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Wednesday, 13 November 2002

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

WORKPLACE RELATIONS AMENDMENT (TERMINATION OF EMPLOYMENT) BILL 2002

First Reading

Bill presented by Mr Abbott, and read a first time.

Second Reading

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.31 a.m.)—I move:

That this bill be now read a second time.

This bill has three objectives: first, to improve federal unfair dismissal law for small business; second, to improve federal unfair dismissal law generally; and, third, and most important, to widen very significantly the federal law’s coverage.

Since my predecessor, Peter Reith, launched a series of discussion papers in late 2000, it has been government policy to explore options for working towards a simpler, fairer workplace relations system based on a more unified and harmonised set of laws. Maintaining six separate industrial jurisdictions makes as much sense as keeping six separate railway gauges. A national economy needs a national regulatory system and the sooner we can achieve this, the better. A more unified national workplace relations system means less complexity, lower costs and more jobs.

The government would prefer to proceed by agreement and by referral of powers along the lines pioneered by Premier Kennett in Victoria. In the absence of referrals by other states, the government proposes to use its existing constitutional powers, where it reasonably can, in a step-by-step progress towards a more unified system. In this case, the government proposes to ensure that workers and business people operate, as far as is constitutionally possible, under one system of laws governing unfair dismissal.

At present, only workers employed on federal awards or agreements have access to remedies under the federal unfair dismissal laws, unless they happen to be employed in Victoria or the territories. This legislation will ensure, in addition, that any worker employed by a corporation is within the scope of the federal unfair dismissal jurisdiction and, further, that workers within the scope of the federal system will be governed by it rather than by any state unfair dismissal law. This ‘cover the field’ provision means that the percentage of employees covered by federal unfair dismissal provisions should rise from about 50 per cent to about 85 per cent and that the number of workers covered by federal unfair dismissal provisions should increase from about four million to about seven million.

If this bill passes, the authority and coverage of the Australian Industrial Relations Commission will be strengthened. If the bill passes, just 15 per cent of employees, mostly working in unincorporated small businesses, will remain covered by state unfair dismissal systems. The government believes that an expansion of federal jurisdiction on this scale should eventually lead to a ‘withering away of the states’ at least in this aspect of workplace law.

Even as it stands, the federal unfair dismissal law is generally less burdensome to employers and less destructive of employment growth than the state laws. Even if this were not the case, there would be advantages in having to deal with only one imperfect set of laws rather than several. The government hopes to achieve not only one set of unfair dismissal provisions covering Australian workplaces but also the best possible set of provisions covering Australian workplaces.

A new Melbourne Institute of Applied Economic and Social Research study provides evidence of the confusion caused by overlapping federal and state unfair dismissal laws and also of the damage these laws can do. Based on a Yellow Pages survey of nearly 2,000 small to medium businesses, the study found that almost a third of businesses did not know whether they were covered by federal or state unfair dismissal laws. If business managers are confused by this complexity, workers can be expected to be just as confused and, as a result, might fail to
seek redress or to lodge an application in time.

The Melbourne Institute study also showed that the cost to small and medium sized businesses of complying with unfair dismissal laws is at least $1.3 billion a year and that these laws have played a part in the loss of over 77,000 jobs from small and medium business. This study amply justifies the government’s continued determination entirely to exempt small business from the reach of the unfair dismissal laws, as well as the provisions in this bill to make these laws less unfair to business and less damaging to job creation.

For small business, this bill:

- extends the standard qualifying period for employees’ access to unfair dismissal provisions from three to six months;
- allows the commission to deal with some claims ‘on the papers’—that is, without a hearing;
- halves the amount of compensation that can be awarded to an employee;
- streamlines the criteria for determining whether a dismissal was unfair; and
- refines the penalty provisions for lawyers and agents who encourage unmeritorious claims.

For business generally, this bill:

- requires the commission to take into account any contributory conduct by an employee when determining compensation;
- limits dismissal claims where an employer no longer has work for an employee—in other words, redundant employees will not usually have access to unfair dismissal claims to supplement any redundancy entitlements;
- requires the commission, when making an order for back pay, to take account of any income an employee who is to be reinstated may have earned since his or her dismissal;
- requires the commission to consider whether the safety and welfare of other employees was a factor in the dismissal; and
- emphasises reinstatement as the primary remedy.

Prominent members of the Australian Democrats have offered support for a single, more simplified unfair dismissal system providing a better balance between the interests of employers and employees without impeding job creation. This bill contributes substantially towards achieving that aim. This bill is the first legislative step towards a single workplace relations system for the whole country. On those grounds, I very strongly commend this bill to the House and I present the explanatory memorandum.

Debate (on motion by Mr Melham) adjourned.

WORKPLACE RELATIONS AMENDMENT (SECRET BALLOTS FOR PROTECTED ACTION) BILL 2002
[No. 2]
First Reading

Bill presented by Mr Abbott, and read a first time.

Second Reading

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.39 a.m.)—I move:

That this bill be now read a second time.

This bill makes a secret ballot of employees a precondition for protected industrial action.

This bill is identical to one introduced into the House of Representatives on 20 February 2002, which was rejected by the Senate on 25 September 2002.

A secret ballot is a fair, effective and simple process for determining whether a group of employees at a workplace want to take industrial action. It will ensure that the right to protected industrial action is not abused by union officials pushing agendas unrelated to the interests of workers at the workplace concerned.

Predictably, the ALP opposed the previous bill in the Senate. The Australian Democrats also opposed the previous bill, but proposed amendments. Those amendments would not have made a secret ballot a mandatory precondition to protected action. They would not have protected union members from pos-
sible coercion or intimidation in requesting a secret ballot prior to industrial action. Hence the government rejected the Democrats’ amendments, and is pursuing the present bill.

Under this bill, secret ballots will not impede access to lawful protected action, but they will provide a mechanism to ensure that protected action is a genuine choice of the employees involved. This will protect jobs by avoiding unnecessary strikes. The bill will enhance freedom of choice for workers and strengthen the accountability of unions to their members.

The conduct of a ballot will commence with an application to the commission for a ballot order. The applicant will propose a ballot agent to conduct the ballot, and will propose the ballot question and the way in which the ballot is to be conducted.

An applicant, such as a union, can be the ballot agent, provided an independent adviser is appointed to oversee the ballot process.

The bill provides for postal ballots as the default method for a ballot, but gives the commission discretion to approve other methods, including on-site ballots.

If a union applies for a ballot, only union members whose employment would be covered by the proposed agreement would be entitled to vote. Where employees seeking a non-union agreement make an application, all employees whose employment would be covered by the proposed agreement would be entitled to vote. Only those union members or employees entitled to vote in a ballot would be able to take any subsequent authorised protected industrial action.

The bill does not require precise details and timing of the proposed industrial action to be specified in the ballot question. The bill allows for industrial action to commence within a 30-day period, beginning from the date the ballot result is declared, or the nominal expiry date of the relevant certified agreement, whichever is the later, although the commission may extend this validity period once, with the agreement of the parties.

The bill makes the Commonwealth liable for 80 per cent of the reasonable costs of a ballot, which the Commonwealth will pay directly to the ballot agent. This addresses accessibility concerns by requiring the Commonwealth to bear the majority of the cost, and limiting the impact which up-front costs would otherwise have on applicants.

The bill limits the scope for legal challenges to ballot orders and ballots, to minimise the possibility of delays and uncertainty that could affect employees’ access to lawful protected action.

At the completion of a ballot, both the ballot agent and the independent adviser, if any, will provide the Industrial Registrar with a written report about the conduct of the ballot.

As before, the bill sets out simple and practical ballot requirements that guarantee the opportunity for employees to democratically decide whether to take industrial action. This is a very important bill. It is at the heart of this government’s workplace relations mandate. I commend the bill to the House and I present the explanatory memorandum.

Debate (on motion by Mr Melham) adjourned.

WORKPLACE RELATIONS AMENDMENT (AWARD SIMPLIFICATION) BILL 2002
First Reading
Bill presented by Mr Abbott, and read a first time.

Second Reading
Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.43 a.m.)—I move:

That this bill be now read a second time.

Australia’s workplace relations system needs progressive, evolutionary change.

Despite falls in unemployment, it remains the duty of this government through this parliament to do whatever it reasonably can to create jobs.

Reforms since 1996 have resulted in fewer strikes, lower inflation, higher productivity and lower interest rates. This government has helped Australian families improve their living standards with more choice and more disposable income.
The reforms to awards in this bill will continue to maintain a safety net of minimum wages and conditions to protect the low paid and disadvantaged in the work force.

The government is now in a position to introduce a further single issue bill drawn from the More Jobs, Better Pay Bill 1999.

The award simplification process under the 1996 act has been beneficial to employers and employees. Since July 1998 over 1,400 obsolete awards have been set aside, and over 1,000 have been simplified.

Award simplification has established a fairer and more streamlined safety net of minimum wages and conditions of employment. It has also facilitated agreement making and more productive workplaces.

It is now appropriate for the parliament to enact measures for further targeted simplification. Overly complex and restrictive awards hinder agreement making at individual workplaces and act as a barrier to continued employment growth.

This bill amends the Workplace Relations Act to tighten and to clarify allowable award matters. Provisions will be removed which duplicate other legislative entitlements, or which are more appropriately dealt with at the workplace.

This bill will more clearly define and specify allowable award matters. For example, redundancy pay will only relate to genuine redundancy, and not to resignation by an employee. The range of matters currently referred to as ‘other like forms of leave’ will be more closely specified and the bill clarifies matters that are isolated from an award.

The current provisions of section 89A which allow matters that are incidental to the specified allowable award matters and necessary for the effective operation of the award are amended to include only matters which are essential for the purpose of making a particular provision operate in a practical way. This bill will ensure that awards maintain a safety net system but one that is appropriately streamlined.

I commend the bill to the House and table the explanatory memorandum along with the regulatory impact statement.
dispute with an employer with fewer than 20 employees will only be taken to exist, in a roping-in or log of claims process, where the union demonstrates that it has a member employed by the employer. The identity of individual union members, however, will be kept confidential.

Where an alleged dispute is notified, for any business, on the ground that the employer has not agreed to demands set out in a log of claims, the commission would be required not to make any finding of dispute, unless satisfied:

- the log of claims, when served, was accompanied by a notice containing prescribed information—the prescribed information is intended to explain the status of a log of claim and explain employers’ rights in relation to logs of claims;
- the alleged dispute was not notified until at least 28 days after service of the log;
- the party notifying the alleged dispute had given the employer at least 28 days notice of the time and place for hearing of the dispute notification; and
- the log of claims did not include any demand requiring conduct or provisions contrary to the freedom of association provisions of the act, or outside the scope of the employment relationship.

The bill will also require the commission to inquire into the views of identified small business employers affected by the making of an award, rather than only taking into account the views of employers who go to hearings.

In introducing this bill, the government is demonstrating its commitment to making the workplace relations system better meet the needs and circumstances of business, particularly small business. This is vital to maximise the opportunities for growth and innovation for the approximately 1,122,000 private sector, non-agricultural, small businesses in Australia. These businesses account for 96 per cent of all businesses—and are the engine room for jobs growth in our economy. It is clearly in the public interest to open the door to the new jobs that can be created by small business if we continue to ease the pressure that excessive industrial regulation presents for Australia’s hard-working small business men and women.

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

Debate (on motion by Mr Melham) adjourned.

MEDICAL INDEMNITY BILL 2002

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Ageing) (9.52 a.m.)—I move:

That this bill be now read a second time.

This package of bills will enact key elements of the government’s new framework for medical indemnity insurance announced by the Prime Minister on 23 October 2002.

These bills contain measures designed to make the medical indemnity market more sustainable and provide affordable medical indemnity coverage for doctors.

They will ensure key private medical services, including in rural and regional areas, are maintained by giving doctors the certainty they require.

For the last eight months this government has been working actively to find a solution to the problems in the medical indemnity market.

These problems are not of the Commonwealth’s making. Nonetheless, we have put every effort into finding appropriate and affordable solutions to ensure doctors can keep practising with confidence and that they will have access to affordable medical indemnity insurance into the future.

Together, the bills I am introducing today provide for:

- a scheme to fund the incurred but not reported liabilities of medical defence organisations where they do not have adequate reserves to cover these liabilities, as well as a levy on members to fund this scheme;
- a high cost claims scheme to enable the Commonwealth to fund 50 per cent of the cost of payouts by medical indemnity
insurers greater than $2 million, up to the limit of a practitioner’s indemnity cover; and

• direct premium subsidies for doctors with especially high medical indemnity premiums.

The government’s policy on medical indemnity was put together following widespread consultation with doctors, other health professionals, insurers, state and territory governments and other stakeholders in the health sector.

We have worked cooperatively and constructively with all parties and as a result those groups most affected by rising medical indemnity insurance premiums as well as those providing such insurance have welcomed the government’s policy.

The Australian Medical Association, the Royal Australian College of General Practitioners, the Rural Doctors’ Association of Australia, the Neurosurgical Society of Australasia and the provisional liquidator of UMP/AMIL have all welcomed the broad ranging initiatives contained in our policy as reflected in the bills before you today.

While these bills will go a long way towards putting a cap on rising medical indemnity insurance premiums for doctors, they need to be backed by significant tort and legal system reforms at the state and territory level.

Effective tort and legal system reforms will provide greater certainty to insurers in determining the number and size of likely claims while at the same time having due regard to ensuring fair and reasonable compensation for victims. These law reforms will have flow-on effects in terms of the availability and affordability of medical indemnity cover in the longer term.

This government has taken a leadership role on the issue through the appointment of the high-level panel headed by Justice Ipp to review the laws of negligence.

We will continue to urge state and territory governments to implement the recommendations of the Ipp review to ensure that these law reforms are carried out in a nationally consistent manner where possible.

The Medical Indemnity Bill

This bill provides for the IBNR indemnity scheme.

The reality is that some MDOs just don’t have adequate funds to meet these claims for which they are liable but that haven’t yet been reported. These MDOs have not been charging high enough premiums.

Without the IBNR scheme proposed by the government, those MDOs with unfunded IBNRs would have had to fund them either by raising premiums further or by making compulsory ‘calls’ on their members. This scheme will give affected MDOs such as UMP/AMIL the chance for a fresh start unencumbered by past claims incurred liabilities.

Under the scheme, the government will assume responsibility for the unfunded IBNRs of any MDO that has them. The scheme will allow members of MDOs with unfunded IBNRs to fund these liabilities over time, through an affordable levy.

The high cost claims scheme is also provided for in this bill. Under this scheme, the government will assist with the cost of large claims, ensuring medical defence organisations pay out less on big claims and enabling them to reduce the amount of reinsurance they have to purchase. In this way, the scheme should have a direct impact on premiums.

Insurance markets currently have little appetite for taking on large and uncertain risks. This is especially the case in the medical indemnity insurance market where it is difficult to assess risk and to price premiums appropriately. By paying half of the amount of any insurance payout greater than $2 million, up to the limit of an individual practitioner’s insurance coverage, the government will reduce this uncertainty and help ensure that adequate cover is available where incidents result in catastrophic injuries for patients.

Finally, the bill provides for the introduction of premium subsidies for doctors. Whilst premiums have been rising generally for doctors over recent years, for some doctor groups these increases have been particularly large.
This government will introduce arrangements to help these doctors afford their premiums while the broader reforms take effect. We propose to provide subsidies to practitioners who face the most serious premium affordability problems relative to their peers—obstetricians, neurosurgeons and procedural GPs.

These subsidies will bring the premiums these doctors pay closer to those paid by other doctors in a comparable professional group. The subsidies will assist these doctors to continue to provide valuable services to the community. This is of particular importance in the case of GPs providing anaesthetic, obstetric and surgical services in rural and remote areas.

