading

Debate resumed from 15 September, on motion by **Senator Robert Ray**:

That the Bill be now read a second time.

Senator NEWMAN (Tasmania) (9.33)—The Defence Housing Authority Bill 1987 is very welcome to the Opposition. It is long overdue. The current wastage rates in the Australian Defence Force have been caused by many factors, basically relating to the conditions of service of our service personnel. Of all those conditions of service I can think of none more important to them than housing. The cost of recruiting and training the 9,000 recruits that we need to replace those we lost this past year will be a staggering $103.5m based on a figure of $27m for advertising and recruiting and $8,500 per recruit for basic training. That is only to get them to the basic recruit training stage. If only this money had been invested in improving the conditions of service of these people that we have lost.

Why then was this defence housing legislation allowed to take so long to reach the Parliament? The whole process has taken ages. In 1984 the then Minister for Defence announced that a task force would be set up to review the effectiveness of programs for housing assistance to members of the defence forces. In 1985 the task force found that nearly 60 per cent of defence controlled housing was deficient according to the scales and standards of accommodation. The housing was often inappropriately located; many service families would consider the area in which they live a slum. Many Army suburbs have been placed in such salubrious places as swamps and mosquito-ridden areas where other people were not prepared to live. For many years members of the Defence Force have argued about the need for better Commonwealth housing. In April 1986 the Hamilton report on supporting service families was commissioned by the Government. Ms Hamilton found:

> Families were generally dissatisfied with the conditions of houses and the social environment in which they were located.

A plan was announced in January 1986—which is now more than 18 months ago—to upgrade and better manage defence housing. The authority to be established under this Bill is the main part of that plan. The Minister for Defence, Mr Beazley, announced in November 1986 than an interim board would be established. However, the legislation did not appear before the House of Representatives until March this year. This Bill was not treated as urgent by the Government. It was well known to the Government that the Opposition supported it and that it would go through directly. Yet when we were asked to put through legislation before the close of Parliament prior to the election, to my disgust this Bill was not included in the list of urgent Bills. During this time service families have continued to live in atrocious housing conditions as well as putting up with many other rigours of service life.

Every time we hear from Minister Beazley or Parliamentary Secretary Kelly they skite about how they care about service families. There is an awful lot of talk but there is not much action. Interestingly, when Parliamentary Secretary Kelly was recently appointed, her first action was to establish an office in Melbourne at a cost of half a million dollars for Ms Helen Mayer, who happened to lose her seat in the last election, to set up another investigation into the conditions of service of defence families. How many families have to express their complaints before action is taken? That half a million dollars would have been very handy in improving the conditions of service. Over the past few years there have been reports from Sue Hamilton, the Armed Forces Federation, the Regular Defence Force Welfare Association, JANS and from the service chiefs. We know what the problems are. The Parliamentary Secretary should know what the problems are. What we need is action. If the Parliamentary Secretary is still uncertain as to

what the problems are, perhaps she should not set up Ms Mayer. Perhaps she should go out and talk to the service families and their spouses, who are organised into consultative groups of service spouses around the country and are willing and eager to talk to her.

Instead, we read in this newspaper that she intended to go on a six-hour flight to the Kimberleys and would read the Hamilton report on the way there and back. At that stage she had already been a Parliamentary Secretary for three or four weeks; it would have been the basic document relating to her portfolio. I expected her to read it during her first week in the job. I was disappointed. She was interviewed on an Australian Broadcasting Corporation program by Prue Goward and she talked about all sorts of nonsense, such as the Vietnam hump and more women in the forces causing these separation rates.

If the Parliamentary Secretary knew what disappointment she was causing amongst defence personnel, for whom she is supposed to be working, she would be as appalled as they were. She was displaying her ignorance. She had not studied the important area she had been given to care for by the Prime Minister (Mr Hawke) and she has already disheartened a number of families who were hoping that at last something would come to improve their lot in the Services. One service spouse rang the Prue Goward program and said that people were leaving because of service conditions. Mrs Kelly had the cheek to equate the Defence Force and the Public Service. There are not many public servants who are on call 24 hours a day, seven days a week, or whose life in on the line—unless they are bored to death with having nothing to do.

These service families were given a rent increase of 7.5 per cent in April this year—a 7.5 per cent increase for houses that are considered by the Department of Defence to be substandard. If they were acceptable dwellings it would be a different matter, but a rise when these people knew what awful conditions they were living in compared with the average in the community was, for many, just the last straw. They are living in areas that they personally would not choose to live in if it were not for the exigencies of the service. In a Press release announcing the Defence Housing Authority in January 1986 the Minister said:

> There is to be greater opportunity for Service members to exercise choice between renting privately and occupying a Defence house.

We have not seen much evidence of this claim either. I would like to draw the Senate's attention to some of the problems that the families are having with their housing and which I hope that the Defence Housing Authority will address as soon as it is operating, which I hope is very soon. One of the problems which many wives would understand is one of security. Many of the husbands go away for weeks on end as they are now doing, for example, on exercise Diamond Dollar. These women are left with inadequate locks on their homes. Many of them tell me they are unable to get housing insurance because they have not got deadlocks on their windows and on their doors, or the locks are inadequate according to the insurance company. There is, I acknowledge, a program to upgrade these things but it will not be completed before the end of the next financial year. Some of these wives' groups have been writing to the Government asking, 'Please, can this not be treated as a matter of urgency?'. They are afraid to be left on their own for so many weeks without proper protection. The men go away with anxious hearts knowing that their families are vulnerable. Army camps are known as being good for breaking into.

I was visiting Holsworthy Army Camp recently and was on the spot when an Army wife discovered that her house had been burgled for the third time in the 15 or 18 months that she had been in that posting. She was distraught and her husband was away when she discovered the burglary. She had nobody to comfort her and had great difficulty in getting the civilian police to come out. Eventually she got the military police to attend but her home had been broken into, windows had been broken and goods stolen.

