

THE drought gripping eastern Australia will probably trigger a downgrading of the Federal Government's 1994-95 GDP growth forecast from 4.5 per cent to 4.25 per cent, according to the Treasurer, Mr Willis.

Speaking in Parliament yesterday, Mr Willis said the Budget forecasts in May had made some allowance for the drought, but indicated the situation in rural areas had become much more serious over recent months.

Despite damage to the rural sector, however, the overall impact was "not going to be too severe as we see at this stage".

By **STEPHEN ELLIS**  
Mr Willis said forecasts by the Bureau of Agricultural and Resource Economics suggesting the drought would cut 0.5 percentage points off 1994-95 GDP were "pretty right".

"The overall effect of the impact of the drought dragging growth down, and the international recovery lifting growth up, is expected to be that we will see growth for this year not at 4.5 per cent but about 4.25 per cent," he said.

Mr Willis's remarks came as figures released by Westpac and the Melbourne Institute of

Research showed a lowering of consumer sentiment and higher inflationary expectations.

The Westpac-Melbourne Institute index of consumer sentiment fell 3.9 per cent in September. Its measure of inflationary expectations showed consumers expected prices to rise by an average of 5.1 per cent over the coming year.

Westpac said the fall in sentiment was the third consecutive monthly drop since the index reached a record peak in June.

"While it has fallen sharply, consumer confidence remains

Westpac's chief economist, Mr Bill Evans, said. Mr Evans blamed the Reserve Bank's decision to increase short-term interest rates in mid-August for much of the drop.

The inflationary expectations measure rose again in September to be back to the level recorded in April and May. Once again, interest rate changes may have played a role.

Meanwhile, Bureau of Statistics figures released yesterday show that a fall in the exchange rate led to a 1 per cent increase in import prices in July, although prices remain

year because of previous increases in the dollar's value. There was also a sharp rise in prices in the manufacturing input sector in July, with an increase of 0.9 per cent driven by higher wheat and oil prices.

More positively, Mr Willis said in Parliament that the Government was likely to exceed its 1994-95 employment targets. "We're already at the 9.5 per cent rate that was forecast in the Budget and so by the end of this financial year we can expect to be well below that level."

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# Fears for privacy grow as Fly Buys gather speed

**LOYALTY** Pacific, the promotion vehicle of the new frequent buyer plan Fly Buys, yesterday was forced to defend allegations that its program would result in a severe invasion of privacy.

With a million households issued cards in just four weeks and more than 2.5 million people collecting points, there were concerns Loyalty Pacific could on-sell information taken from registration forms to direct mail or telephone companies.

Though Loyalty Pacific has doused this criticism, the case illustrates a wider deficiency in Australia's privacy laws with some suggesting they have been overtaken by technology and the marketplace.

The issue is assuming greater importance as several of Australia's biggest companies band together and set up customer loyalty programs. They are following an inter-

national trend which has seen frequent-buyer programs mushroom.

Owned by Coles Myer, Shell Australia and the National Australia Bank, the heavily promoted Fly Buys program offers consumers free points towards air travel based on spending at participating outlets and purchases using a National credit card.

The terms and conditions require members to consent to the gathering, retention and use of information, which includes name, address and date of birth. They also consent to this information being used not just by Loyalty Pacific, but also by 12 participating retailers.

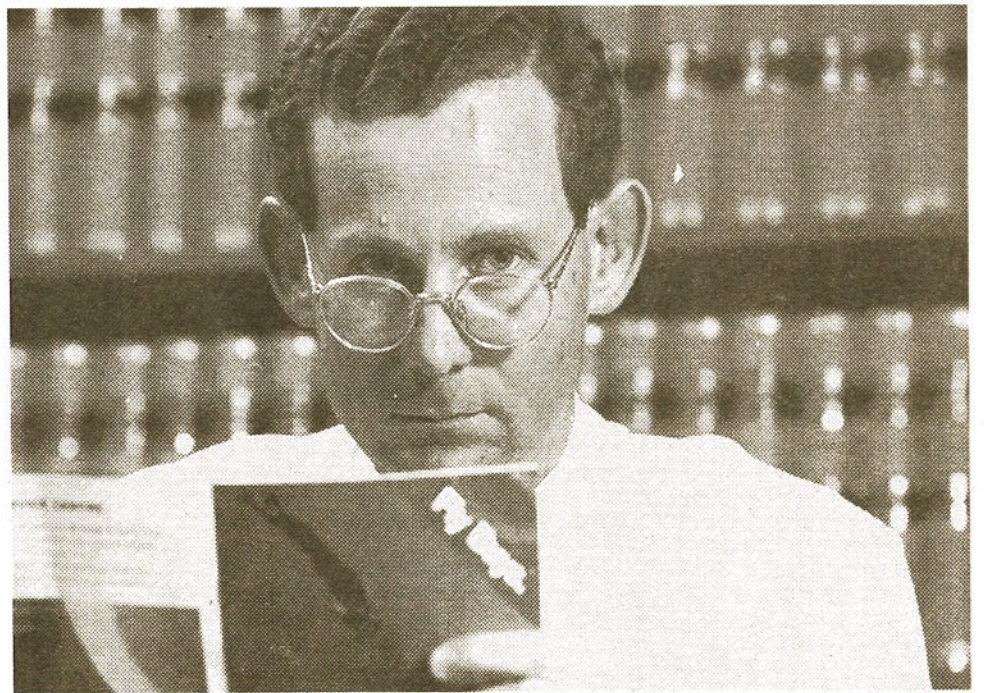
No express promise is made that this information will not be passed on to parties outside the Fly Buys program.

Indeed, clause 5.3 of the

terms states: "Information concerning members, including information contained in the application form and information as to transactions resulting in points, credits and debits will be held in a database for Fly Buys and will be made available to agents involved in administering the Fly Buys program, including a telephone service centre, agents producing cards and points summaries and a data processing agent."

The general manager of Loyalty Pacific, Dr Peter Langkamp, said the company had been up-front about conditions and that they were necessary to stop card fraud.

"We guarantee that consumer information will not be on-sold to any third party," he said. He conceded the privacy issue was a valid concern and said "some members of the program may have been initially confused due to the



**TERMS CRITICISED:** Brisbane barrister Mr Lyons

Picture: **BRIAN CONDRON**

activities of other database companies".

A strong critic of Fly Buys, Brisbane barrister Mr Andrew Lyons, said the terms of the buying program plan did not adequately protect member privacy. "If the company is now guaranteeing the infor-

mation will not be sold or otherwise passed on to third parties, then that should be expressly written into the standard terms."

Mr Lyons said that many consumers would sign terms without reading them or appreciating the significance

they had for their privacy.

"In my view, Commonwealth and State co-operation is urgently required to achieve adequate privacy protection because of the limitations imposed by the Constitution upon the Commonwealth's powers to legislate."