Earlier Government initiatives

These bills follow a range of other initiatives taken by the government this year aimed at addressing issues in the medical indemnity sector.

Earlier initiatives included:

• an initial guarantee, and an extension of that guarantee, to the provisional liquidator of UMP/AMIL;
• a medical indemnity forum and ministerial meeting on public liability hosted by the Commonwealth;
• the commissioning of the Ipp review of the law of negligence; and
• legislation to allow structured settlements to be treated in the same way as lump sum payments for taxation purposes.

Market Reforms

Regulatory reform for medical indemnity insurance providers and the introduction of consumer safeguards also form a key part of the government’s policy on medical indemnity. These reforms will be enacted through legislation that will be introduced separately.

Essentially these reforms are about ensuring that MDOs remain solvent so that claims can be met, and doctors have access to adequate cover that meets their needs so that they can continue to provide vital medical services to the Australian community.

I commend the bill to the House and I present the explanatory memorandum to this bill, the Medical Indemnity (IBNR Indemnity) Contribution Bill 2002, the Medical Indemnity (Enhanced UMP Indemnity) Contribution Bill 2002 and the Medical Indemnity (Consequential Amendments) Bill 2002.

Debate (on motion by Mr Melham) adjourned.

MEDICAL INDEMNITY (CONSEQUENTIAL AMENDMENTS) BILL 2002

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Ageing) (10.00 a.m.)—I move:

That this bill be now read a second time.

The Medical Indemnity (Consequential Amendments) Bill 2002 makes consequential amendments to other health legislation to assist in the administration and the operation of the legislation. I commend this bill to the House.

Debate (on motion by Mr Melham) adjourned.

MEDICAL INDEMNITY (ENHANCED UMP INDEMNITY) CONTRIBUTION BILL 2002

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Ageing) (10.01 a.m.)—I move:

That this bill be now read a second time.

The Medical Indemnity (Enhanced UMP Indemnity) Contribution Bill 2002 provides for the government to recover the cost of the guarantee to the provisional liquidator of UMP/AMIL. The Commonwealth is yet to make any payment under this guarantee and may indeed make no payments at all if UMP/AMIL is able to trade its way out of its present difficulties. I commend the bill to the House.

Debate (on motion by Mr Melham) adjourned.
MEDICAL INDEMNITY (IBNR INDEMNITY) CONTRIBUTION BILL 2002

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Ageing) (10.02 a.m.)—I move:
That this bill be now read a second time.

In the Medical Indemnity Bill 2002, the government has put in place a scheme to fund the incurred but not reported liabilities of medical defence organisations where they do not have adequate reserves to cover these liabilities. The Medical Indemnity (IBNR Indemnity) Contribution Bill 2002 requires a contribution from members of medical defence organisations with unfunded IBNRs to cover the cost of Commonwealth assistance in meeting those liabilities. The government is aware of the need to make the contribution affordable for doctors and other allied health professionals. This is why it will be spread over a number of years. There should therefore be no justification for doctors increasing their charges significantly or ceasing to bulk-bill due to medical indemnity costs. I commend the bill to the House.

Debate (on motion by Mr Melham) adjourned.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS—BUDGET MEASURES) BILL 2002

First Reading

Bill presented by Mr Andrews, and read a first time.

Second Reading

Mr ANDREWS (Menzies—Minister for Ageing) (10.03 a.m.)—I move:
That this bill be now read a second time.

The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 implements the decision announced in the 2002-03 budget to increase patient copayments and safety net thresholds under the Pharmaceutical Benefits Scheme.

The Pharmaceutical Benefits Scheme has grown at an average annual rate of 14 per cent over the past 10 years. In that time it has grown from just over $1 billion in 1990-91 to almost $5 billion dollars—indeed it was $4.8 billion in 2002-03.

No responsible government can allow this to continue if Australians are to continue to enjoy universal access to medicines into the future. And no responsible opposition can allow this to continue.

Since 1996 the Howard government has added 300 medicines to the PBS at a cost of $1.7 billion. Each and every one was approved by a committee of experts, the Pharmaceutical Benefits Advisory Committee, and represents a sound investment in the health care of all Australians.

In the not too distant future it is quite possible that a single medicine for the treatment of a common condition such as arthritis or diabetes will cost taxpayers $1 billion in a single year.

The Howard government is committed to ensuring Australians can continue to have access to subsidised medicines under the Pharmaceutical Benefits Scheme. I only hope that the Labor Party can say the same. However, if the PBS is to continue to provide access to subsidised medicines, just as it has done for the past 50 years, we must put in place measures that will keep it affordable.

Even with the announced increases in copayments, consumers will be contributing just one-fifth of the total cost of the PBS—$1 billion towards the cost of the PBS this year of $4.8 billion.

The Intergenerational Report shows that, if growth continues as it has, in 40 years the Pharmaceutical Benefits Scheme will cost taxpayers as much as $60 billion.

Securing the future of the PBS requires a whole-of-community approach.

We are asking consumers to make a small contribution. For a health care cardholder—such as a pensioner, self-funded retiree or low-income family—it will mean a maximum additional contribution of $52 per year. The average health care cardholder has 19 prescriptions per year, which means that the
announced changes will cost cardholders on average $19 per year.

For general consumers the copayment will increase to $28.60. However, almost half of all medicines on the PBS are priced below the current general copayment. Consequently, general consumers will pay no more for almost half of the medicines on the PBS, as a direct result of the changes to take effect from 1 August.

Many of these are common medicines, such as Ventolin for asthma, the contraceptive pill for birth control, Panadeine Forte for pain control, Voltaren and Feldene for arthritis, Augmentin for infection and Tenormin for high blood pressure.

The safety net is also in place to protect people who use a lot of medicines. Every Australian qualifies for the safety net.

Once a health care card-holder reaches 52 prescriptions in a calendar year, they pay nothing for their medicines for the rest of that year. Importantly, this same threshold applies to families so, for example, a low-income family of two adults and three children with a health care card enjoy a very significant benefit.

Importantly, the safety net does not just apply to people with a health care card, which means for general users from 1 January next year once they spend $874.90 on their PBS medicines in a calendar year they will pay the concessional co-payment for the rest of that year.

The Pharmaceutical Benefits Scheme is a world-class scheme and very generous but securing its future requires a whole of community approach and we will be working together with doctors, pharmacists, pharmaceutical manufacturers and patients to ensure Australians continue to have access to the medicines they need.

The government hopes that the Australian Labor Party will see sense but we will not hold our breath. I commend this bill to the House and I present the explanatory memorandum.

Debate (on motion by Mr S.F. Smith) adjourned.
months to comply. Many business services and representative bodies such as ACROD are concerned about the potential loss of employment places if workplaces are closed down for failing to meet these new standards. It is therefore essential that business services are provided with maximum assistance and clear guidelines in implementing these standards. Our concern centres on the lack of clarity in standard 9, Employment Conditions, which deals with setting appropriate wages for people with disabilities in accordance with their capabilities and productivity levels. This is partly an industrial relations issue and partly a question of human rights, including the right of people with a disability to participate in the work force. There is a range of views within the sector, and we admit that quite openly. Some disability advocates argue that wage standards should be set according to awards as a matter of principle, although allowing for concessions because of lower productivity of some workers. But business service operators are concerned that awards based instruments might force those wages too high, resulting in a threat of a possibility that some of those enterprises could close down.

Instead of setting a fair measure and, if necessary, providing assistance to those business services that would struggle to meet the benchmark, the government, in our view, has sought to pit some consumers against some service providers. Instead of proposing a user-friendly consistent guideline for wage setting, standard 9 offers employers an unclear choice. I will quote from the Disability Services (Disability Employment and Rehabilitation program) Standards 2002:

This pro rata wage must be determined through a transparent assessment tool or process such as the supported wage system (SWS) or tools that comply with the criteria referred to in the *Guide to good practice: wage determination*, including compliance with relevant legislation, validity, reliability, wage outcome and practical application of the tool.

On the one hand employers can use the SWS, a tool designed for use in open—that is, not supported—employment in conjunction with awards. On the other hand, the government directs employers to the *Guide to good practice: wage determination*, which is not a simple check list but a 25-page document, which concludes that:

No single model for wage determination currently in operation represents best practice.

That is on page 2 of that publication. The consultant who produced the *Guide to good practice: wage determination* also recommends the development of guidelines for a nationally consistent wage determination system. In a parallel process to all of this, the government is currently finalising just such a national wage assessment tool for people with disabilities but it has not sought, at any stage, to incorporate that new tool into the new standards for business services. According to the minister’s office, the consultants hired to develop the new wage assessment tool will deliver their report by December of this year. We understand the tool will then be trialed for approximately three months in a select group of business services. In talking about the new assessment tool, the Department of Family and Community Services says:

... be based on the existing SWS, Supported Wage System tool, used in measuring employee productive capacity in open employment but adapted to the supported employment environment.

Disallowance of standard 9 would force the government to wait six months before reintroducing it, which is enough time to redraft the standard and incorporate the new national wage assessment tool—providing the three-month trial is successful and the tool is acceptable to the industry.

We do not move a disallowance motion of this kind lightly. We believe very strongly in the quality assurance process that is now in place following the passage of the legislation earlier this year. In fact, we have said in this place on a number of occasions that people employed in business services deserve to have no lower an expectation of their remuneration or their standards or conditions of employment than anyone else in the employment place. What we want is consistency, clarity and removal of any confusion. The feedback my colleagues and I have been receiving from people out there in the community within this specialised part of our employment sector is confusion. They are unsure as to what degree the current standard
9, as is provided in that package, will affect any new tool coming along. The government have not announced how—should the new tool currently being developed on their behalf be acceptable and be the answer to the question—it will be incorporated into the package of standards when it becomes available. I hope the minister at the table, the Minister for Family and Community Services, can clarify that for us.

The bottom line as far as we on this side of the House are concerned is quite simple: the people employed in business services deserve every opportunity possible to continue that employment; the quality assurance process is a good one only if it works and only if it guarantees that any collateral damage—for want of a better term—to the sector and the people employed within it is kept to an absolute and bare minimum. Any business service that fails to gain accreditation by the end of December 2004 will cease to receive Commonwealth funding for employment services for these people. That means it is probable that those business services will close, so the employees within them will lose not only their employment but also the social community in which they interact each day of the week. They will therefore become clients of state and territory disability services, which is a completely different funding game.

We have endorsed and supported the quality assurance work the government have done so far in this sector, but we have made it very clear that the parameters we set are that it will work only if the intent is honest and true and the resources are made available to ensure that the collateral damage I refer to is almost non-existent. I do not want to see one person more than necessary—in fact, I do not want to see one—who is currently employed in a business service in this country lose their spot because of some legislative outfall from this procedure. We have made that very clear all along. The wage assessment tool is the most contentious within the sector—there is no doubt about that—but it is also one of the most important, because it is the method by which people are judged as to the remuneration they receive when they work in these business services. It must be clear, it must be acceptable and it must cause no confusion for the employers.

It has been admitted that the current process involving standard 9 is probably inferior to what is required. For a package of standards to go through both chambers with an inferior important piece within it is a worry; and it is a worry whilst the government admits it is out there trying to create a better piece of wage assessment. We are trying to remove standard 9 from this package—we are not doing so to stop the progress of the standards; the rest have gone through and we are happy with that—so that, in six months time, a proper, considered, assessed and ticked-off standard 9 can be incorporated following the work the government has contracted to. That is the reason we are doing it. We are passionate about it because we believe very strongly that the people employed in these services deserve every amount of encouragement and support they can get.

Ms KING (Ballarat) (10.20 a.m.)—The Labor Party voted to support the Disability Services Amendment (Improved Quality Assurance) Bill 2002 because it is consistent with our principle that everyone, including those Australians with a disability, deserves the right to fair wages and decent employment conditions. In supporting the bill, though, we believed the real test for the government would be in how it was implemented, what assistance was given to disability services to adapt and how the new quality assurance standards worked on the ground. I have to admit that I have been somewhat sceptical about the government’s ability to implement the bill, particularly given the breadth of change required and the limited amount of funds the government is providing to assist, but I have been prepared to see how the implementation goes, to consult with my local disability services and to take their advice. They tell me that, at the first test, the government has them very worried.

The first set of standards we have before us, which relate specifically to organisations providing supported jobs and rehabilitation, is good. The standards package attempts to incorporate into disability employment services principles of workplace transpar-
ency, self-development skills, skills development, privacy and good service. I believe the standards are headed in the right direction and will see significant improvements in employment services. However, there are many in the sector—including services in my electorate such as McCallum Disability Services and Ballarat Regional Industries—that are concerned about the potential loss of employment places if workplaces fail to meet the new standards. Business services must be provided with maximum certainty and clear and workable guidelines in implementing the standards.

The difficulty we and many in the sector have is with standard 9, which deals with employment conditions and specifically the setting of wage rates. Standard 9 falls far short of what the disability employment sector expected. The setting of wage rates and its subsequent impact on the viability of business services is the area of greatest concern for the sector. Business services have indicated their willingness to change, and in fact there are many good examples in the sector where wage setting tools have already been developed. But standard 9 tells business services they have a choice to use either the supported wage system or any other system that they can devise so long as it complies with the Guide to good practice wage determination, which in reality is of no practical assistance.

At the same time, the government has let a contract to develop a national wage assessment tool for people with disabilities. I understand that the consultants are to provide their report in December this year and that the tool is to be trialed for three months in a selected group of business services. It seems somewhat odd to me that government would set a standard—which in reality provides no guidance to the sector as to how to implement it—then require the sector to go down the path of implementation and then, several months later, change the goalposts by providing a national wage assessment tool which, if accepted by the sector, may provide some leadership in the setting of wages. The issue of wage setting goes to the very heart of the viability of business services and their capacity to offer continued employment to some 15,000 people currently in their employ.

In my electorate, McCallum Disability Services and Ballarat Regional Industries are extremely concerned. They accept the need for change. They are active members of ACROD and they have demonstrated significant good faith and participated in meetings with Department of Family and Community Services staff and the minister’s advisers to make sure that the standards are workable. But with standard 9 they are concerned that they are being set up to fail. Both services have a long history in Ballarat. Like most business services, they started from a philanthropic base and provide far more than just employment to their work force. They will freely admit that there are problems; many of their workers are not backward in coming forward with these, particularly in relation to wages and employment conditions.

The government must provide certainty to business services. But instead of smoothing the way for reform, standard 9 is creating confusion as to how determine a fair rate of pay for people with disabilities. With the limited amount of funds available to employment services to adapt to these changes, along with the government’s failure to grapple with the issue of waiting lists for rehabilitation services or to provide significant growth funding to these services and its apparent inability to show leadership in relation to developing a standard that provides clarity for businesses services across the country in relation to a fair wage system for people with disabilities, I remain concerned that the sector is being set up to fail. Therefore, I am pleased to second the motion moved by the member for Canberra.

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (10.25 a.m.)—I thank the speakers who have participated in this debate. From the outset I inform the House that the government will not be supporting the opposition’s move for disallowance of standard 9—which would not come as a surprise to the opposition. From a personal point of view, before I became an MP I had a fair amount of dealings with disability services. For quite some time, in a voluntary capacity, I was a director of a
disability service, and I know the huge challenges that they face. The whole sector has been going through many changes over the last couple of years, and in that regard I acknowledge the comments from other speakers.