In Queensland we have families living in tropical areas in houses without flyscreens on their windows. They are living in houses up on stilts that have no concrete base underneath. We have just a few, thank goodness, houses left that do not have piped hot water supplies. I acknowledge that that situation has just about gone, but to think that in 1987 there were still any houses in that condition that we expected our servicemen to live in is very poor. One of the worst problems they face is that of maintenance. I hope that the Authority will give urgent attention to minor maintenance and give it a high priority. It is one of the most frustrating problems for families. Often, as I have said, with the men away, the families find that it takes months to get something fixed which if there were a man in the house could probably be fixed straight away.

A lot of these problems, of course, have been caused by the fact that many of the Army families live in houses owned by the State Housing Commissions. These houses have been particularly bad, in fact much worse than the service owned houses, when it comes to getting repairs. I acknowledge that there is a plan to return the worst of these houses to the State housing authorities. I hope this matter will be given speedy attention.

Maintenance of the defence assets is not just restricted to Army service housing. In the Auditor-Generals' efficiency audit report in May 1987 comments were made that were quite damning about the maintenance of defence assets. On page 7 the Auditor-General said:

> Under normal circumstances the minimum period between the date assets were first inspected and maintenance needs identified, and the date maintenance work was commenced was in the order of 18 months.

He stated that it takes 18 months to get things repaired. There was an Army review in August 1985, referred to in the Auditor-Generals' report, which concluded:

> The maintenance backlog was between $72 and $92m and projections based on estimated future funding levels showed the backlog would be $128m by the end of the five year defence program in 1985-90 . . . the fundamental cause of this backlog has been inadequate funding.

It stated that it had got to the stage where assets were dealt with only on the basis of the expensive 'repair when failed' approach. Thus, only the symptoms and not the causes of the problems were considered. There was a recommendation that funding levels for maintenance be substantially increased. That does not just refer to married quarters but to total Army assets. It reveals a long term problem which I acknowledge is not one to be sheeted home to this particular Government. It has occurred over a long period of neglect over many governments. It is a real disgrace that assets which belong to the people of Australia should be allowed to deteriorate to the state that they have.

The size of the job that is ahead of the Defence Housing Authority is indicated by the fact that the Government has pledged $750m over 10 years to improve defence housing. We have heard that figure many times over, of course. I hope that it will be a pledge. I am concerned only by the wording in the Minister's second reading speech which states that the Government will aim to provide the Defence Housing Authority with the funding needed to meet the objective and that an investment program totalling $750m over the next decade is proposed. I would have liked to have heard the word 'committed' more than 'proposed'. The Opposition will be looking at that continually. Currently there are 22,941 married quarters. Of these 13,147 are substandard. By the Minister's own admission 6,000 of these houses need replacement and there are an estimated 10,000 more married members than there are married quarters.

Last year 571 houses were upgraded, 514 were taken out of stock and 550 new houses were acquired, leading to a net improvement of 607 houses last year. At this rate we would need 20 years to upgrade the stock that has been acquired. Only $69m was voted last year to housing and, thank goodness, at least this year that figure has been raised to $75m. However, since the Minister's original announcement that there would be a Defence Housing Authority there have been two further decisions taken which affect this funding for the Defence Housing Authority.

The 2nd Cavalry Regiment is to be relocated in Darwin. The total cost estimated by the Minister for that project is $70m of which I estimate that the cost of married quarters probably is about $60m. There will possibly later down the track also be the cost of relocation of the Regular Army brigade in the Darwin and Tindal area. But that is, I think, not a matter for consideration now.

The two-ocean Navy is also a decision by the Government which will affect the Housing Authority. The fleet based relocation study calls for an extra 690 houses in Perth at an estimated cost of about $50m. There will, of course, be the move later—if it takes place—to Jervis Bay which will have to be taken into account. The two relocations that are to go ahead amount to a total of $110m in defence housing obligations up to 1996 and that is the period which the $750m figure covers. It is an extremely large part of the $750m. In the House yesterday in answering a question, the Minister for Defence, Mr Beazley, said:

> Where does he think the sailors and the airmen will come from?

that is, those to go to the west and to Jervis Bay. He then said:

> Of course, they will come from bases in the eastern States and elsewhere.

The Minister is partly right but he does not recognise the important point that these sailors and airmen are coming from substandard accommodation which is highly likely to be filled by sailors and airmen currently living in private rental accommodation. Therefore there is a need for an urgent injection of extra funds for these

new projects so that the $750m that was voted can be used for the original purpose of upgrading or replacing existing stock. If people are being brought out of rental accommodation into married quarters we will need to spend more than $750m. I am concerned to see that the Defence Housing Authority achieves a better track record of value for money than did the Department of Housing and Construction. I do not believe that that would be too hard a job. In my view it has an appalling record.

In Estimates Committee E the Department of Defence in answer to a question from me revealed that the average estimated cost in 1986-87 of acquisition was $114,000 per house and that construction on defence land cost an average $91,000. State by State, the average cost of construction was $87,500 in Queensland, $104,000 in New South Wales, $92,000 in Victoria, $81,000 in South Australia, $83,500 in Western Australia, $85,000 in Tasmania, $112,000 in the Northern Territory and $94,000 in the Australian Capital Territory. One house in Darwin cost $205,000. I got comparative quotes on that house because that figure worked out at $820 per square metre. The comparative costs from private builders went from $100,000 to $170,000 for a house that the Department of Housing and Construction paid $205,000 for. I hope that it will have a much better ability to handle what money the taxpayer can spare for defence housing.