The standards that we are debating are about delivering guaranteed minimum service levels for people with disabilities in all Commonwealth employment services. Indeed, the Commonwealth-state disability agreement—when it is finally ticked off—will provide a substantial increase in Commonwealth funds for employment services, from about $1.2 billion to about $2 billion. We are making enormous financial commitments. We also want to ensure that there are adequate standards and the best possibility for adequate pay for people involved in the disability sector. Disability employment services must meet the standards that we are talking about by 2005. It is not happening tomorrow; it is a considerable time off.

The standard that is the subject of the disallowance motion today ensures that each person with a disability enjoys working conditions comparable to those in the general work force. The key performance indicator of this standard will be the payment of fair wages to all employees. There are a number of methods available, which are already being used, to assess wages in disability employment services. There is, however, no single tool suitable for both open and supported employment—that is what the debate is about today—which is not surprising, given the significant differences between the two types of services. Open employment provides jobs for people in workplaces that have a mix of employees, whereas supported employment is often provided in business services—previously known as sheltered workshops. In the business services workplace, tasks may have been specifically designed for people with severe disabilities and there may not be able workers without disabilities doing these specific tasks. Therefore, we do not wish to mandate a particular wage assessment method for all service types. However, we are working with the sector to develop a new national wage assessment tool that will meet, along with existing tools, the requirements of standard 9 for business services.

If standard 9 is disallowed, it is our view that there will be no standard for wages and conditions for any employment services. This means that employment services may be certified for Commonwealth funding without being required to pay fair wages. The industry sector has told us that they need a new wage assessment tool in order to make standard 9 work effectively. We are in the final stages of developing a new wage assessment tool. It will be available to the industry by early next year. A new wage assessment tool is needed so that services can prepare themselves in time to pay award wages in order to receive certification by December 2004. Employment services that are not certified by this time will not be funded from 2005—and I acknowledge the comments made by members of the opposition. The existing supported wages system does not work satisfactorily for most business services because it has been based on a productivity comparison between an able-bodied worker and a worker with a disability in open employment doing exactly the same job. Independent evaluation of the supported wages system in 2000 found that it was not necessarily suitable for all business services, especially where there are clients with high support needs.

The peak disability employment service, ACROD, has made it clear that the requirement to pay award based wages will be a challenge for many business services. However, ACROD also believes that the new system—that is, standard 9—will ultimately provide better outcomes for people with disabilities. That is the bottom line. Standard 9 deliberately does not specify any particular tool; rather, it specifies criteria against which the tool can be assessed and includes the supported wage system as an example. The new tool will meet these criteria; however, it will not be compulsory, as a number of leading businesses are already paying award based wages using different wage assessment tools that could easily satisfy the standard.

Ms Ellis—that is fine.
Mr ANTHONY—That is fine—I acknowledge the comment by the member opposite—so long as they are transparent and they are paying against an award. Employment services and auditors have been given detailed guidelines that were developed against all the proposed standards and key performance indicators. We have provided advice and help from a number of different kinds of services on what does and does not work. However, to ensure consistent and accurate interpretations of both the standards and the performance indicators, the department has funded a training course for auditors.

The landscape of disability employment services is changing, and I think all of us agree it is changing for the better. People with disabilities, their carers and families will now have confidence in the quality of the employment services they choose. They deserve no less. The government supports all workers having the same basic rights and conditions. We certainly will not back down from that. We have come up with a legislative framework that gives disability employment services a new way of doing business and gives their clients a new confidence. I am sure history will record standard 9 as a defining moment in the ongoing call by people with disabilities for a fair go. To disallow standard 9 would be to disallow people with disabilities a fundamental right—the right to be treated the same as everyone else. Therefore, we will oppose the opposition’s motion for disallowance of standard 9 of the disability services standards and we will work with the sector.

Question put:

That the motion (Ms Ellis’s) be agreed to.

The House divided. [10.36 a.m.]

(The Deputy Speaker—Mr Hawker)

Ayes…………….. 61
Noes…………….. 75
Majority……….. 14

AYES

Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Burke, A.E.

Byrne, A.M.
Cox, D.A.
Danby, M. *
Emerson, C.A.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Grierson, S.J.
Hall, J.G.
Hoare, K.J.
Jackson, S.M.
Kerr, D.J.C.
Latham, M.W.
Livermore, K.F.
McClelland, R.B.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O’Connor, B.P.
Pibersek, T.
Quick, H.V. *
Roxon, N. L.
Sawford, R.W.
Sercombe, R.C.G.
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Zahra, C.J.

Corcoran, A.K.
Crosio, J.A.
Ellis, A.L.
Evans, M.J.
Ferguson, M.J.
George, J.
Gillard, J.E.
Griffin, A.P.
Hutton, M.J.
Irwin, J.
Jenkins, H.A.
King, C.F.
Lawrence, C.M.
Macklin, J.L.
McFarlane, J.S.
McMullan, R.F.
Mossfield, F.W.
O’Connor, G.M.
Organ, M.
Price, L.R.S.
Ripoll, B.F.
Rudd, K.M.
Sciacca, C.A.
Sidebottom, P.S.
Snowdon, W.E.
Tanner, L.
Wilkie, K.

NOES

Abbott, A.J.
Andrews, K.J.
Bailey, F.E.
Baldwin, R.C.
Billson, B.F.
Bishop, J.J.
Cadman, A.G.
Charles, R.E.
Cobb, J.K.
Downer, A.J.G.
Eason, K.S.
Farmer, P.F.
Gambaro, T.
Georgiou, P.
Hardgrave, G.D.
Hockey, J.B.
Hunt, G.A.
Jull, D.F.
Kelly, D.M.
Kemp, D.A.
Ley, S.P.
Lloyd, J.E.
May, M.A.
McGauran, P.J.
Nairn, G. R.
Neville, P.C.

Anderson, J.D.
Anthony, L.J.
Baird, B.G.
Bartlett, K.J.
Bishop, B.K.
Brough, M.T.
Cameron, R.A.
Ciobo, S.M.
Costello, P.H.
Dutton, P.C.
Entsch, W.G.
Forrest, J.A. *
Gash, J.
Haase, B.W.
Hartsuyker, L.
Hull, K.E.
Johnson, M.A.
Katter, R.C.
Kelly, J.M.
King, P.E.
Lindsay, P.J.
Macfarlane, I.E.
McArthur, S. *
Moylan, J. E.
Nelson, B.J.
Panopoulos, S.
Mr MELHAM (Banks) (10.43 a.m.)—I am pleased to speak this morning on the Criminal Code Amendment (Offences Against Australians) Bill 2002. This bill is designed to create extraterritorial offences to outlaw the murder of and serious violence against Australians overseas. On 24 October, the Attorney-General and the Minister for Justice and Customs announced the government’s intention—as a matter of urgency following the 12 October Bali bombings—to introduce new legislation making it an offence to murder, commit manslaughter or intentionally or recklessly cause serious harm to an Australian citizen or resident where that conduct occurs outside Australia.

The bill, drafted with considerable speed and introduced into the House by the Attorney-General yesterday, is designed to ensure there are no legal loopholes in terms of prosecuting terrorist acts involving murder overseas. The bill reinforces the counter-terrorism legislation passed by the parliament in June which already has extraterritorial effect. The bill contains new offences of murdering, committing manslaughter or intentionally or recklessly causing serious harm to an Australian citizen or resident where that conduct occurs outside Australia. The proposed new offences will attract the following maximum penalties: murder, life imprisonment; manslaughter, 25 years imprisonment; intentionally causing serious harm, 20 years imprisonment; and recklessly causing serious harm, 15 years imprisonment.

These offences are all-encompassing. They will apply to murder, manslaughter or serious harm to Australian citizens, including dual citizens, and Australian residents who happen to be overseas anywhere in the world. The proposed offences will apply retrospectively from 1 October 2002. In June, this parliament passed the Security Legislation Amendment (Terrorism) Bill 2002 [No. 2], which established a comprehensive range of terrorism offences with extraterritorial effect. Under that legislation, terrorist acts are defined, among other things, as acts or threats made ‘with the intention of advancing a political, religious or ideological cause’. This must be done with the intention of coercing Commonwealth, state, territory or foreign governments or the public of Australia or another country.

Regarding the offences proposed in this bill, it will not be necessary to establish an offender’s political motivation. Proving specific political motivation and an intention to coerce could be a difficult evidentiary burden in regard to offences committed outside Australia by foreign nationals whose links to known terrorist groups are elusive. Instead, in this bill, murder is treated as murder, pure and simple. This will provide a prosecution option where perpetrators are unable to be prosecuted under our antiterrorism legislation. Importantly, the bill also creates a basis for Australia to seek to extradite persons suspected of murdering or seriously harming Australians overseas. To extradite a suspected offender from a foreign country there must be ‘dual criminality’—that is, the conduct must constitute an offence in both Australia and the other country. Other countries may not have specific counter-terrorism laws, but they do have murder laws. This new offence will fulfil the precondition for extradition that there is dual criminality and will enable extradition for murder, manslaughter and serious harm to Australian persons.

The retrospective nature of the legislation should be noted. Retrospective offences
should generally be avoided. In this case, however, the actions which are to be criminalised—murder, manslaughter and serious harm to the person—are serious criminal offences in all jurisdictions worldwide. As a consequence, the new offences will cover the actions of the persons responsible for the 12 October Bali bombings. Australian law enforcement authorities are engaged, of course, in a joint investigation with their Indonesian counterparts into a terrible atrocity that occurred on Indonesian soil. This is an immensely complex and challenging undertaking. It is fully comparable with other international investigations, such as those into the Lockerbie airline bombing and, of course, the September 11 terrorist attacks in the United States.

It is pleasing to see that significant progress has been achieved in the joint investigation into the Bali bombings. The investigators, Indonesian and Australian, are to be commended. Clearly, however, there is a long way to go before this matter is brought to a conclusion. It will presumably be the Indonesian government’s intention that the perpetrators arrested in Indonesia should be dealt with under Indonesia’s criminal law. After all, these were crimes committed on Indonesian soil. At the same time, a very large number of the victims were Australians. Australia will have to look closely at the question of whether it will be appropriate to pursue the extradition of suspects. It should also be recognised that those involved in the bombings could now be anywhere in the world. This legislation will establish a basis for possible extradition proceedings. However, it should be recognised that, if the suspected offenders are located outside Australia, prosecution of the offences will still depend on the country in which the suspected offenders are located agreeing to the extradition of the suspects to Australia.

The bill contains a number of safeguards. Proceedings for an offence must not be commenced without the Attorney-General’s written permission. This requirement should ensure that all relevant factors are considered before the unusual step is taken to prosecute an offence which substantially occurred outside of Australia. In this regard, I also note the comments in the explanatory memorandum at page 6:

... whilst prosecution proceedings may not proceed without the consent of the Attorney-General, preliminary measures such as arresting and charging the person may still occur ... arrest, charge and remand, which may require urgent action, are not prevented because of the need to gain the Attorney-General’s written consent. It is clear from this section—

that is, the section in the bill—that an investigation may be instituted or continue even if the consent of the Attorney-General for the prosecution proceedings has not yet been obtained.

The bill also provides that the proposed provisions are not intended to exclude or limit the operation of any other Commonwealth, state or territory law. This will ensure that any state or territory law which would otherwise apply still applies. It will also ensure that if there is more than one relevant Commonwealth offence—for example, committing terrorist acts and murder of an Australian—the most appropriate offence can be prosecuted.

This legislation strengthens Australia’s legislative framework against international terrorism. It provides a further tool to pursue those who attack Australian citizens and residents overseas. Labor support this bill without reservation. We are pleased to expeditiously process it through the parliament. I commend the bill to the House.

Mr DUTTON (Dickson) (10.53 a.m.)—I rise today to speak in strong support of the Criminal Code Amendment (Offences Against Australians) Bill 2002 because, above all else, Australians value our civilised way of life and our freedom—our freedom to walk the streets or to drive our children to school, our freedom of speech and our ability to spend quality time with our family and friends in a peaceful manner. That has always been a right we have taken for granted in Australia, so it was no wonder Australians felt shock and horror following the al-Qaeda terrorist attack against innocent people in Bali in October this year. This country has never faced civil war, and many commentators say that, for that reason alone, overt patriotism like that demonstrated in the United
States is not present in our community. But following the dreadful devastation committed in the United States in September last year and in particular following the sickening attacks in Bali, I believe our Australian community spirit has only strengthened. Our resolve to protect our people and our way of life has been strengthened.

Since the Bali bombing on 12 October the Australian federal and state police services, in addition to other Australian agencies including Defence, have been working in collaboration with the Bali authorities to bring to justice the murderers who perpetrated this dreadful crime. This bill is an example of how determined the Howard government is not just to help bring to justice those criminals who perpetrated this atrocity, because we have formed a good working relationship with the Balinese authorities, but also to cover any further attacks against Australians on foreign soil. As the explanatory memorandum outlines, this bill presents new provisions into the Criminal Code Act 1995 to make it an offence to murder, commit manslaughter or intentionally or recklessly cause serious harm to an Australian where that conduct occurs outside Australia. The offences will provide coverage for overseas attacks on Australian citizens and residents and, in appropriate circumstances, enable the perpetrators of those attacks to be prosecuted in Australia.

The new offences will complement the existing terrorism legislation and will provide a prosecution option where perpetrators are unable to be prosecuted under the terrorism legislation. As was mentioned by the previous speaker, the member for Banks, proceedings for the offences in this bill can only be commenced with the Attorney-General’s written consent, and the offences apply retrospectively from 1 October 2002. The bill is part of the government’s strategy to fight terrorism and complements the terrorism offences that were enacted earlier in the year, which also have extraterritorial effect.

As part of the measures announced by the Prime Minister on 25 October, the bill sends a strong message to the Australian people that we are a government determined to stare terrorists down and to demonstrate again that we are completely committed to bringing to justice those people who perpetrated this dreadful crime in Bali—regardless of where they may be in the world and when they may be apprehended. We must never blink when we are dealing with terrorists. They have no regard for life, and it is very important to understand that. We have seen that the terrorists who are orchestrating this campaign right across the Western world have no regard for our way of life whatsoever. We are dealing with terrorist dictators and we must make them understand that they are repugnant to the Australian way of life and to all people in our civilised world. I commend the bill to the House.

Mr WILKIE (Swan) (10.57 a.m.)—I wish to place on record my support for this bill, the Criminal Code Amendment (Offences Against Australians) Bill 2002, which will amend the Criminal Code to create extraterritorial offences to outlaw acts of murder and serious violence against Australian citizens and Australian residents overseas. The proposed scope of the legislation and its retrospectivity will allow possible Australian criminal proceedings against, for example, the people responsible for the Bali bombings. On 24 October the Attorney-General and the Minister for Justice and Customs announced the government’s intention to introduce this new legislation. The intended new legislation has come about as a direct result of the Bali bombing.

The proposed legislation will ensure that there are no legal loopholes that could become a barrier to prosecuting terrorist acts of murder or serious violence against Australians citizens and residents overseas. The legislation will complement the existing terrorism legislation by providing a prosecution option where perpetrators cannot be prosecuted under the terrorism legislation. This legislation will ensure dual criminality for murder, manslaughter and serious violence against Australians overseas, therefore meeting the dual criminality criteria for extradition. All countries have laws prohibiting murder, manslaughter and acts of serious violence against others. Unfortunately, not all countries have antiterrorism laws. Where
there are no antiterrorism laws, without this new legislation there would be no dual criminality, therefore Australia would not be able to apply for extradition.

The government proposes that the legislation will apply retrospectively from 1 October 2002. Retrospectivity is generally not acceptable. However, in this case I believe that it is acceptable to make an exception due to the Bali bombings and given that murder is an offence in all jurisdictions. Australians travelling overseas for business and pleasure have never been the targets of acts of terrorism. Unfortunately, this is no longer the case. Therefore we must ensure that there is legislation in place to protect Australians overseas and to bring to justice those who would commit acts of terrorism against them.

Generally, the Commonwealth government does not have a legislative role in relation to fatal and non-fatal offences against a person. These are governed by state and territory laws with limited extraterritorial application. The proposed legislation does not encroach on the state and territory powers in relation to fatal and non-fatal offences; it only applies extraterritorially and, therefore, I support it. This legislation and its retrospectivity will demonstrate to people who would offend against Australian citizens and Australian residents that we are serious about protecting Australia, Australian citizens and Australian residents against acts of terrorism and murder both at home and overseas, and that we will ensure that those who perpetrate these acts against Australians will be brought to justice. I am pleased to see that the bill contains the following safeguards: the proceedings for an offence must have the Attorney-General’s written permission; the bill is not intended to exclude or limit the operation of other Commonwealth, state or territory law; and, further, that there is more than one relevant Commonwealth offence—committing terrorist acts and the murder of an Australian citizen or Australian resident—the most appropriate offence can be prosecuted.

Australia is a multicultural country with many of its citizens either being born overseas or being the children, grandchildren or great-grandchildren of Australians born overseas. Australia has always been a destination for people looking for a safer and better life. Australians are great travellers both at home and overseas. For many young Australians, it has been a rite of passage to go overseas and learn about different cultures before settling down to work or study. The events of September 11 last year and in Bali recently have understandably made many Australians wary about travel, particularly overseas. For West Australians especially, Bali was often the first overseas holiday, with parents taking their children, their children going as teenagers on their first overseas holiday alone without their parents, then those same young people becoming parents and starting the cycle over again. The innocence and safety of Bali has, for many, gone forever. It is my hope that this proposed amendment to the Criminal Code will help in some way to re-establish some confidence in Australians who wish to travel. I commend the bill to the House.

Mr PEARCE (Aston) (11.01 a.m.)—I rise today to speak on the Criminal Code Amendment (Offences Against Australians) Bill 2002. I would like to start my remarks by touching on the federal government’s commitment to protecting Australians from terrorism. As you know, Mr Deputy Speaker Hawker, the federal government is committed to protecting all Australian citizens and residents both at home and abroad. This bill, which outlaws the murder of Australians overseas, is an important part of our collective effort to combat terrorism wherever it occurs and in whatever form it occurs.

The events in Bali have shown that Australia is not immune to the large-scale destruction of human life that terrorist action can bring about. The federal government has responded swiftly and decisively to the new security environment that we now live in. This bill will form an important part of the overall new counter-terrorism arrangements that the government has put in place. By extending the protection of the law to Australians overseas, this bill recognises the significant mobility of modern life for many Australians in our increasingly global environment. As more Australians than ever before live, work and holiday overseas, it is
important for the government to ensure that its citizens and residents are protected. An important part of this protection is to legislate to ensure that Australia can effectively cooperate with the broadest range of countries to combat terrorism and prosecute those responsible for such atrocities.

The bill will insert several new changes into the Criminal Code, including: the murder of an Australian citizen or resident where the conduct occurs overseas, with a maximum penalty of life imprisonment; the manslaughter of an Australian citizen or resident where the conduct occurs overseas, with a maximum penalty of 25 years imprisonment; intentionally causing serious harm to an Australian citizen or resident where the conduct occurs overseas, with a maximum penalty of 20 years imprisonment; and recklessly causing serious harm to an Australian citizen or resident where the conduct occurs overseas, with a maximum penalty of 15 years imprisonment. The offences apply whether the result of the conduct—that is, death or serious injury—occurs overseas or in Australia. This will ensure that the offences apply if an Australian citizen or resident is injured overseas and subsequently dies in Australia as a result of those injuries. Importantly, the offences in this bill will apply retrospectively from 1 October 2002. Proceedings for the offences in the bill can be commenced only with the Attorney-General’s written consent. The new offence of murder under this bill will fulfil the precondition for extradition that there must be dual criminality—that is, that the conduct constitutes an offence in both Australia and the other country and will therefore enable extradition for murder.

As I mentioned in my opening remarks, this bill fits with the government’s overall response in this very important area. The measures in this bill follow the review of Commonwealth counter-terrorism arrangements that the Prime Minister commissioned after the recent tragic events in Bali. The review concluded that, since the September 11 attacks last year, our counter-terrorism arrangements have been substantially strengthened but that more can be done. New measures have been announced as part of this year’s budget, with the commitment of $1.4 billion over five years. Australia is committed to the war against terrorism. The attacks in Bali have only strengthened our commitment to fight this menace that threatens the safety and security of our families and communities. We cannot hope to hide from terrorism by shrinking from this fight. Terrorists have shown that they do not care who they harm, whether their victims come from nations that are outspoken against their aims or those that remain silent. Australia will not stand mute. We must and will do everything possible to fight the scourge of terrorism. This bill demonstrates the government’s commitment to ensuring that Australia has every tool it needs to combat terrorism around the world, and complements the counter-terrorism laws already enacted earlier this year. I commend the bill to the House.

Mr WILLIAMS (Tangney—Attorney-General) (11.07 a.m.)—in reply—In closing the second reading debate on the Criminal Code Amendment (Offences Against Australians) Bill 2002, I would like to thank all members who have contributed to it—the members for Banks, Dickson, Swan and Aston. I thank them for what appears to me to be their unqualified support for the bill. The bill will strengthen Australia’s ability to respond to overseas attacks on Australian citizens and residents. The government has every tool it needs to prosecute those who engage in heinous crimes overseas against Australian citizens and residents such as those we experienced in Bali. The bill will ensure that Australia can effectively cooperate with the broadest possible range of countries to combat transnational crimes and to prosecute the people involved in such atrocities as the Bali attacks. This bill will also ensure that Australia is well equipped for any future overseas attacks on Australian citizens or residents. The measures in this bill complement the counter-terrorism measures passed earlier this year which also have extraterritorial effect. The bill demonstrates the government’s commitment to ensuring that Australia has every tool for prosecuting those who unlawfully kill or injure our citizens and residents abroad. I thank members
for their contributions today and welcome the support of the opposition for these important measures. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr WILLIAMS (Tangney—Attorney-General) (11.09 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TELECOMMUNICATIONS COMPETITION BILL 2002

Second Reading

Debate resumed from 26 September, on motion by Mr McGauran:

That this bill be now read a second time.

(Quorum formed)

Mr TANNER (Melbourne) (11.13 a.m.)—The Telecommunications Competition Bill 2002 is comprehensive amending legislation that deals with the competition regime in telecommunications, and it broadly encompasses the government’s response to the Productivity Commission report on telecommunications competition, which was handed down some nine or 12 months ago. The bill rests on four major themes but it also deals with a variety of other lesser amendments. I will outline the four key themes that are covered by the bill by way of introduction.

Firstly, the bill seeks to introduce a regime of accounting separation for Telstra, requiring it to provide separated accounts to the ACCC, dealing with both its wholesale activities and retail activities. In other words, in future, if the bill is implemented properly, Telstra will be required to present accounts to the ACCC in a separated form in order to ensure that the ACCC can assess whether or not it is charging access seekers equivalent prices for the access that they obtain to Telstra’s network and to the prices that Telstra is in effect charging itself for the same access. This regime broadly reflects the theoretical position that applies in a number of other OECD countries, and I will refer to that in more detail later.

Secondly, the regime deals with a proposal to enable the ACCC to set benchmark prices with respect to access to some of the key aspects of Telstra’s network. Rather than leaving the price making and decision making process entirely up to the parties involved for negotiation and ultimately potential arbitration, in future the ACCC will have the power to set broad indicative prices, which will in a sense set the market with respect to access to Telstra’s network and will provide a benchmark around which such negotiations will ultimately and inevitably occur.

Thirdly, the legislation abolishes the appeal process to the Australian Competition Tribunal with respect to access related decisions. In particular, it abolishes the ability of the parties to appeal on the merits of the decision, as is the case at the moment. The power to appeal with respect to points of law, of course, will still continue in the Federal Court. But the proposal is to abolish the ACT appeal mechanism.

Finally, the legislation proposes to enable the ACCC to make decisions with respect to access to a piece of infrastructure and to declare a piece of infrastructure or a service for access purposes before that infrastructure or service actually exists. At the moment, the ACCC is constrained from making decisions with respect to access by the fact that it can only make such decisions with respect to infrastructure or services that are already in existence. The problem that this particular proposal is seeking to cure is the investment uncertainty that applies for prospective investors who are proposing to build a new network, for example, and who must do so under the current regime without knowing precisely what kind of access regime they may be subject to in the future or, indeed, whether or not they will be subject to an access regime, and if so what the pricing arrangements will be. The purpose of this amendment is to give the ACCC prospective powers so that it can deal with an access issue in advance and thereby give investment or regulatory certainty to prospective investors, who will then be able to make decisions
about whether or not to invest in a particular project, knowing in advance the kind of access regime that they will have to deal with should they make that investment.

There are a variety of other changes in the legislation. I will not seek to detail them all here because there is quite a number and many of them are highly technical and ultimately uncontroversial. But there are a couple worth mentioning. One is the proposal to abolish industry development plans—the requirement that telecommunications carriers provide written plans of their proposals to ensure that, in their purchasing arrangements, they are fostering local industry development, particularly in the information communications technology sector. There are some other changes which give cause for concern. I will mention them in more detail later, but they include a proposal to automatically wipe out an access declaration after five years. In effect, this is sunsetting access declarations, which I have some concerns about. There are a variety of changes to part XIB of the Trade Practices Act, which deals with anticompetitive behaviour and issues specific to the telecommunications industry. There is a proposal to abolish the Telecommunications Access Forum, which has largely been an ineffectual process under the current legislation. Finally, there is a proposal to enable the ACCC to take direct regulatory responsibility for carrier preselction, which has previously been the subject of regulatory jurisdiction on the part of the Australian Communications Authority.

In broad terms, Labor supports this bill. We believe there are a number of deficiencies in the bill. Where it is possible for us to seek to improve the bill without jeopardising its ultimate passage, we will seek to do so.

In spite of those deficiencies, this bill is an important step forward for telecommunications competition and regulation in this country. Earlier this year, the Leader of the Opposition and I called for more open and transparent networks in the telecommunications industry in Australia and, of course, at the last election we called for the abolition of appeals to the Australian Competition Tribunal, which is one of the proposals in this legislation for essentially the same purpose—in other words, better and more genuine competition, more capacity for competitors to Telstra to get a fair and reasonable deal in getting access to Telstra’s network. We believe this legislation does not go far enough. I will go through some of the points in some detail when referring to what we see as significant deficiencies.

Firstly, and most importantly, the accounting separation proposals, which in theory reflect the arrangements which are now in force in other jurisdictions such as Britain, Singapore and Sweden are inadequate, in particular because they grant the power to determine which accounting information Telstra has to provide to the ACCC to the minister. In other words, it will be the minister’s decision what information Telstra has to provide to the ACCC, not the decision of the ACCC itself. That is clearly the quid pro quo that the government has flicked to Telstra in order to calm Telstra’s fears that it may be subject to excessive transparency and regulatory scrutiny. The minister has given a nod and a wink and has said, ‘We are going to have this accounting separation regime but, don’t worry, I’ll look after you.’ I think that is unfortunate. The new regime will be a step forward, but ultimately the test will be whether the minister has the courage to ensure that Telstra is providing all of the required accounting information and in the appropriate form.

Having spoken with the regulator in Britain who is responsible for performing the same task with respect to British Telecom
and Cable & Wireless, I know only too well that there are 1,001 ways for a large incumbent telecommunications carriers in this position to fudge and fiddle with the figures to ensure that the regulator never gets to the truth. It is, therefore, important that we have a fully empowered regulator who can ensure that the genuine figures and the genuine transfer prices, between wholesale and retail, actually emerge. The minister retaining within his own hands the power to determine what information is provided is, I think, very unfortunate, and it is certainly something that I intend to correct if Labor comes to government.

It is also worth noting that the minister’s position on this is totally contrary to his and the government’s rhetoric about the future of Telstra. We have many times heard the claim that the government are in an impossible position, an untenable position, because it both owns and regulates Telstra—something that does not seem to worry them with respect to Australia Post, the ABC or a variety of other organisations but that, in this instance, seems to be a huge problem. The thing that I find very puzzling and contradictory is that the minister has imposed upon himself an obligation to directly regulate Telstra’s activities in this instance, clearly contradicting his rhetoric about how difficult it is to be both the owner and the regulator of Telstra. If the government believed this rhetoric they would ensure that all of the regulatory responsibilities were conducted at arms length, in this case by the ACCC. The fact that the minister has chosen to take it upon himself to be directly involved in micro decisions on the regulation of Telstra indicates a lack of sincerity on the part of the government with respect to that bigger question of whether or not Telstra should be sold.

It is, I think, also significant that this accounting separation regime covers only certain core services, such as the PSTN—the public switched telephone network. There is a significant risk that Telstra will engage in creative accounting and various accounting devices to shift costs from various parts of its services and network to ensure that it presents a palatable set of accounts to the ACCC, so I would like to see the scope of the accounting separation regime broadened. The second issue, the abolition of appeals to the Australian Competition Tribunal, was, as I indicated, Labor policy at the last election. Unfortunately, in this legislation this proposal has a retrospective effect which we are concerned about. It appears to apply to legal matters that are on foot and that were already on foot some time ago. I certainly am of the view that there should be some amendment to the legislation at this point to ensure that it does not have any substantial retrospective effect. I do not believe there is a problem with it being retrospective to the date of the minister’s announcement—which was, I think, late April this year—but any further retrospectivity should be eliminated.

The access reforms that have been indicated by the government in this legislation have some deficiencies, particularly the proposal to have an automatic five-year sunset clause with respect to access declarations. As Channel 7 pointed out in its submission to the Senate inquiry, there are instances where content contracts—in this case for television—can run for as long as seven years. Therefore, there is a significant problem with respect to investment certainty if you have got declarations with a life of only five years; the onus then being back on the ACCC to redeclare at that time. Ten years would perhaps be a more appropriate period for automatic sunsetting of any declaration, if we are to head down that path. It is important to remember that the ACCC already has the power to remove a declaration for access, as it has recently done with telecommunications services in CBD areas on the basis of determining that the competition levels in those areas were sufficient and no longer was there a need to have the Telstra network in CBDs a declared service with respect to access.

There are a number of specific issues regarding the process of access declarations, including the process of their expiry, which will need to be reconsidered—for example, the need to require some public consultation before a minor declaration for access with respect to a service that has expired is revoked. It is appropriate that the ACCC has that power in an unencumbered and simple
way, but in my view it is a deficiency that it is not obliged to consult anybody before exercising that power. The abolition of industry development plans, although I acknowledge that they have not exactly had a dramatic effect, is a retrograde step, and we will certainly be seeking leave to move an amendment to eliminate that aspect of the bill. I think it is important that our major telecommunications carriers are at least obliged to consider the impact on local industry of their decisions and how they go about providing services; the IDP process at least delivers that.

Labor does not intend to rewrite this legislation. It is one of those cases where seeking to legislate from opposition is fraught with difficulty, and we are dealing with highly complex legislation. Ultimately, given the broad support that we have for the thrust of the legislation, I am very concerned to ensure that we do not move amendments that may, in an unintentional way, create difficulties with respect to the legislation. The legislation has broad support—albeit unenthusiastic support, in many cases—within the telecommunications industry. It has reluctant acceptance on the part of Telstra, but I have no doubt there have been a number of nods and winks given to Telstra by the minister to ensure that. Ultimately, it is a significant step forward. I am pleased to see that the government has, amongst other things, responded to Labor’s call early this year for more open and transparent networks and stronger competition regulation in telecommunications. I believe the legislation at least does that in part.