I mention in passing that the Government in the Budget has made a dramatic change to the defence home loans scheme by cashing out the subsidised interest which was formerly available to defence personnel with a grant of $10,000. I hope that that works out to be a fair exchange. I have not yet been able to have it checked out. The Government has missed an ideal opportunity in that if the loan as it existed had been for a larger amount and if the waiting time for the loan had been speeded up, it could have been extended to service personnel who are currently ineligible for it. Anybody who joined since May 1985 is not eligible for a defence service loan, so there are two classes of servicemen. If they had been allowed to take a defence service loan when they were posted and then sold it if they wished and, on reposting, bought again with a new loan, this would have saved the taxpayer the burden of providing as many married quarters as we now have to provide. The capital would not have been required from the Government, but simply further assistance by way of subsidy for interest rates as a condition of service. I think that was a golden opportunity which the Government missed in its anxiety to get out of the defence service home loan scheme. Mr Beazley stated:

> It is important that the defence housing stock is upgraded to meet current community standards, and that the new organisation is introduced to streamline construction, upgrading and maintenance of defence housing.

However, I am concerned that the Government does not have a very good record in the defence area and that its hopes are not always its commitments. We do not forget that in March the Government's White Paper recommended 3 per cent real growth per annum in the defence budget and that almost overnight, in the May mini-Budget, this figure was changed to a one per cent real reduction. It does not give one much hope for how well the Government will stick to this commitment.

The Defence Housing Authority also will not cover single personnel living in barracks accommodation. Some 45 per cent of defence personnel are single and nearly half of them live off base either because the barracks are not suitable, due to lack of privacy, or because there is a very slow upgrading plan going ahead. It disappoints me that in clause 7 of the Bill, amongst the powers that the Defence Housing Authority will have, there is no power to go to the private rental market, to rent private houses so as to sub-let them to defence families rather than once again use the scarce capital that we know will not be easy to find year after year. I would have hoped that that would be a sensible power which the Government would have extended to the Defence Housing Authority.

I fear also that the Authority may be vulnerable to interference from government. Honourable senators will find in the legislation that the Authority will be required to develop a corporate plan, including a detailed financial plan of its objectives. The Minister is to be given a copy of that and may direct the Authority to vary the plan. The Minister's approval must also be obtained before the Authority contracts to pay more than $6m and before it purchases an interest in a company or forms a subsidiary. There are further limitations along that line.

The composition of the Board also remains an important concern. We believe that it should include members from the private sector. It should be considered a necessity to have people with expertise in housing finance and in the housing project development area on the Board. We are also concerned that there is no provision for service spouse representation on the housing Board. As I mentioned earlier, it is one of the

major areas of dissatisfaction amongst service families. I believe it is vital that the ideas of spouses should be personally and regularly presented to the Board. The national consultative group of service spouses provides an opportunity for a representative to sit on this Board. Service wives in the United Kingdom are represented on service housing committees and, I believe, even in the Australian Capital Territory the Government has community housing committees into which there is community input into the needs for housing in the area.

In these tough economic times I think we have to find new ways, innovative ways, the best possible ways, to house our defence families. They have to be cost-effective. We have to find good quality housing for defence families that taxpayers can afford. We should be aiming at the sort of housing standard that the average family would expect to live in and, as I have said, at a cost that the average taxpayer would like to see afforded. The Government tends to spend money as though it does not come out of its own pocket. When we buy our own houses we have a much more careful look at how we spend our money. I fear that this has not happened in the past; I hope it will in the future.

Because of the need for urgency in getting the Defence Housing Authority up and running, the Opposition has decided not to proceed with the amendments which were originally moved in the previous debate when the legislation was first introduced in the House of Representatives but that does not mean that we have abandoned the principles we have expressed. These were that the establishment of the Authority may not best address the housing needs of service men and women, that we regret the failure of the Government to allow adequately for private home ownership, that we urge greater financial responsibility for base and area commanders for the acquisition, repair and maintenance of defence housing with appropriate audit controls and that the composition of the Board be broadened. We appreciate, however, that the Government has recognised the validity of these points and that there are deficiencies in the legislation. The Government has undertaken to deal with them after it has been passed. As I said earlier, we will be monitoring this matter very closely.

Warts and all, we welcome this legislation. As a former Army wife I am delighted to see it in the Parliament. I too spent my time moving through Army housing. We in the Opposition hope that it will mark the beginning of an improved lifestyle for our service personnel. They give a great deal more to our nation than the nation is often prepared to acknowledge. We need to stem the loss of these trained men and women, who have been trained at a great cost to the nation, and this legislation is a very important first step.

Senator McLEAN (New South Wales) (9.59)—It is my pleasure to agree wholeheartedly with the comments of my colleague Senator Newman. The Defence Housing Authority Bill is a very welcome Bill. I compliment the honourable senator on the thorough and most comprehensive manner in which she had documented the scene in service homes and service housing. I was interested to learn at the very end of her comments that she is a former Army wife. I am a former Army officer and I also speak from the heart. I have dragged my family through a number of Army married quarters over a period of 10 years. I have lived in and around them, my family has seen them, and felt them and my kids were reared in them, so I am sensitive to their inadequacies.

What is proposed in this Bill, which is a very welcome and important Bill, in relation to defence housing is the rectification of a very shabby and dismal record over decades. I do not think we can direct the blame wholly, by any means, at the present Government. It is a story of deterioration over a long period which is much to the shame of the community. It is important that we see service housing in the broader context of service life. I cite the situation in the Services at the moment. Our Services are on the march. Many service personnel are marching out the front doors of married quarters and out the front gates of barracks back on to civvy street. This movement out of the services, which I will attempt to illustrate statistically, reflects the poor standard of housing in which service families are expected to live.

Probably the most spectacular resignation rate from the Services is the resignation rate of serving male officers. I will go on to elaborate on the resignation rates of other ranks. Unfortunately, the figures do not differentiate between married and unmarried members. I believe that if we were able to differentiate the figures for married and unmarried members they would be an even greater indictment of the circumstances in which married service personnel have to live. In the eight years from 1975-76 to 1982-83—I am citing figures from *Defence Report 1985-86* and from updates which are available for 1987—the number of resignations among male officers totalled 502. In the four years from 1983 to

1986 the figure was 610. In the last two years, 1985-86 and 1986-87, the figure has been 675. So, in other words, the number of resignations from male serving officers has gone from 502 to 675 in eight years.

Resignation rates among other ranks have been rising in an equally spectacular manner. Let us take the broader figures of wastage from the Services—I am taking total figures—and consider the wastage rates between 1983-84 and what is available for 1987. There has been a 20 per cent increase in male wastage from all ranks in that period. There has been a 50 per cent increase in female wastage from the Services in the same period from all ranks. Enlistments during that period among males dropped quite significantly, from 7,300-odd in 1981-82 to 5,400-odd in 1985-86. Significantly, among females enlistments increased, but not markedly. I think it is reasonable to cite males as the principal breadwinners in service families. Wastage as a percentage of the number of serving personnel between 1981-82 and 1987 has increased from 10.6 to 12 per cent.

I am attempting to illustrate the fact that we have a major problem in maintaining the size of our Services. To my way of thinking this reflects the state of overall service morale. It is ironical that morale is the second of the 10 principles of war. It is regarded by many as being probably the most vital principle of war. It is reasonable to project it from being a principle of war to being the second principle of defence preparedness. This directly relates to our defence capability. The realities are that we have a highly demoralised Defence Force. It is my belief that in large measures this reflects the standard of service housing.

It is curious and coincidental that just today I posed a question without notice to the Minister representing the Minister for Defence, the Minister for Home Affairs (Senator Robert Ray), which related to defence housing indirectly. It came to me by phone yesterday morning from a small deputation of three service people who are being asked not only to abandon their civilian housing and to occupy what they consider to be substandard housing and, therefore, to sacrifice their rental subsidy, but also to travel for five hours a day from their place of service residence to their place of service work. That is in contravention, so I am told, of the defence orders in relation to this condition of service and was what prompted me to raise my question without notice today. I was grateful that Senator Ray undertook to probe further the situation in the Penrith area in relation to people who are being asked to occupy service quarters in Moorebank and, therefore, incur five hours travelling a day and inferior accommodation.

Not only is service housing relatively inferior, but also service families are asked frequently to relocate from one inferior residence to another, and to another. It is not uncommon for servicemen who have served 20 years and who receive a pension to have lived in as many as 20 service residences. Many of those residences are grossly inferior. It surprises me that the resignation rates are not considerably higher than those I cited earlier. In fact, if we did not live in the employment context in which we live today I would not be surprised if the rates were two or three times as high, as evidenced by the statistics I cited from the appropriate defence reports just a moment or two ago.

So not only should we welcome the establishment of the Defence Housing Authority, with all its limitations and all the warts that Senator Newman has referred to, but also we should promote a sense of urgency about its establishment and the speed with which it can be rendered effective. In relation to the question without notice I asked earlier, I was quite amazed by the circumstances that were presented to me by the service people living in Penrith.

Senator Newman has cited the fact that this Bill flows from a series of investigations extending over about seven years. Those investigations cited three elements necessary to remedy the problems which will confront the newly established Authority, assuming that it meets with the approval of our Parliament and is quickly established. There must be a guaranteed level of funding committed to defence housing. Business enterprise and expertise must be brought to the management task. A single organisation must be established which is dedicated to the management of defence housing and free from bureaucratic controls. I am delighted to see that in essence the Bill proposes those three things.

In general terms, therefore, the Australian Democrats support the Bill. It begins the attack on a major problem in the defence services. However, I would like to cite a further limitation which I believe parallels the limitations of existing service housing. Not only are service people required to live in inferior housing during their period of service, but also often when they reach the end of their period of service they find themselves considerably disadvantaged when moving into civilian housing. My father is an ex-serviceman and was entitled to a war service

loan. When he took advantage of that war service loan it was just that—an advantage. He walked away from being a serviceman with the advantage of being able to purchase a house under financial conditions which were, in fact, relatively favourable. I am sorry that in the Budget brought down the night before last, in contradiction of the essentially positive principles that are inherent in this Bill, we saw the possibility of service people getting a direct monetary grant in the order of $10,000. Ten thousand dollars sounds like a lot of money, but I live on the central coast of New South Wales and the block of land directly opposite me is selling for $40,000. To put a house on it would cost around $100,000. So service people, at the end of, say, 10, 15 or 20 years service, not only have moved from 10, 15 or 20 inferior houses, one after another, but also find themselves being given a grant which will not even be a deposit on a block of land, let alone begin the process of building the dream home of the service wife who has dragged the kids around from one substandard place of accommodation to another.

In broad terms we support the Bill. It addresses a serious problem. We would like to see other dimensions of this problem addressed because we believe that they would reflect in the total question of declining morale within our services. We believe that service men and women seriously and gravely deserve it at long last. In summary, this legislation begins the attack on a long-standing problem. Therefore, we support it in principle. We urge the rapid establishment of the Authority and its implementation. The Australian Democrats will watch it closely and with great interest. We urge the Government to give immediate attention to post-service housing needs also. The Australian Democrats, therefore, commend this Bill to the Senate. I personally commend Senator Newman on her very thorough and heartfelt analysis of the conditions of service men and women, particularly service families and wives.