As I have said, we intend to move some specific amendments in the Senate, and we will form a precise view of what amendments they will be after the Senate committee has reported on its consideration of the legislation. I urge the government to take a constructive approach to these issues. The amendments that we will seek leave to move will literally quite genuinely seek to improve the bill and remove some of the deficiencies that I have referred to; not for the purpose of making a political point or seeking to score points against the government in some debate in the sector, but genuinely seeking to improve the scope and effect of the bill.

I want to turn to my second reading amendment and deal with some of the broader competition and consumer regulation issues that are pertinent to the legislation before the House today, because these are the problem issues that we as a parliament need to deal with and that the government broadly has failed to properly address in its approach to regulation of telecommunications. Telstra is still totally dominant in telecommunications in Australia. It is still three-quarters of the entire industry and it earns almost 95 per cent of the profit. Financially it is probably the most healthy telecommunications carrier in the world. I am certainly not aware of any other major contenders for that role, and many of its equivalents around the world are indeed troubled.

Telstra had an EBIDA—earnings before interest tax depreciation and amortisation—rate of around 53 per cent the last time I checked. That is an EBIDA rate that many, if not most, major companies would kill for. It has a very strong balance sheet, it is lightly geared and it is a very financially healthy organisation. It is dominant in all sectors of telecommunications services in this country, and many of the smaller telecommunications players are struggling. There is inadequate competition and choice in many parts of the sector, in part because the government has failed to ensure that we have sufficient competition. Prices are rising everywhere, particularly since the last election. We have seen a pattern of steady price increases in many key telecommunications services, such as flag fall rates for mobile phones; text messaging, where prices have been going up even though usage has been increasing exponentially; Internet access, in particular as a result of Telstra’s introduction of download limits, which mean that many medium to larger sized users of Internet access get caught with unintended additional fees; things that are attached to the ordinary telephone, such as message bank and wake-up and reminder calls; Internet access for schools; dual listings in the White Pages; and so the list goes on.
The most fundamentally important change to pricing in telecommunications over the past few months—for which the government stands condemned and which will be voted on in the Senate later today—is the permission for Telstra to drastically increase line rental fees for the telephone in the home. Two-and-a-half years ago, the line rental fee on the standard phone in the home was $11.65. It has now gone up to around $23 per month. Under the price control regime that the government has introduced and that Labor is seeking to defeat, that will rise within the next few years to around $32 per month.

The government’s own modelling, done by the department of communications, has revealed that the price control regime that has been put in place will in fact reap an additional $170 million per annum in profits for Telstra—$50 million of which is attributable to the deregulation of mobile phone prices. Mobile phones have been taken out of the price control regime.

Contrary to the rationale for allowing Telstra to drastically increase its phone line rental fees, there is no serious rebalancing in this price control regime so that consumers end up with higher line rental fees and lower call costs. They are certainly ending up with the higher line rental fees, but the lower call costs are a mirage—and the government’s modelling shows it. The government regards the telephone as a luxury; we regard it as an essential service. We believe that Telstra needs to be in government ownership to ensure that all Australians, regardless of where they live and regardless of their income, have access to the phone and to basic telecommunications services. That is the core philosophical difference between the government and the Labor opposition in these areas. We will be seeking to defeat this price control regime in the Senate later today.

It is important also to note that the new price control regime opens up a backdoor opportunity for Telstra to introduce timed local calls by stealth. Once you take away the 25c cap on the low line rental product and allow Telstra to put up its line rental fees astronomically, you are creating an economic opportunity for Telstra to introduce a timed local calls product. The legislation does not prohibit it from doing that. The legislation requires that it has an untimed local calls product, but it does not require that it be competitive. It does not prohibit it from introducing a timed local calls product which is, for the short term, attractive to some consumers compared to the product with untimed local calls.

I believe, particularly if Telstra is privatised, that we will see in the near future the introduction of a Telstra timed local calls product. In theory it will be targeted at a minority of consumers. Any threat that ultimately this will become the norm will be
forsworn. Nobody will say anything, apart from, ‘This is just another option.’ Eventually, the untimed local call products will be squeezed out. They will be made less and less attractive because Telstra will be able to jack up the line rental fees on one side and, in the low line rental product it is forced to have, jack up the call costs on the other side. Therefore, it will gradually squeeze out the untimed local call product in the marketplace and create a scenario where a future privatised Telstra is able to force a government to allow to switch completely to timed local calls.

That is the scenario the price control regime opens up. It is not possible under the old price control regime, because it is tight enough to prevent that economic window of opportunity opening up for Telstra. There is no incentive for them to introduce a timed local calls product. There is no space for such a product to be attractive to any significant number of consumers. This new price control regime is the Trojan Horse. It is the vehicle by which Telstra will ultimately be able to introduce timed local calls. If Telstra is privatised, you can bet your life that that will be what it works on. Just as Telecom New Zealand, a privatised Telstra equivalent in New Zealand, is now seeking to charge remote customers ludicrous amounts of money just to have a telephone connected to their home—up to $4,000—Telstra, if it is privatised, will be working overtime to do over the impact of regulatory arrangements such as the price control regime to maximise returns for private shareholders. That is ultimately what it is required by the law to do. If Telstra is privately owned, it will be required—it will be doing its duty as a fiduciary representative of private shareholders—to maximise returns, to charge prices as high as it possibly can and to offer products that deliver maximum returns for the company.

There are also serious deficiencies in broadband access and competition throughout Australia, not only in regional Australia but also, as we heard in question time yesterday, in many parts of suburban Australia and even in inner city areas, such as Pyrmont, where I attended a public meeting only a week or so ago. Contrary to the blithe, unattributed claims in the Estens report, which say that there is strong evidence that ADSL prices in Australia are broadly good and at least comparable with if not better than those in the OECD—they fail to cite any case studies—in March this year in a survey of our ADSL prices compared with Britain and the United States, the Macquarie Bank found that our prices are about 30 per cent higher than theirs. Telstra refuses to reveal where broadband is available. It refuses on the spurious grounds of commercial confidentiality to tell the parliament or the people of Australia where it is possible to access broadband services in this country and, by definition, where there are problems and gaps, which would enable the government and the people of Australia to develop strategies to deal with that. We have seriously inadequate competition in broadband. In most other countries, the Telstra equivalent is not permitted to be in cable. In Britain, for example, there is very vigorous broadband competition and rapidly falling prices because British Telecom, which was slow out of the box in this area, is forced to compete with two cable providers that cover about 60 per cent of the country. Here, of course, the primary cable TV operator, Foxtel, is half-owned by Telstra, and is in the process of entering into an arrangement with the other major cable TV operator, Optus, which will significantly diminish Optus’s competitive capacity in that overall sphere.

There is also very seriously inadequate consumer protection in telecommunications which this legislation does not address. We have highly confusing mobile phone contracts, designed to create consumer wastage and dubious sales tactics—high-pressure tactics which often involve hidden fees and charges. A recent survey by the Australian Consumers Association found that, where mobile phone operators were contacted and information was sought about the details of a particular product, in about a third of cases the information given was wrong—and no prizes for guessing in whose favour the information was given. There are dubious billing practices—things like Telstra trying to browbeat customers into not acting on their right to get a refund but getting that refund credited to future bills, therefore pre-
venting them from switching their custom. We have finally seen the government take some belated action on the problems of Internet dumping and huge 1900 phone bills where we have had instances of people with accounts as high as $25,000 and $30,000, which they are unable to pay, run up because there have been no credit limits. It is obvious—and it has taken the government a long time to work this out—that these kinds of accounts are basically the same as credit cards. The banks have credit limits, and these accounts, for the same reasons as credit cards, should also have those limits. There have been recent systemic breaches of the consumer complaints guidelines by numerous carriers, and consumer organisations have complained vociferously about the lack of serious action on the part of the Australian Communications Authority. The overall picture for consumer protection in telecommunications in this country is not good. The government has failed to act on numerous problems and, when it does, its actions are belated and often half-hearted.

The final observation I will make is that, once again, whichever way you look at the issues, whatever the angle and whatever the aspect of telecommunications that you deal with, it all comes back to one central point: should we sell Telstra and, if so, why? Selling Telstra would be bad for consumers, it would be bad for the budget, it would clearly be bad for regional Australia and it would ultimately be bad for our nation. It would create a giant private monopoly that would be too powerful for any government to effectively regulate, a private monopoly that would be delivering an essential service which we all need in order to stay in touch with loved ones, to work, to socialise—it is fundamental to our existence. Yet what this government wants is to privatisate the overwhelmingly dominant and, in most cases, monopoly provider of this service. It is threatening to get rid of price controls altogether on such a privatised monopoly provider if Labor is successful in knocking over its outrageous new price control regime in the Senate today. Telstra as a government entity is the guarantor that all Australians, no matter where they live, no matter what their income, will have access to telecommunications services at affordable prices. In spite of this government’s best efforts, we are still in a position with Telstra in majority government ownership that is infinitely better for consumers in regional Australia and for low-income consumers than it would be if Telstra was privatised. Nowhere do we see a substantial argument put forward that Telstra needs to be privatised because there will be substantial improvements in telecommunications as a result. It is competition that brings these improvements, competition introduced by a Labor government, not ownership of Telstra.

I move:

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

“whilst not denying the bill a second reading, the House condemns the Government for its failure to foster a competitive telecommunications environment as evidenced by:

(1) inadequate competition in the Australian telecommunications sector with Telstra completely dominating industry revenue and profits;

(2) inadequate regulatory transparency of Telstra’s wholesale and retail accounts which this Bill fails to adequately correct;

(3) rising prices in core telecommunications services such as phone line rental fees, mobile phone flag fall and messaging charges, and Internet access charges;

(4) inadequate competition in broadband services resulting from Telstra’s domination of the core telecommunications network and its defensive, secretive and piecemeal approach to national broadband roll out; and

(5) inadequate consumer protection measures for consumers leading to rip offs such as massive unfair mobile phone contracts, poor complaint handling processes and dubious billing practices”. (Time expired)

The DEPUTY SPEAKER (Mr Hawker)—Is the amendment seconded?

Mr Zahra—I second the amendment.

Mr PEARCE (Aston) (11.43 a.m.)—We are here today to talk about the Telecommunications Competition Bill 2002. Before I start my remarks on the bill, I feel I should make a few remarks about what we just heard from the opposition spokesperson on communications. In typical fashion, the
Australian Labor Party want to walk on both sides of the street. On the one hand, we hear from the opposition spokesperson that they support this bill in broad terms, that ultimately it is a significant step forward and that they are not going to move any amendments in the House but will do so in the Senate. On the other hand, the opposition spokesperson moves a motion which refers to inadequate competition and inadequate consumer protection. Again, the Australian Labor Party are saying that they support the bill, yet they are moving amendments and having a go at the bill. Yet again, we see this typical Australian Labor Party dynamic, which they do not quite seem to understand yet. That is one of the core things impacting on them in the electorate.

As I said, the motion moved by the opposition spokesperson talks about inadequate competition. In reality, since 1997 new investment in the telecommunications sector totals $19.7 billion. Since 1997, more than 80 new carriers, using a range of new technologies, and over 850 service providers have entered the market, with 40 per cent of those carriers focused on regional areas. Prices for consumers have fallen by an average of 6.9 per cent per annum. So I am not entirely sure of where the opposition gets its facts from. As a matter of fact, since 1997 national long distance call costs have dropped by 8.4 per cent per year, local calls by 8.27 per cent per year and international calls by 21 per cent per year. The reality is that, since the coalition government came to office in 1996, a lot of the problems that existed in the telecommunications sector in Australia have been fixed.

Telecommunications plays a fundamental enabling role in the daily life of Australians and Australian businesses. Although our willingness as a nation to embrace new technologies does serve us well, it is vital that Australia has an efficient and innovative telecommunications sector to maximise the benefits that will flow from the increasing opportunities in the ICT sector. The government has a three-pronged approach to ensuring that all Australians obtain the best possible access to telecommunications services and to encourage price reductions, improvements in service throughout Australia and innovative products.

The first prong in the approach is supporting a competitive telecommunications sector, the second is legislating for strong consumer safeguards—and I remind the Australian Labor Party that it was this government that introduced the customer service guarantee—and the third is targeted programs to fund infrastructure upgrades. This bill is part of the government’s efforts in the first key area to support a competitive sector in Australia. The Howard government has a strong track record of achievement in this important area. The government introduced a new Telecommunications Act in 1997, establishing a deregulated and competitive regime. Under this new regime, there are no barriers to entry and all players are guaranteed access to network facilities. This has resulted in significant new entrants, significant reductions in prices and better quality of service for phone users. The government has demonstrated its commitment to continuous improvement of the new telecommunications competitive regime with the passage of legislation in 1999 and 2001, which made further improvements. The hard work of these reforms has already begun to pay dividends for consumers.

As I mentioned earlier, during our time in government, untimed local calls have come down to as low as 16c, STD charges have dropped by as much as 22 per cent and international charges have dropped by as much as 55 per cent. A recent ACCC report found that between 1997-98 and 2000-01 a basket of telecommunications services decreased in price by 21 per cent.

This bill seeks to further improve the competitive telecommunications environment and, most particularly, to improve the price and quality of services available to consumers. The bill implements the government’s response to the Productivity Commission’s inquiry report, Telecommunications Competition Regulation. In addition, it is consistent with the government’s overall obligations under the national competition policy. Given the government’s commitment to the ongoing development of a competitive telecommunications framework, this bill
goes a long way to further ensuring that Australia stays at the forefront with a vital and competitive telecommunications sector.

In my remarks today, I would like to focus on four key areas where the government is seeking to further improve Australia’s telecommunications sector. They are the areas of access, investment, transparency and anti-competitive conduct provisions. When we talk about access in the context of this debate, we are talking about the provision of access to service providers by the owners of telecommunications services. The price, along with the terms and conditions of this access, is important to consumers because it is a major determinant of the products and services available to them in the market. It is important from an industry perspective as well because, as outlined by the Productivity Commission in its report, it encourages downstream competition, efficient entry and build and buy decisions for new entrants in the market.

To facilitate a more informed, proactive and timely approach to the provisions of access, the ACCC will be required to publish model terms and conditions of access. These will assist carriers to reach commercial agreement on fair terms and conditions of access by better informing them about how the ACCC might approach a dispute before it actually happens. These model terms and conditions will relate to the core services of domestic public switch telephone network, unconditioned local loop and local carriage.

In an effort to improve the certainty and timeliness of access and to limit the scope for regulated gaming, the bill will remove the right of the party to seek merits review by the Australian Competition Tribunal in relation to final determinations made by the ACCC. The bill promotes timely decision making by introducing time limits on the ACCC and on the Australian Competition Tribunal’s decision making process for exemptions and undertakings. The bill also limits the information and evidence that the Australian Competition Tribunal may consider when reviewing decisions of the ACCC in relation to exemptions and undertakings. These amendments are all designed to move towards more timely, industry-wide outcomes which will help deliver benefits and increased competition to all consumers in Australia. It will deliver these benefits by reducing the costs imposed on industry participants and the uncertainty faced by investors under the current reliance on ACCC arbitrations.

Further investment in telecommunications infrastructure is vital if we are going to continue to ensure that Australia remains at the forefront of information communications and technology overall. However, as the Productivity Commission report notes, the current arrangements act as a disincentive to new investment. This is largely because potential investors are unable to obtain any certainty over whether or not their proposed service would be declared and, if so, on what terms they would be required to provide access before making their final business decision. This bill is designed to address this disincentive to new investment by providing greater certainty for potential investors. This disincentive is particularly significant given the large capital costs that very often come from decisions of investment in the telecommunications sector.

The bill promotes certainty for investors by extending the current exemption mechanism to allow the ACCC to determine that a class of carriers or carriage service providers, or in fact a particular individual, is exempted from the standard access obligations—even if that service is not in existence at the time the exemption is sought. The bill further promotes certainty for investors by extending the current provisions relating to access undertakings to allow the ACCC to accept undertakings from existing and potential access providers for all telecommunications services, irrespective of whether those services have been or will be declared, or are in fact in existence at the time the undertaking is lodged. In addition, the bill will provide that a determination made by the ACCC has no effect to the extent to which it is inconsistent with an access undertaking that is already in operation. This allows for increased investment and it means, again, benefits to end user consumers. It means that local consumers will have greater access to a better qual-
ity of services as well as new technologies at lower prices.

I will now look at the area of transparency. Yet again, in the interests of strengthening competition, it is important to have in place a regulatory regime that addresses the position that Telstra has in the market as both wholesaler and retailer. The bill will enable the government to require the ACCC to use its existing record keeping rule powers under the Trade Practices Act to introduce accounting separation of Telstra’s wholesale and retail operations. The government’s proposed accounting separation framework will ensure that a number of key actions are undertaken by Telstra. Firstly, Telstra will be required to prepare current cost accounts as well as existing historic cost accounts under the ACCC’s existing regulatory accounting framework. Secondly, it will ensure that Telstra publishes financial statements collected under the regulatory accounting framework for core interconnect services. Thirdly, it will ensure that Telstra publishes information that will enable the ACCC to determine if Telstra might be engaging in a price squeeze. Fourthly, it will ensure that Telstra publishes information comparing its performance in supplying core services to itself and to external access seekers in relation to key non-price terms and conditions. The bill will enable the minister to give a direction to the ACCC in relation to the exercise of its record keeping rules under the act. The ACCC will be required to consider applications for greater access to information held by the commission but not published under this framework. This accounting separation framework will address the competition concerns arising from the level of vertical integration between Telstra’s wholesale and retail services.

I will now move to the anticompetitive conduct provisions. To protect the long-term interests of consumers, it is also important for the government to take an active role in maintaining a very competitive telecommunications sector with a diversity of participants. Part of that role is the development and continual refinement of anticompetitive conduct laws that ensure that all existing players can compete fairly in the market along with new entrants. The reforms in this bill are designed to enable the ACCC to work more closely with business in ensuring that anticompetitive behaviour is addressed in a more timely and more productive manner. The bill requires the ACCC to issue guidelines to address the circumstances of the ACCC issuing a competition notice as opposed to taking other action under the Trade Practices Act. The amendments also allow the ACCC to issue an advisory notice before, at the same time or indeed after the issue of a competition notice which advises a carrier of the action that it should take or should consider taking, in order to ensure that it does not engage, or does not continue to engage, in anticompetitive conduct.

The bill before the House today has been developed after extensive consultation with industry, both during the Productivity Commission inquiry and through subsequent consultations by Minister Alston and the department. The considered approach of the government takes into account and balances the legitimate concerns of the telecommunications sector, including of course new entrants, new carriers, Telstra and its minority shareholders, and consumers and business operators throughout Australia.

In contrast to the coalition, Labor failed to progress the development of an open and competitive telecommunications regime. In 1997 this government moved legislation to ensure that Australia had a competitive telecommunications sector. I remind the House that Labor presided over a very cosy Telstra-Optus duopoly, which failed to deliver substantial price reductions and left most of the cost savings from technological improvements in the pockets of the carriers. It was not to the benefit of Australian consumers. The introduction of a competitive telecommunications environment by the coalition in 1997 has provided significant benefits to Australian consumers. The Australian Communications Authority estimates that the incremental benefits accruing to consumers from these competitive reforms now stand at up to $12 billion. The government’s package will further enhance the regulatory environment, bringing greater competitive pressure
to bear on Telstra in particular but on all carriers generally.

This is a view endorsed by the Competitive Carriers Coalition, which is comprised of AAPT, Hutchison Telecommunications, Macquarie Corporate Telecommunications, PowerTel and Primus Telecommunications. The Competitive Carriers Coalition has said that the legislation would assist in increasing the level of competition and investment in the Australian telecommunications market for the benefit of consumers, businesses and the Australian economy. Consistent with the experience to date since 1997, this should lead to lower prices, more innovative services and greater choice in suppliers for Australian consumers.

The Commonwealth government recognises that all Australians, no matter where they live, need high quality telecommunications services to fully participate in daily life, whether it is at home, at work or in their community. That is why this government has since 1997 undertaken such significant reforms—to ensure that whether they are at home, at work or out in the community all people have access to modern, up-to-date and innovative telecommunications services. It is all about improving quality of life for Australians. That is what this government is all about.

US Senator John McCain said in 1999 that competition, not regulation, was the best way of making sure that modern telecommunications such as high-speed data services would be widely available and affordable—competition, not regulation alone. I think it is clear from the Australian experience that this holds true, not just for high-speed data services but for all telecommunications services generally. It is important, given Australia’s unique characteristics, that we ensure that all Australians have access to services across the broad spectrum of telecommunications. I commend this bill to the House.

Mr ZAHRA (McMillan) (12.03 p.m.)—Competition is important in telecommunications. Competition is something that we in the Labor Party support; Labor introduced national competition policy laws in this country. We have consistently said on this side of the House that, in relation to telecommunications, competition will drive the rollout and uptake of new technology. That is why the Telecommunications Competition Bill 2002 is important. I do not propose to repeat all that has been said by my colleague and friend the member for Melbourne, the shadow minister for communications, but I will touch on some of the points that he made.

This bill does take some small steps towards addressing some of the problems with access to infrastructure which competitors to Telstra have experienced in the telecommunications sector. Whilst this has been welcomed by a number of the smaller players in telecommunications, the welcome has not been enthusiastic. I think there is still a general acceptance in the industry that much more work needs to be done in order to get genuine telecommunications competition in Australia.

I must pick up on a comment that was made by the member for Aston. He said that there are no barriers to access. I do not wish to make a personal point about that, but I think that the statement is wrong. There are substantial barriers to access which competitors, who have to use Telstra’s infrastructure, would be more than happy, I am sure, to point out to the honourable member for Aston and to any other member who thinks that other players in the sector have equal access to Telstra’s infrastructure when they seek to compete with Telstra by providing a service or a broader range of service options to consumers which might undercut Telstra.

When talking about telecommunications in Australia, we need to be realistic and honest—most importantly, about the role of Telstra. Telstra still makes up more than 75 per cent of the telecommunications industry and receives around 95 per cent of industry profits. Telstra is the dominant player in nearly every single part of the telecommunications market, and in addressing competition issues you cannot dance around the issue of its monopoly. We have a long way to go before telecommunications are truly competitive, but that is a key objective of the Labor Party. To make sure that happens, we need to take public policy actions. It does not happen by
accident. When you face a monopoliser with the power of Telstra Corporation, quite a bit of thought and design needs to go into ensuring that the measures that you employ achieve their effect.

Telstra are masters at overcoming legislative and regulatory hurdles placed in their way to try to ensure that we end up with a truly competitive telecommunications regime. I understand why they do that. It is not rocket science: Telstra are acting in their own interests, in the interests of their shareholders and in the interests of their market position in this country. We all understand that; we all recognise that as the truth. And in many ways it is completely understandable. But, as people who are concerned about those matters which affect the national interest, we need to concern ourselves with policy outcomes other than just Telstra’s share price or market share.

If Australia is to be truly competitive, we need to have a competitive communications sector. Having a monopoliser in the telecommunications sector in Australia holds up our ability to be truly competitive internationally. We have a lot of issues to address in relation to telecommunications competition. Once those issues are addressed and we have a thriving, growing telecommunications sector which is truly competitive, some of the issues to do with Australia’s competitiveness internationally will also be addressed. That is why this is such an important public policy prerogative. We need to make sure that people in the community understand that, if people in Australia are not accessing the best of the new communications technology, then they will not be able to compete with people around the world.

If we accept the realities of globalisation and the internationalisation of business practice, then we need to also accept that the take-up of new technology in particular—technology such as broadband, the general usage of videoconferencing and the general uptake of information communications technology throughout business in Australia—gives a productivity advantage. It follows that if Australia is lagging behind in the uptake of those technologies then we lag behind in our international competitiveness. We also need to understand Telstra’s key role in ensuring that the uptake and rollout of this technology is done in a way which keeps us at the head of the pack in terms of our competitiveness, in particular our competitiveness with other OECD countries.

I do not believe that right now we have a properly functioning competitive telecommunications market in Australia. I think this bill goes some way to trying to address some of the concerns which I have just talked about, but it falls well short of what really needs to be done to get a truly competitive market in telecommunications in Australia. In many ways, this bill we are now considering in the House is a response to the good work which has been done by the member for Melbourne in identifying Telstra’s dominant market position and the repercussions that Australia feels as a result of this. I think his paper entitled Reforming Telstra went a long way towards shining a light on this area and prompting the type of legislative action we are considering today.

It is interesting to consider the government’s response to Reforming Telstra and also the criticism from the smaller telecommunications carriers in relation to Telstra’s market domination and conduct in providing competitors with access to their network. This is not a new issue; this is something which people have been concerned about for quite some time. In April this year the government announced their planned response to the Productivity Commission report into telecommunications competition and regulation. This was seven months after receiving the report from the Productivity Commission. In September the government indicated their legislative response and now here we are in November talking about this in the House. So they are not too quick to act, although these are matters of some concern and require some prompt action. The response has been slow and, in many ways, clumsy. My general view is that it has been inadequate. It does not go far enough. It does not address in a thorough and comprehensive enough way those more substantial issues to do with telecommunications competition in Australia.
We in the Labor Party support competition in telecommunications because we understand that it will be competition which will drive the uptake of new telecommunications technology. It is competition that will deliver the most in terms of consumer benefit to the people of Australia. That is why we support it. There are a lot of benefits from having a thriving, growing, truly competitive telecommunications sector in Australia. I am not talking about having a situation where there are two or three big players in telecommunications; I am talking about having a situation where competition and choice exist for consumers at the national, state and local community levels. This is what we want to see: we want to see people given a choice and we want that competition to drive down prices and drive the rollout of additional services to consumers.

In many parts of the country there is only one provider, and that represents no choice at all for consumers. Telstra have an enormous amount of market power. They are in an incredibly strong position within the telecommunications sector to drive out competitors and, through some of the practices they have employed in the past, to effectively slow down and hold up the introduction of competitor services to consumers in certain parts of the country and in certain parts of the market which they dominate. We do not want to see that type of behaviour continue; we want to see legislative action taken to try and slow them down. That, to my mind, is one of the most substantial issues which we need to confront in relation to Telstra’s market position. It is not just about the amount of money that Telstra can charge to provide access to its infrastructure; it is the amount of time that it takes, it is the reasonable basis on which negotiations are conducted and it is about ensuring that Telstra does not act in a way which is anticompetitive.

I have heard the CEO of Telstra, Ziggy Zwitkowski, say that you cannot regulate for competition. I disagree with him. I think regulating for competition is fundamental. No-one wants to see more regulation. No-one wants to see red tape put on companies in any part of the economy and, in particular, telecommunications, because of its importance to our international competitiveness and our productivity. But we have to be realistic and not accept the simple arguments and propositions put by Mr Zwitkowski in this case, and by other people more generally, that all you do by trying to regulate the competitive framework is create more problems. I do not accept that principle, I think it is wrong and I think that, as a government and as a parliament, we need to take all the steps that we can to ensure that we have a competitive telecommunications sector, because we know how important that is. When we talk about the national interest in this place, it is not the national interest which exists in relation to everything else except telecommunications; we must make sure that telecommunications is understood to be a vital part of Australia’s national interest. I think you can regulate to make sure that competition exists in Australia’s telecommu-
communications system—in fact, we must. It is the prerogative upon us, and we would be derelict in our responsibilities and duties if we did not ensure a truly competitive regime in telecommunications in Australia.

I have heard quite a bit from people along the lines of how Telstra has improved, how everything has got better and ‘aren’t we lucky to have things the way that they are’. In some areas Telstra has improved; in some areas it has not. Generally, the point I want to make is that there is still a whole lot of work for Telstra Corporation to do and a whole lot of work to be done in the provision of services to people right across the country. In pointing particularly to the issue of broadband access, I pick up the point made by the member for Melbourne in his contribution about how Telstra Corporation has not provided to the Senate any information at all, on the basis that it is commercial-in-confidence, to do with the areas that it provides a broadband ADSL service to. I consider it to be absolutely outrageous that a company which the Australian government owns in a majority sense will not provide that information to the parliament. It really is a shameful disgrace that Telstra considers itself above the request of this parliament to provide an answer to that quite reasonable request.

ADSL is important. Broadband is important. In particular, it is important to regional areas. Regional areas stand to gain massively from the rollout of broadband because broadband stands to be able to reduce some of the historic disadvantage that those of us who live in country areas have experienced for many years and decades because of our geographic location. It is important, and Telstra has a big role to play in rolling out this technology and in ensuring that the uptake of this technology is as quick as it can be. I was concerned to see that Australia’s position within the OECD in relation to the uptake of broadband is getting worse. Australia still has a long way to go before it is internationally competitive in the uptake of broadband technology.

As I said, if we accept the realities of globalisation and the internationalisation of business practice, we need to also accept that, if our businesses are accessing the Internet at low or ordinary speeds and people that they are competing with in South Korea and other places are accessing the Internet, getting their information and using their communications technology more effectively, it stands to reason that we will not be as productive or have as high a level of productivity as they will have. That, in the long term, means that we will lose jobs here as Australian businesses find they fall behind their competitors overseas.

I recently conducted a telecommunications black spots audit in my electorate and received 1,063 responses. Of those 1,063 responses, 861 reported problems with their mobile reception. I know that it is not a scientific survey, but I think it is worth commenting on the fact that, in my electorate, which is outer suburban Melbourne—around the Pakenham part, West Gippsland and the Latrobe Valley—and mostly rural and industrial, that is a very high percentage of people recording problems with their mobile phone.

I am a big mobile phone user. I find, when I am in the car travelling from place to place, that there are many areas in my electorate, which is hardly the most remote electorate in this country, which have no telecommunications access at all for mobile phones—none, zero. When I have spoken to Telstra about it they have explained that there is simply no prospect at all that those areas will ever be serviced in terms of mobile phone access. In my view, and as someone who represents those areas, that is not good enough. When you consider that my electorate is very far from being the most remote or rural federal electorate, that underlines some of the issues people in the country have with Telstra’s performance.

The member for Melbourne in his remarks earlier said that one of the key differences between the opposition and the government on telecommunications is that we do not view telecommunications as a luxury. The Minister for Communications, Information Technology and the Arts said if people do not like paying bills for their phone services they can just not have a phone. Our view is that everyone needs to have phone; it is a fundamental thing in our lives and a fundamental part of being able to access services,
to participate in and engage with the society and the community and to take advantage of the opportunities associated with that. We need to understand that we are not just talking about basic telephony anymore when we refer to basic telecommunications services for people. We are talking about people having access to the Internet, to ADSL and broadband technology more generally and we are talking about people being able to use their mobile phones in their businesses and in their community lives. These are not outrageous demands; these are the types of things which any modern economy needs to have as part of its infrastructure.