Senator ROBERT RAY (Victoria—Minister for Home Affairs) (10.15)—in reply—I thank Senator Newman and Senator McLean, who have made a contribution to this debate. They very much concentrated on highlighting some of the past deficiencies in this particular area. I do not think there is anyone who would not concede that there have been problems in this area, not just for the life of the first three Hawke governments but well and truly preceding that. We hope that many of the criticisms made in the past will be addressed by the Defence Housing Authority Bill 1987 and rectified as quickly as possible.

I really need correct only one aspect. Senator Newman made the comment that clause 7 of the Bill does not permit the Defence Housing Authority to lease private housing. I assure Senator Newman that, within the powers of this Bill, it does have the power to lease. It has been given very wide powers. So the point the honourable senator has raised, which I think is a very valid one, is covered in the Bill. Again I thank the honourable senators who have made a contribution to the debate on this Bill. I wish it a very speedy passage.

Question resolved in the affirmative.

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

GOVERNOR-GENERAL'S SPEECH

Address-in-Reply

Debate resumed from 16 September, on motion by **Senator Beahan:**

That the following Address-in-Reply be agreed to:

To His Excellency, the Governor-General,

May it please Your Excellency

We, the Senate of the Commonwealth of Australia in Parliament assembled, desire to express our loyalty to our most gracious sovereign and to thank Your Excellency for the speech which you have been pleased to address to Parliament.

Senator SHEIL (Queensland) (10.15)—May I congratulate you, Madam Acting Deputy President, on your re-election to the position of Temporary Chairman of Committees. I ask you to pass on my congratulations to the President on his re-election. There was a time when I felt that he would be not only the youngest President of the Senate but also the shortest serving President. I have some experience of short-serving officers of the Parliament. However, I do congratulate him and express my confidence in the services he will render here. I also congratulate Senator Hamer on his re-election as Deputy President and Chairman of Committees and commend him for the work he has done over the years and for the work he is doing on the reconstruction of the committee system in the Senate at the moment.

In addition, I congratulate those honourable senators who have made their maiden speeches so early in this new Parliament. As usual, they have presented a wide set of views to the Parliament. I think that is characteristic of people who are elected to this place and I look forward

to the depth of presentation that they are going to make here.

I must say that I sat and listened to the Governor-General's Speech with my usual disquiet. Even when I listened to Her Majesty the Queen open the Parliament here on one occasion I listened with disquieting. To think that somebody can read a speech in this place that has been put together by somebody else is disquieting. Nevertheless, it is now practice. I do not like to see the monarchy reduced to a ceremonial role, but I know that this particular Government is especially concerned with reducing that role even more. It has always been a source of great comfort to me to think of the monarch as the head of our great institutions of state such as the Parliament, the judiciary and the defence forces. The fact that the monarch is the head of those great institutions means that no-one else can be their head and they cannot be taken over by anybody else.

To move on to the Address-in-Reply itself, the Prime Minister (Mr Hawke) is concentrating particularly on inculcating in us a great sense of national reconstruction. I do not know why in this third term of the Labor Government we need this immense effort for reconstruction. It simply means that he must have been tearing the place to pieces to get us into this state. At least in this Speech there was no call for reconciliation and no great call for consensus, so apparently we are all reconciled to our fate and we are all in agreement with what is happening.

In the speech the Prime Minister identified two main goals for Australia. He wanted a stronger, more efficient and more competitive economy. I do not suppose anyone could argue with that. He wanted a fairer and more compassionate Australian society. And I do not suppose that anyone could argue with that. But, of course, we can argue with the means he will employ to get to those two goals. The Prime Minister made out that great strides had already been made towards attaining the goals. In fact, just listening to the speech I was reminded of Jubilation T. Cornpone and the song that says that the country is in the very best of hands. One would be led to believe that things were not too bad. But, from just a dispassionate assessment of the situation, I do not think things are quite as good as the Prime Minister would like us to believe.

However, the Prime Minister identified one of the first mechanisms that he was going to employ as 'further restraint in government spending'. I take it that by that he means further restraint in State government spending and no restraint in Federal Government spending because, looking at the Budget that has been put out subsequently, certainly the Federal Government's expenditure has gone up and the State government expenditure has gone down. So his first engine for reform indicates quite clearly that he does not intend cutting the Federal Government spending, but he does intend cutting the State government spending.

He wants a more efficient employment of human resources. From that I take it that he means that the Government will tell us what to do. Just what it will tell us to do he does not say, but obviously that is the intention of his second machine. He wants a careful rethinking of our 'inherited attitudes'. I do not know whether he thinks the problem with us is hereditary or environmental. I do not suppose he is talking about genetic engineering for us, and if it is the environment that is the problem I remind him again that we are in the third term of a Labor government. If environment is the problem then the Labor Government must have caused it. I know Government members say that they inherited an enormous problem and an enormous deficit. But they were very lucky after they got into government because, honourable senators will remember, a great drought that had been going on for some time broke and the international trade figures picked up; and I think any usage of the past as an excuse in that way is incorrect. Certainly, the Government has had some windfalls since then. But a careful rethinking of our inherited attitudes does give one some disquiet.

The next thing was that the Prime Minister expects the community to accept some hard decisions. I just wonder whose decisions. I presume it is the Government's decisions that he is talking about. I also wonder why he is picking on us and why we as a community have to accept the hard decisions. After all, it is the Government that is in the financial problem. The only financial problem we have has been largely caused by Government—by its high taxes, whether direct or indirect taxes, new taxes or indexed excise on everything. I wonder whether the Prime Minister does any shopping at all. He would only have to go to a supermarket week after week to see just what is happening to the prices and just how costs are increasing for families. A family—I am not talking about the normal family of 2¼ children, but a family of four or five children—paying sales tax on all sorts of goods that it is buying is paying a lot more taxes than people who do not have those children.

The Prime Minister then makes a call for us all to participate in national economic reconstruction. Once again I say: Who got us into the position where we all need to take part in this national economic reconstruction?

Senator Richardson—John Howard.

Senator SHEIL—I told honourable senators opposite before: they cannot go back that far because after he had finished honourable senators opposite were blessed by a break in the drought and an upturn in international economic conditions. So they cannot blame the past for the economic troubles we are in at the moment. Nevertheless, the Prime Minister asks us to meet the challenges of the third century of white settlement here in Australia. He does not worry about the challenges of the third term of a Labor government—the challenges of increasing taxes that we will meet; the challenge of big government, because it will get bigger and we will have more of the same; the challenges of an increasing international debt and an increasing domestic debt; the challenges of Medicare which are immense, gargantuan in fact; and the challenges of the Australia Card which are all coming at us like an express train. But one of the things that really does worry me at the moment is the change in this Government. I know it started as a socialist government and then it moved to being one of these Fabian socialist governments; but now it has moved to being a fascist government.

Senator Richardson—Oh!.

Senator SHEIL—Don't go 'Oh!'. Fascism means the corporate state; in other words the government will let one own one's business but the government will control it. I think this is the way this Government is moving at the moment. Already we can see big business, big unions and big governments all in bed together having a great time with the rest of us all outside paying the taxes, being reconstructed, being re-educated, as is promised to us in this Speech, and subject to the Government's hard decisions which are yet to come; they have not yet been announced.

What has been announced is that the Government wants increased efforts to impose efficiency and 'to remove constraints on improved output performance in the private and public sectors'. This is expected to be the basis of improved living standards. The first constraint that I can see that ought to be removed is that on private medical insurance, because Medicare is bleeding us dry at the moment. It has turned into a high-cost, second rate medical service, whereas we here in Australia had medical services which were the envy of the whole world at one stage. But, through the advent of Labor governments in this Parliament, we had the introduction of Medibank and now Medicare. Our medical services have gone down to nothing; our research and development has virtually fled the country. Whereas once we were leaders in quite a few fields in medical science, we are now not only not leaders; we hardly figure in the world of research and development in medical science. However, I do not want to expand on that. I will deal with the health problems when I come to deal with the Budget later.

All I can say about the Speech is that it fills me with apprehension for what the Government intends for this country. I do not see any machinery that will lead us on to broad sunlight uplands. In fact, quite the contrary; I see us going further into debt. I see that the Government has not restrained its spending in any way at all. We will get more of the same, more of the problems of the past and the Government, with its Speech, has filled me with the greatest apprehensions for Australia.

Debate interrupted.

ADJOURNMENT

Liberal Party: Victorian Branch

The ACTING DEPUTY PRESIDENT (Senator Bjelke-Petersen)—Order! It being almost 10.30 p.m., pursuant to sessional order, I propose the question:

That the Senate do now adjourn.

Senator LEWIS (Victoria) (10.29)—On Tuesday of this week, 15 September, in answer to a question from Senator Cooney, the Minister for Home Affairs, Senator Robert Ray, made an unwarranted, unfair and untrue smear allegation against the current administrator of the Victorian Division of the Liberal Party of Australia, Mr John Ridley. Senator Ray alleged in his answer to Senator Cooney's question that, as a result of some action which Mr Ridley had taken in relation to the recent Federal election, he, Mr Ridley, had resigned his position with the Party. Firstly, let me put the lie to that allegation. The truth is that in April of this year Mr Ridley told the then State President of our Party that he wished to resign his position after the next Federal election. That election having been held, arrangements have been made for Mr Ridley to resign at a date which is convenient for both him and the Party. I do not think that in April this year even Senator Ray knew that the Prime Minister (Mr Hawke) would call an election in July.

As to the subject which gave rise to this nasty remark by Senator Ray, the facts are that Mr Ridley made a complaint to the police in relation to postal ballot papers which appeared to contain an Australian Labor Party how to vote card. That complaint was based on a statutory declaration supplied to Mr Ridley by people who were not members of the Liberal Party. Of course he made a complaint to the police. With such a statutory declaration, any director of a political party would so complain. I can assure the Senate that Mr Ridley is a fearless State director who would not fail to report to the police a perceived breach of the Commonwealth Electoral Act.

Subsequently, the police reported that the declarants, the people who made the statutory declaration, not Mr Ridley, appeared to have been mistaken. So what! I do not see that the negative police report is any reason for Senator Ray or, indeed, any other person to make criticism of Mr Ridley. One other significant person has made criticism of Mr Ridley. Certainly no one could suggest, as Senator Ray did in his answer, that it was a cheap political performance or that it caused Mr Ridley to resign. Indeed, I compare the perfectly proper behaviour of Mr Ridley with the behaviour of the current State Secretary of the Victorian Division of the Australian Labor Party, a Mr Peter Batchelor. Mr Batchelor has publicly, openly acknowledged that he was directly involved in the printing and distribution of false how to vote cards during the Nunawading by-election. The fact that he remains State Secretary of the Victorian ALP, notwithstanding that disgraceful, indeed, criminal behaviour, is clear evidence that the hierarchy of the Victorian Labor Party right up to and including the Victorian Premier is in some way connected with the actions of Mr Batchelor. Mr Batchelor's illegal actions were publicly condoned by the Victorian Premier, John Cain, and when Mr Cain could delay action no longer, his Government in fact intervened in the proceedings. Clearly, there is a massive cover up of this matter in Victoria under the guidance of this ALP Government.

Senator ROBERT RAY (Victoria—Minister for Home Affairs) (10.33)—I have just read the *Hansard*. Of course, as usual, Senator Lewis has misinterpreted what I said. I will quote what I said:

> Having impugned it for cheap political opportunism, it is no wonder that Mr Ridley had to resign some weeks after the election.