This bill goes some way to addressing the issues to do with telecommunications competition. In our view it does not go far enough. The government needs to go further in addressing competition issues in telecommunications if we are to have a truly efficient and productive economy. (Time expired)

Mr Johnson (Ryan) (12.23 p.m.)—I am delighted to speak in the chamber this afternoon on the Telecommunications Competition Bill 2002. Everybody in the country knows that the telecommunications industry is a very important part of our nation. It is important that we introduce into this parliament good law that regulates it and looks after the interests of those who use it. Telecommunications is the fastest growing industry in Australia. It is therefore very important that this bill has the full support of both chambers so that its provisions can be implemented.

The bill will increase the level of competition and encourage investment in the telecommunications market. Provisions in the bill aim to do that in several ways, and I will point out three or four of these. In particular, it facilitates timely access to basic telecommunications services. The bill requires the Australian Competition and Consumer Commission to produce model terms and conditions for core telecommunications services and removes the right to seek merits review of final determinations made by the ACCC in relation to access arbitrations. It also facilitates investment in new telecommunications infrastructure, something that is critical to the development of our nation. The bill extends the current provisions under the Trade Practices Act relating to exemptions and undertakings to cover services that are not yet declared or supplied. The bill specifically recognises the industry-wide benefits of undertakings.

The bill encourages a more transparent regulatory market. It provides a mechanism for the government to introduce greater transparency of Telstra’s wholesale and retail operations through greater accounting separation. Accountability is very important to the government and this is pointed out in this bill. It also enhances accountability and transparency of decision making under part XIB. The bill requires the Australian Competition and Consumer Commission to publish guidelines on the exercise of its powers under part XIB. It requires the ACCC to consult prior to the issue of a part A competition notice and enables it to issue an advisory notice prior to the issue of a part A competition notice. There are a number of other minor and consequential changes to the telecommunications regime. Schedule 1 contains a number of amendments to the Telecommunications Act and schedule 2 contains a number of amendments to the Trade Practices Act.

The Howard government has developed a package of proposals that responds positively to the issues identified in the Productivity Commission report into the telecommunications competition regime. These amendments continue the constructive process of refining and indeed defining the telecommunications competition regime in the country. It is important to ensure that the telecommunications regime delivers the best outcomes for those who use it—Australian consumers and businesses in particular. To date, the competitive telecommunications sector has delivered substantial price decreases. In its latest report, for the 2000-01 financial year, the ACCC reported that the price of a full basket of telecommunications services decreased by some 21 per cent between 1997-98 and 2000-01. During this time the performance of Telstra against the CSG had continued to improve as the company responded to competitive challenges, with compliance against most of the categories now being over 90 per
The amendments in this bill will introduce greater certainty into the regulatory regime, providing for more timely outcomes and a reduction in ‘regulatory gaming’. The considered approach of the government takes into account and balances the legitimate concerns of the telecommunications industry—including new entrant carriers and, of course, Telstra and its many shareholders—and of consumers and the business sector.

I want to give some background in relation to the industry. The Howard government have a three-pronged approach to ensuring that Australians obtain the best possible access to adequate telecommunications services. We are about reducing prices, improving services and encouraging those in our country who have the skills and capacity in industry and business to be at the cutting edge of innovative products. That is what the Howard government are all about, and the Telecommunications Competition Bill 2002 will facilitate that tremendously. The first point I want to make by way of background is that the Howard government support a competitive telecommunications sector. Before March 1996, when we came to government, the telecommunications industry in Australia was dominated by the existence of a government owned and non-customer-focused telecommunications giant with enormous market power: Telstra.

The second point I want to make is that the coalition government recognise that it is necessary to legislate for strong consumer safeguards. There is no doubt that the consumers of this country are a critical point in the equation. Their interests have to be taken very seriously, and the Howard government have not ignored that. We are about promoting consumers’ rights and their access to the best possible services and the best possible facilities that telecommunications can provide. We are about ensuring that the minimum levels of service to consumers are of a very high standard. This is achieved through initiatives such as the customer service guarantee, the universal service obligation, untimed local calls and the Telecommunications Industry Ombudsman. These initiatives reflect the Howard government’s support and promotion of consumer interests.

Targeted government programs have been put in place to fund infrastructure upgrades where commercial forces—commercial dynamics and commercial realities—may not have had that as their top priority. The government programs are very much focused on the consumers of Australian telecommunications. I will point out a few of these: the Telstra Social Bonus, the Networking the Nation program and the government’s response to the telecommunications service inquiry.

It is important when we are talking about the coalition government’s many achievements in the field of telecommunications to compare them to the opposition’s position. Let us not forget that the opposition privatised Qantas. Let us not forget that the opposition played a part in the privatisation of the Commonwealth Bank and many other government enterprises. It is quite astonishing that the opposition are in this chamber talking about what the government is doing or hopes to do as part of its mandate when they did the opposite. Now, in this parliament, they are advocating a different position. I think the opposition should look at themselves and their own background. There is a little bit of hypocrisy there. Who pursued the partial sale of Telstra prior to the 1996 election? It was the opposition, the Labor Party. Again, I ask the members opposite to consider their position and where they stand on the issue of privatisation. It was the opposition that failed to advance the development of an open and competitive telecommunications regime. Who presided over a pretty cosy Telstra-Optus duopoly? The opposition. The Telstra-Optus duopoly failed to deliver substantial price reductions to Australian consumers.

This government’s administration has ensured that the consumers of Australia have had the best possible outcome. The opposition also failed to ensure that the carriers provided a timely and efficient service to Australian consumers. They ignored the special needs of phone users in regional and remote areas of Australia. This government has focused very strongly on regional and remote Australia in terms of the telecommunications industry. Which party opposed spending $250 million on improving tele-
communications in regional Australia? It was the Labor Party. This government provided some $250 million to the people who appropriately deserved efficient services—the people of the remote and regional parts of our country. The Labor Party opposed the $1 billion Social Bonus, funded from the second partial sale of Telstra, which included some $670 million worth of communications and information technology initiatives—again, primarily in regional Australia. The record speaks for itself. That is why the Howard government is in office; that is why the people of Australia did not have confidence in the Labor Party at the last election, and I am sure that that will be the case in many elections to come. It is important to point out that what the opposition has done and what it says are two different things.

I want to talk about the coalition’s priorities and initiatives. The coalition has transferred some 49.9 per cent of Telstra to private ownership. This has enabled the government to retire billions of dollars of Labor’s debt and to invest significant funds in worthwhile infrastructure projects. It is quite astonishing that members opposite are giving advice to the government and to the parliament about the best way forward in terms of economic management when, if they looked at their track record, I am sure that the people of Australia would not be too impressed. Again, that is why this party is in government and why it will continue to be in government for a very long time to come, I am sure.

Mr Hardgrave—We work hard.

Mr JOHNSON—Indeed, we work very hard. We serve the people of Australia to the best of our abilities and we honour the privilege of being in government—very much so. This government are all about providing the best possible services to the people of Australia, and the telecommunications regime is one reflection of that. The Howard government have indicated that we will not proceed with any further sale of Telstra until we are satisfied that arrangements exist to deliver adequate services to the people of Australia and, in particular, to rural and regional Australia. How many times does it have to be said to members opposite that this will not proceed until we are satisfied that the highest possible standards are being delivered? It is no wonder that the opposition are sitting where they are—they do not listen. They have to listen; then they might improve their position in the electorates.

Let me talk about the benefits of the telecommunications revolution that is happening. In 1997, the Networking the Nation program was established—a fantastic initiative that provided some $250 million to improve telecommunications infrastructure throughout regional Australia. It did this through community based grants. The second sale of Telstra provided: $150 million to enable untimed local calls in extended zones in remote Australia; $25 million for additional mobile phone coverage on major highways; $70 million for the Building Additional Rural Networks program; $45 million for the local government program; and $20 million for the remote islands program. In all, as I said earlier, some $670 million went to communications and information technology services. In 2000, the government established the independent telecommunications service inquiry, the TSI, to assess the adequacy of telecommunications services throughout Australia. The inquiry found that, while Australians generally have adequate access to services, there is no doubt that there are still concerns in rural and remote areas. That is why the inquiry was an important factor in the government’s policy position. In 1997, the Telecommunications Act was introduced by the government, establishing a deregulated, competitive telecommunications regime. There are no barriers to entry and all players are given guaranteed access to network facilities. This has resulted in significant new entrants, significant reductions in prices, and has provided a better quality service to phone users. There are now over 90 licensed carriers in Australia.

This government is showing a commitment to the continuous improvement of the new telecommunications competitive regime. The passage of legislation in 1999 and 2001 further improved the regime, and this year the government has announced a set of further amendments to the regime to again improve the competitive telecommunications
The environment which will have a spin-off for consumers—lower prices and improved quality of services. The government has introduced a comprehensive framework of consumer safeguards for users, including the introduction of the customer service guarantee, which has a particular interest in connection and repair times. Of course, we are dealing with a billion-dollar company, one of the major companies in this country, and there will always be some difficulties. But, overall, I think the carrier does a tremendous job in serving the consumers of Australia.

The coalition government is very proactive. It is always showing initiative and coming up with ideas that play a very important part in ensuring that telecommunications consumers in Australia get the best outcomes from the legislation and the telecommunications carriers in the country. The government has ensured that non-metropolitan telecommunications users share the benefits of the telecommunications revolution by introducing a price cap on local calls in non-competitive areas so that the average local call price in those areas does not exceed the revenue weighted average local price call in competitive areas.

In terms of the future, the coalition considers that the current part-private ownership structure of Telstra is quite unsustainable. Since 1991, Telstra has been required by law to operate in the commercial best interests of its shareholders. The current Telstra ownership structure results in the government having a conflict of interest between being the majority shareholder of Telstra and the regulator, the rule maker, under which the carrier operates. I think the rightful role of government is to set the rules, to set the framework, by which those carriers in the industry can operate commercially to provide the best services and to compete with international companies that are giving us a run for our money. If Telstra can be fully privatised so that it operates in an environment where Australian telecommunications consumers do not suffer—and they will not be left to suffer by this government—then it will augur well for the telecommunications industry.

The coalition’s priority is to ensure that telecommunications are brought up to scratch, especially in rural Australia, through the implementation of its response to the Besley inquiry. This response focuses on providing reliable and basic phone services, extending mobile phone coverage, providing guaranteed minimum Internet speeds and funding the building of high-speed networks for the health and education sectors in regional Australia. The most effective way of ensuring that all Australians have access to world-class telecommunications services is through a combination of a highly competitive market and appropriate regulatory safeguards that will always ensure that the people of Australia will benefit substantially.

The coalition has recently announced enhancements to the regime which will provide for more transparency and timely regulated results for phone companies. Infrastructure is also very important, and the government’s funds are very much focused on ensuring that infrastructure is of the highest calibre.

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It is important to talk about the successful sale of Telstra. Some 1.8 million Australians have taken a direct stake in one of this country’s great national companies. They are 1.8 million voters, of course, and they have voted with their pockets to support privatisation. They are the people of Australia who use this carrier, who know best how the carrier is operating and who vote on their feet with this government and for this government. What has this revenue from the sale of Telstra done? It has been used to retire billions of dollars of Labor’s debt, to invest in worthwhile projects and to ensure that future generations of Australians are not saddled with the economic incompetence of the opposition. Labor’s opposition to this sale is, as I said earlier, pretty hypocritical considering that they took a route that they are now advocating against when they privatised Qantas, the Commonwealth Bank and other government enterprises. Not only do Labor expect the Australian people to forget what they did in government, but they are issuing a paper discussing how the company can be broken up—pretty remarkable stuff. Splitting up Telstra will be quite damaging to the company and will really inhibit its capacity
to compete in a very competitive marketplace.

What is important is that this government and this parliament support the full sale of Telstra on the condition, of course, that Australian telecommunications consumers are not put in a detrimental position. Labor have consistently failed to support the government on this program, yet their track record suggests something different. Their arguments simply do not stand up to true scrutiny. This bill will do a lot for the telecommunications regime. It will balance the competing views of the shareholders and ensure that Telstra operates in an environment in which it can compete fully with rival carriers. That is what this legislation is all about; it is about getting the best outcome for the people of Australia, the consumers of the telecommunications industry. The coalition certainly will be supporting that, on the condition that the consumers do not suffer. Against that background is the background of Labor’s inability to manage the economy and their inability to manage the telecommunications industry. I do not think the people of Australia are going to forget that, in 13 years of government, Labor did not do too much. In fact, they did quite a bit to damage the position of the Australian people.

Mr HATTON (Blaxland) (12.43 p.m.)—The Telecommunications Competition Bill 2002 is finally being debated. I find the situation a bit strange and a bit precipitate in a way because the government has been toying with this legislation since about April this year. It took them from April to September to actually put up a draft bill. The government realised there were a number of significant issues and, given that the relevant minister is based in the Senate, a Senate inquiry has commenced into what is canvassed in this bill. You would have thought it natural, with the relevant minister being Senate based and having initiated a Senate investigation of what needs to be done in the area of telecommunications competition, for the government to wait for the Senate to complete their investigations and report to the Senate before it brought the bill before the House. This is quite an extraordinary way to go about government business. But maybe it is part of Senator Alston’s new and quick way of getting a quick flick through on this.

The Estens inquiry report was recently released—a strange sort of business that was, too. Having had the Besley inquiry—and we know how that was put together and engineered—we had to get a relatively new National Party member to do a job on what the current provisions are and whether they have been better since Besley. He has put out that report and now they are whacking this bill straight into the House. You might think there is a bit of fire under the government to try to do something about Telstra and to attempt to convince people that a bit more is being done than what we have actually seen. Compared to a number of the bills I have spoken on today, this is a relatively weighty one. We see an explanatory memorandum that is weighty, but only time will tell how significant it is. In its printed form it is quite thick—you will see this when you print it from your computer to have a look at to prepare your speech. It has been a bit hard carting it around all morning.

Mr Hardgrave—How many kilos?

Mr HATTON—It would be about 0.8957 of a kilo. There are a number of provisions in it that go to the question of how you should attempt to regulate competition in this area. I want to make a couple of comments about the member for Ryan’s speech. He is a great step forward from the previous Liberal member for Ryan. Jack Moore used to wander into the place and sort of deign to give us a bit of advice during ministerial answers: that everything was fine, that everybody knew what the government’s defence policy was or whatever other policy it was, that it just happened to be well known and that, owing to the fact that it was well known, that was about it—everybody should relax and go back and worry about something else.

The problem that the new member for Ryan has is that he actually quite nicely believes most of the propaganda that his lot put out, and he has been pulled in by it. You can understand it; there is somewhat of a naivety there and an absolute interest in this area. In fact, we are colleagues on the Standing Committee on Communications, Internet Technology and the Arts. We work very well
together, as we did during the wireless broadband inquiry. I may come to that because we found out a great deal about telecommunications service and the problems in terms of competition in the country during the conduct of that inquiry.

So we have a long-awaited and relatively weighty tome and an explanatory memorandum which try to speed up some changes within the regulatory environment and to address some of the key problems that people have put forward over a considerable period of time. The Productivity Commission has not generally been a friend of people who want to take a laid-back approach to these things. They have always been in there trying to pull apart certain entities to change their whole nature, and they have been driven quite ideologically. So giving them the kind of reference they had in this area was just their sort of meat. But there were a series of underlying problems.

One of the key problems we have is that Telstra is no longer 100 per cent government owned. When it was, you could tell it what to do and ensure that there would be responsibility taken on the part of the people who were running it, including the secretary of the department, that they would comply with the minister’s instructions. Given the nature, strength and depth of the biggest business in this country—which it was and is; whether under the old name of Telecom or the new name of Telstra—this is the most vital, the most important and the most significant 19th and 20th century business we have had, and it is the most important 21st century business. It provides the railway lines of the future to knit the entire economy together, which is a critical thing to understand about the utilisation of the Internet—as it has been in its World Wide Web phase since 1995—through the communication pipes that Telstra in particular provides.