I could concede that that is open to misinterpretation. Let me explain to Senator Lewis that it could be linked in some people's minds that he resigned over that issue. That was no intention of mine. I am saying that Mr Ridley had to resign because he was not a competent Director of the Victorian Liberal Party. Historically, Victoria is Liberal territory. Just consider what has happened in every election since 1980. In the 1980 Federal election——

Senator Lewis—You are going to smear him again in another way. I told you that in April he indicated that he would resign.

Senator ROBERT RAY—I will come to that.

Senator Lewis—You are smearing him again.

Senator ROBERT RAY—No, I am saying that he resigned through incompetence over a long period, and I am just about to illustrate that. He was not the State Director for all of this period, but in 1980 the Labor Party won a majority of Federal seats in Victoria. In 1982 the Labor Party won government after 27 or 28 years in the wilderness. In 1983 once again Victoria returned a majority of Federal members. In 1984 Labor returned a majority of Labor members. The 1985 State election returned the first successive Labor State government in Victoria. In 1987 we again creamed the Liberal Party in Victoria.

The reason for Mr Ridley's resignation was, in my view, that he had a very hard job. I admit that. He had a hard job trying to put the Victorian Liberal Party back together, but he failed to do it. Their campaigns lacked professionalism. I assume that Senator Lewis has read Mr Ridley's report to John Howard. It is an amazing document of about 12 pages. In that report Mr Ridley highlights the organisational deficiencies in the Liberal Party at a national and a Victorian level. For instance at one stage Mr Ridley says that the Labor Party was unethical to use anyone on the government payroll for campaigning. Yet eight pages later Mr Ridley says he recommends that the Liberal Party do exactly the same thing. That sort of inconsistency and that sort of lack of ability was why Mr Ridley resigned. At no stage do I link the ballot paper in the postal vote envelope as a direct reason for his resigning.

I go to this point: if Mr Ridley had had the same experience as Senator Lewis or any other professional in politics, he would not have run straight to the Press. Mr Ridley did not just run to the Australian Electoral Commission and the Federal Police with this. Two days before an election he ran to the Press. This was the second such offence within four months. We had the

same thing in the Central Highlands by-election, not by Mr Ridley but by Mr Pat McNamara, the member for Benalla, with exactly the same allegation. The reason that these two allegations made the front pages of the newspapers was two-fold. One reason was the inexperience of the Press, not knowing that in every election some sort of allegation comes up that one how to vote card appears with postal ballot papers. I explained in the Senate the other day that that is perfectly natural. What happens is that people letterbox how to vote cards and post out how to vote cards. When a person getting a postal vote grabs his mail, which has been mixed up, and opens it up he suddenly thinks that some mole, some idiot or someone else in the Electoral Commission has put a how to vote card with his postal ballot papers. This accusation has been made to me on many occasions when I have been a campaign director. I have never bothered to take it to the Electoral Commission because it is a one-off thing. I have never run to the Press. I have realised that the person, as in these two other cases, was confused. I did not seek cheap publicity out of this.

This all derives from the second leg of Senator Lewis's speech tonight, and that is that the Secretary of the Victorian Branch of the Labor Party was in error over Nunawading.

Senator Lewis—Error!

Senator ROBERT RAY—He was in error over Nunawading. Having started that, and made some political capital of that, the Victorian Branch of the Liberal Party and its surrogates in this chamber then sought to blow up any other issue and attribute it back to the Labor Party. I would suggest to Senator Lewis that no one can seriously suggest that there was a mole in the Electoral Commission as alleged by Mr Ridley.

Senator Lewis—I have not alleged that.

Senator ROBERT RAY—But Mr Ridley did. If the honourable senator looks at Thursday's copy of the *Sun* he will see that Mr Ridley alleged that. What he has done has been to put under the spotlight all of the people who work in the Electoral Commission. In my view, it was at that stage a cheap political opportunist trick. It would not have been a trick if Mr Ridley had simply referred the matter to the Australian Federal Police or to the Electoral Commissioner. However, he went one step further, and that goes to the motive which was to get some cheap publicity based on the Nunawading issue.

While I am on the question of Nunawading, I have not heard Senator Lewis talk about the Petrie how to vote scam. What does he have to say about that? The Liberal candidate, Mr Hodges, put out a bogus Australian Democrat how to vote card. We had to take out an injunction to knock it off. It was worse than Nunawading because at least one could say in respect of Nunawading that there was no how to vote card at all for the Nuclear Disarmament Party. That Party simply did not put one out. But what the Liberal Party did in Queensland when the Democrats allocated preferences to the successful, as it turned out, Labor candidate was to put out a bodgie Democrat how to vote card urging people to change their preferences. If Senator Lewis is going to be consistent——

Senator Lewis—Oh come on! Your State secretary is a criminal. I think your Premier is, too.

The PRESIDENT—Order! Senator Lewis will withdraw that remark.

Senator Lewis—I withdraw, Mr President.

Senator ROBERT RAY—If Senator Lewis is consistent, why is he not up investigating the Petrie how to vote scam? It was far worse than the Nunawading one, and Mr Hodges and the rest of the Queensland Liberal Party stand condemned. I just want to go back to the two central issues and the two investigations of these how to vote cards. I want to quote from Professor Hughes who had to respond to this. By the way, he did not get the opportunity to respond in the two days before the election. He had to wait until the Federal Police had completed their investigations and, hence, his response does not appear on page 1 of the *Age* or page 1 of the *Sun*. He had to be satisfied, weeks later, with page 6 of the *Australian Financial Review*, and this is what he had to say:

> This has become an almost traditional complaint during election periods. As has been the case with previous complaints, on proper investigation it was found to lack substance or foundation.
>
> I regret that this incident cast a grossly unfair slur on the Commission's temporary staff by attacking the integrity of innocent people who neither have the opportunity nor the financial resources to seek proper redress, legal or otherwise.

I also want to go to the first case of putting a supposed how to vote card in with postal ballot papers. This again occurred in the Central Highlands by-election. There were two or three days of publicity on this. Note that this again occurred in the last week of a campaign. Dr Lyons, the Chief Electoral Officer for Victoria, issued a press release on 20 August 1987. I interpolate that when he was appointed as an independent Commissioner no one from any political side

criticised him. Dr Lyons referred a complaint about 'ALP Moles' to the Victoria Police for a police report. The report by a senior police officer commended the electoral staff, and stated that they ran a:

. . . thorough and professional operation which left nothing to chance.

He said that he was:

. . . impressed with the honesty, integrity and the totally professional attitude of (the electoral) staff.

He went on to say that the procedures were:

. . . meticulous and left nothing to chance.

. . . I cannot fault them in any way.

Then Dr Lyons went on to say:

Complaints that how-to-vote cards have been sent to electors along with official postal voting material are becoming a regular occurrence during election periods.

In future, I would hope that public figures would abstain from involving electoral officials in party-political arguments. I would also hope that a public figure who had involved electoral officials in a party-political controversy would withdraw the allegations when the truth is known.

Otherwise, as in this case, the reputations of innocent people are unfairly harmed.

This statement on the Central Highlands case received some publicity. It would be very curious for someone to suggest that Mr Ridley had not read this and had not known of the State police report in this case or that he would not have had guidance from Dr Lyons on this issue. Yet he still sought, two days before an election, to publicise this particular case.

Senator Lewis has incorrectly interpreted—although I give him ground; my statement could have been so construed, but it was not so intended—that I said Mr Ridley resigned over this affair. If I did, I take that back. He resigned for much better reasons. He resigned because the Victorian Liberal party is in absolute anarchy. I think he resigned because he did not think it could ever be brought under control. The Victorian Branch of the Liberal Party is now one of the weakest in Australia; so much so, I might add, that although this is a vital parliamentary session in the State of Victoria, where is the Leader of the Opposition in Victoria? He is not there debating the State Budget or debating vital legislation; he is having a holiday. I do not begrudge him a holiday, but one does not normally take one's holiday in the middle of a spring session. I would argue very strongly that if Mr Kennett wants four weeks off, I hope he enjoys himself, but it is unprecedented that a Leader of the Opposition would buzz off in the middle of a vital parliamentary session. That is synonymous with the incompetence and the amateurishness of the Victorian branch of the Liberal Party. All that incompetence goes right through the organisation. Nothing Senator Lewis has said tonight gives me any hope that it will improve. He comes in here half-cocked, alleging things that I have not said.

Senator Lewis—I beg your pardon.

Senator ROBERT RAY—The honourable senator has come in here half-cocked, shooting off that I in fact said that Mr Ridley resigned because of this particular matter. No such intent was in my mind. To expand on that, what I am saying is that his allegations can be construed in only two ways. Firstly, there is a desire to get cheap publicity on the coat tails of Nunawading and, secondly, there is gross incompetence in that, he had not read about the Central Highlands matter and had not read that the police had cleared the electoral officials there. Mr Finley, who incidentally ran the Central Highlands, has a reputation of being the best Returning Officer in Victoria. He is not a professional; he does that job out of love. He used to take six weeks off from the railways to run those elections. I have never met a more strict, more impartial or more fair Returning Officer. If Senator Lewis disbelieves me on that in terms of the Central Highlands, I suggest he talk to his people in the Bennettswood area who had him as their Returning Officer for 20 years. He was as straight as straight can be.

Against the background of the Central Highlands allegation I would have thought that it was Mr Ridley's responsibility, when a case is drawn to his attention, and with the experience that he should have had, to then have checked the allegations and not gone to the Press.

Senator Lewis—It was not just drawn to his attention. He was given a statutory declaration.

Senator ROBERT RAY—He had a responsibility to have that investigated, given the background of the Central Highlands. But he did not. This was the last week of the election campaign. I might add that the Liberal Party was getting a little desperate. We were getting a little worried, but the Liberal Party was getting desperate. We did have a bit of help midway through the week at a charity function. I will not go into that on this occasion but I will on another occasion.

The reason why I was so happy to answer Senator Cooney's question the other day is that it is time this dead cat was not thrown into the ring any more, unless there is some substance to it. I said on Tuesday, and I say again in conclu-

sion: Can anyone imagine the genius that would insert a mole in the Electoral Commission? We did not pick the electorates of Chisholm, Ballarat, McEwen, or Burke, or any of the other marginal seats, very cleverly apparently: we inserted a mole in the Aston office—an electorate that no one had on their swing chart to win! Having gone to the expense and the time of inserting that mole we managed to get one how to vote card in one postal ballot paper! What an act of genius! In fact in conclusion I can think of only one group that could be that smart in Victoria—the Victorian Liberal Party.

Senator Lewis—Mr President, I appreciate that I cannot speak again, but I ask whether Senator Ray will table the document from which he was quoting so extensively.

The PRESIDENT—Senator Ray, will you table the document?

Senator RAY—Yes, Mr President. It is a two-page document.

Question resolved in the affirmative.

Senate adjourned at 10.47 p.m.

PAPERS

The following papers were tabled:

Census and Statistics Act—Australian Bureau of Statistics—Statement No. 5 of 1987—List of names and addresses of Victorian state public sector agencies for Department of Management and Budget, Victoria.

Seat of Government (Administration)—Credit Ordinance 1985—Notice Nos 35 and 36, dated August 1987.

States Grants (Petroleum Products) Act—Amendment to the Schedule to the Schemes in relation to the States, dated 15 September 1987.