We now have Optus providing the same kind of infrastructure and there are queries about just how effectively that is operating. We are also seeing further duplication of those optical fibre pipes in regional areas of New South Wales and Victoria. There have been other propositions put forward to spend—in the case of what Lucent proposes—$600 million to provide an even more advanced optical fibre infrastructure for Australia but, of course, concentrating on the core business connections between Brisbane, Sydney and Melbourne. The fundamental pipes that carry information around carry information not just between individuals but between company and company and between companies and business.

The ways in which business can effectively do their business much better, in a leaner and a more efficient way, has been wonderfully demonstrated by Ford and General Motors and what they have done in the United States. Because they took up the B-to-B model of e-commerce and used broadband access between themselves and their suppliers, they were able to cut their costs by 40 per cent. That is a really effective way of using modern technology to renovate an old economy business—it is the way in which you take steps forward to run a business more efficiently and more productively and it is the way in which we are attempting at the moment to do these kinds of things at government level. Apart from Telstra being the biggest business, the government is the biggest user of goods within this economy. It is the one with the biggest demands. What we see outside in the Mural Hall for E-government Week is a demonstration of the way in which, basically since the Web’s introduction in 1995, there has been an utter transformation of the way that government provides information.

The Japanese government does not do it in this way. The Japanese government does not yet have that technology available, despite the fact that they lead the world in the production of electronic goods, consumer goods, a lot of computer goods and also transistors. You can walk into MITI, as I did last year—their main industry department, which until a few years ago effectively controlled the Japanese economy—and in a very large room, about the length of this House, you will find one computer in the corner and stacks of paper, from floor to ceiling, running along the entire wall. Time on that one computer was available to about 1,000 people on the floor, as and when they might need it. Japan is one of the most sophisti-
cated economies in the world in terms of producing things, but evidence is that one of the critical problems it has, when it comes to running its own government and looking for efficiencies and so on, is that it does not re-invest in its domestic economy and infrastructure.

The new Prime Minister, Mr Koizumi, made a great change a year or so ago when he mandated that, within three years, every Japanese government department would have to be completely computerised. Good luck to them! I think it will take them longer than that three-year period, but it is something that needs to happen. Not only is it something that it is necessary for the Japanese to do; it is something that it is necessary for us to do. Why? Because we need to run our own show more effectively. We need to be able to use the communication mechanisms we have got, provided through Telstra and its competitors, to feed information back and forth more effectively and more efficiently.

Once the first 33 per cent of Telstra was sold, we had a government monopoly sold into a part private, part government monopoly. Now that half of Telstra, just under 50 per cent, has been sold, we have a situation where those people who put their money on the line in T1 did not pay enough money for the shares they got—the government sold the shares at a dramatic discount—and the people who bought shares in T2 found they paid too much. It is important that we do not have T3, because governments around the world have been able to run—a lot more difficult, because it is a lot harder than running just a telecommunications company that is completely controlled—a public-private company.

With a public-private company such as the one we have now and with what we see before us today in the Telecommunications Competition Bill 2002, these sorts of incremental changes are absolutely necessary, because the monster that has been let out of the cage is a monopolistic one. It is a company that has almost total control of what happens in telecommunications in this country. You do not have to try very hard to prove this: ask a few consumers or consumer organisations; they will tell you a few stories about it. Ask the people who are attempting to compete with Telstra. Ask those companies which have to go to the ACCC to put and argue their case that Telstra are not allowing them access on an equal basis. Ask those companies which are too afraid to go to the ACCC because it will cost them too much money or because Telstra will belt them over the ears or use mechanisms to try to drive them out of the business.

There is an uneasy association with Telstra, which has over 90 per cent of telecommunications industry profits and around 75 per cent of market share. The reason it has 75 per cent of market share is that, when our lot were in government and the decision was made to bring in Optus as a competitor, initially, there was an attempt to create a situation where Optus would have 30 per cent of market share, and enormous efforts were bent to that end. After a five-year period, further competitors were to be introduced—which has happened post 1997, as was originally laid down. I never thought that was a good way to run. I thought that the model that was originally proposed—to retain full control and ownership of an Australian telecom or Telstra and flog off OTC to deal with the problems that we had with the satellite—was a much more sensible way to go about it. But, hey! This is politics. This is what parties decide. The decision that we made has determined the course of telecommunications policy within Australia since then. But to take an entity that is as powerful and as deeply embedded within the business and service community in this country as is Telstra and to let it, virtually untrammelled, do its business and have its way with its competitors is irresponsible.

The responsibility lies with the government—given that they have flogged off half of this entity and given that they want to flog off the rest—to ensure that Telstra does not become a One.Tel. We remember One.Tel—part of the government’s model of the brave new world in which we would have new companies emerging that would provide better services to Australia than does Telstra, that would gather an enormous amount of money and that had support from both Mur-
doch and Packer. There still are considerations in our courts in relation to just what did happen to One.Tel—why it fell in a heap and why so much of what was promised turned out so badly for consumers and those people who were dunned by becoming part of the share play.

One.Tel could be the model for what Telstra will become, because the key players in this communication area—key players who do not want all that much competition—are not only those people who currently are running Telstra but also those people who want to own and control the entity, who want to control Australian communications throughout: the Murdoch and Packer groups. Look at the current associations between PBL and the Murdoch group and the way they interact and the connections between Optus, Foxtel and Telstra and the deals that they have done that have been convergent. Look at the models that have been moved forward. There will be only one provider. There is one dominant provider now that is virtually untrammelled, and that is still Telstra. It was fully owned; now it is only partially owned. But, if we get to a situation where this government is allowed by this parliament, either now or after a double dissolution, to sell down the second half of Telstra, any form of control of that entity will be lost. It will be an absolute monopoly. But ownership of that absolute monopoly—and, more importantly, the control—inherently will pass. The control will pass from that relatively small number of Australians and Australian institutions who bought into the 50 per cent. It used to be that 19 million Australians owned the lot; now a much smaller number of those own part of it. Control will inevitably pass to those centres of power within the communications area that dominate our life—social, political and cultural—now: the Murdoch and Packer groups.

We have already seen the extent to which the people currently running Telstra want to get into bed with those two groups. The mob who are currently running Telstra want to buy the Nine Network, thank you very much. It is just like Alan Bond walking up to Kerry Packer more than a decade ago when he said, ‘I will give you $1 billion for Channel Nine,’ and Kerry said, ‘Thanks very much, and I’ve got first refusal if you decide to flog it.’ Three years later, Bond sold Channel Nine back to Packer for about $250 million. Kerry Packer made about $800 million out of the deal—he saw Bond coming. Kerry Packer can see the current Telstra board coming. This board is so dopey that they have gone off to do some really strange and ridiculous deals in South-East Asia. Have a look at what they have done in buying their way into the mobile telephone market in Singapore. Have a look at the valuation of the company they bought into—deeper and deeper. Have a look at the forays they have had into the Internet area.

Mr Hunt interjecting—

Mr HATTON—You will get your chance, pal. The core issues that we are dealing with here are about how to trammel this entity which was properly monopolistic and is still monopolistic, with 75 per cent market share but earning 90 per cent of the moneys coming out of the telecommunications market. Unless you are a robber baron—with a mentality like the Rothschilds and the Morgans in the United States from the 1870s to the 1890s—you cannot have a total monopoly, whether it is in oil or in communications. You need some trust-busting, some antitrust legislation. You need some absolute controls. The controls in this bill are minor. We need to go a hell of a long way further.

Whether you talk to the customers, the suppliers or the competitors, they are in a disadvantaged position relative to Telstra. A strong government would be certain to keep profit of $1 billion to $2 billion per year rolling into government coffers—that is what has been happening, an assured line of credit to Commonwealth coffers. Part of it has been going to the community and the rest has been coming back to the Commonwealth. It has been used to improve competition within the industry, to improve services in rural, regional and metropolitan Australia and to help create the foundations of the future Australian economy. That profit would ensure, through active government work, that telecommunications work properly and effectively with real and not false competition. If the government sells Telstra outright, it will
be giving control to a very small number of people in this country.

There is no way a government can regulate a monopolised, 100 per cent privately owned Telstra. The minister will attempt to tell us that, but it will not wash. Unfortunately, if they achieve it, every one of the 19½ million Australians will have to pay for it from now until kingdom come. At least the Prime Minister understands the markets a bit better than he used to. If Telstra is sold at relatively less than it is worth—and given the go-ahead, the Prime Minister will try to maximise the price, he tells us—we will get a one-off hit. With this one-off hit, debt could be reduced for a short period of time, but the Treasury does not know what they would do because it would destroy the government bond market in the first instance. (Time expired)

Mr HUNT (Flinders) (1.03 p.m.)—It gives me great pleasure to speak on the Telecommunications Competition Bill 2002. This bill is about improving the competitiveness of the Australian telecommunications industry. According to the Australian telecommunications industry report, in 2002 the telecommunications industry generated $38.6 billion in revenue for Australia. So every step we take to improve and encourage investment in that industry not only helps to expand the Australian economy but also provides the building blocks for the entire economy to grow, develop and modernise. This bill is about the future growth of telecommunications, and that ultimately is about assisting our businesses and providing services in the home for ordinary Australians—in Rosebud, Rye, Cowes, Bayles, Catani or any of the towns that benefit through each successive wave of the upgrading of our telecommunications. This bill is about providing a greater supply of services in all of these towns at a lower cost to consumers. The cost to consumers has, on average, fallen over the last decade—that is critical but is not widely understood and is something our amiable friends in the opposition frequently fail to acknowledge.

The bill achieves four primary aims. First, it improves the timeliness of access to basic telecommunications services. Second, it increases investment in telecommunications infrastructure. Third, it establishes greater market transparency. Why is market transparency so important? It is because investors are able to clearly and accurately see the state of the books. If they know the state of the books, they can make informed decisions about where their money can best go. In that situation, you have an efficient use of capital. Fourth, the bill helps to minimise anticompetitive behaviour.

We heard from my friend the member for Blaxland the argument about OneTel. His point was effectively that we do not want to eat away at Telstra’s base because it might become a OneTel. In other words, if this bill goes through, it will contribute to Telstra becoming a OneTel. What does this bill do? It helps increase disclosure. And what was it which cut at the heart of OneTel? The complete failure of disclosure led to the collapse of OneTel, and national resources were frittered away. So disclosure is all about providing an environment in which we can see that which would otherwise be hidden. In so doing, we provide not just a brake on the company but protection for investors; and ultimately we provide security for the economy in the long run. So this bill is about disclosure, and that is absolutely critical in going forward.

In addressing the Telecommunications Competition Bill 2002, I want to speak on three things. I want to, firstly, refer to telecommunication challenges within my own electorate of Flinders; secondly, deal with the importance of competition and this particular bill; and, thirdly, deal with the specific provisions of the bill. However, before addressing these three points I want to put on the record, as I do whenever I speak on Telstra, that my declaration of interests lodged with the parliament affirms that I hold shares in Telstra.

There has been a significant improvement within my own electorate but there are important steps still to take for the people of Flinders in improving their telecommunications. A particularly critical step forward is the extension of the metropolitan zone to Cranbourne and to the southern Mornington Peninsula for phone calls within the Melbourne region. Bruce Billson and I are
fighting to create an initiative which will help expand—and we do this through competitive means, so we work through the market system—the outer metropolitan zone to ensure that people in Rosebud, Rye and Dromana are within Telstra’s reach for local calls within the metropolitan area.

Mr Hardgrave—You are starting to win your case too.

Mr HUNT—Absolutely! The second element—and I am glad to see that we have cabinet endorsement by the minister at the table, the Minister for Citizenship and Multicultural Affairs, for this—is the expansion of broadband facilities into the outer metropolitan area. There is a very strong role for competition, and the problem that we face is not too much competition but not enough competition. This bill ultimately helps in bringing broadband services to people throughout my electorate by providing a framework for future competition and, above all else, for future investment. It is that capital investment which is the only means of achieving the broadband that is necessary for both personal and business use for the people on the Mornington Peninsula: in Hastings and Somerville, and on the Western Port side in Cowes, Ventnor, Grantville and Kilcunda. In my own electorate, all of those steps forward are critical.

What about the bill itself? What core improvements and changes will it make? Firstly, it will improve the timeliness of access to basic telecommunication services in a number of ways. Initially it does this by eliminating the merits review process by the Australian Competition Tribunal, which saves time and reduces ongoing costs. Secondly, by formulating model terms and conditions for core telecommunications services, the bill will make information regarding procedures and costs more readily available, which, as we said before, improves market understanding of the true position of the books. This improves certainty and makes it much more likely that investors, one, will invest and, two, that in so doing they will be in a position to make sound judgments.

Thirdly, to improve the timeliness of access to basic telecommunication services, the bill introduces time limits on the ACCC’s and the Australian Competition Tribunal’s decision-making processes. This has a positive effect on cost and efficiency because it forces them to act in a way that is fast, efficient and timely and that decreases the lead time on the investment process. These efficiency gains are ultimately transferred through the competitive process to consumers, which means lower prices and better services. In reality that is what we have seen over the last decade. If you want telecommunications services to be perfect, there is still much to do. But we started 100 years ago, when there were no telecommunications services, and we have built upon those services layer by layer, expanding the range of activities that ordinary citizens are able to participate in through the telecommunications network.

The second great advance is that the bill will lead to increased investment in telecommunications infrastructure. It does this, first, by providing exemptions from the standard access obligations to service carriers and individuals through the ACCC, which again speeds up the process of allowing investment decisions to be considered and enacted. It does this, second, by approving access to undertakings regardless of whether they have been declared or supplied.

The third great step forward is that the bill helps establish greater market transparency. As we have said, this transparency is critical to the investment process. It does this by separating the accounting of Telstra’s wholesale and retail operations, which, firstly, benefits potential investors by providing more information and less uncertainty and, secondly, provides benefits to the internal management of telecommunications firms.

So the bill ultimately acknowledges that regulatory change is required within the telecommunications industry and acts upon it. Its provisions target practical problems that will improve the competitiveness of the telecommunications industry in the future. These changes are necessary to ensure that sustained future growth in telecommunications is achieved. These changes benefit investors by reducing the effects of market uncertainty and benefit consumers through improved services at competitive prices.
The provisions of the bill fall out in a number of ways. Firstly, we see improved timeliness of access to basic telecommunications services through part 1 of schedule 2, which helps to implement and to guarantee access to the telecommunications services as soon as possible. Part 2 of schedule 2 introduces the time limits that we talked about, and it allows for the approval of exemptions and undertakings. The bill allows for increased investment in telecommunications infrastructure through part 11 and part 12 of schedule 2, which allows the ACCC to accept undertakings from all current and potential service providers. In addition, through part 16 of schedule 2, the bill encourages increased investment by creating a separate framework for accounting.

Ultimately, the Telecommunications Competition Bill 2002 will promote competition through improved market access, increased market investment and greater market transparency. The increased competition will result in greater efficiency, and efficient producers of telecommunication services are much more likely to remain in the market in the long term, which is exactly the opposite of the situation which the member for Blaxland was describing. At the end of the day it is the individuals who will benefit from more services and lower industry costs. Under all of those conditions and for all of those reasons, I am delighted to commend the Telecommunications Competition Bill 2002 to the House.

Mr RIPOLL (Oxley) (1.16 p.m.)—It is a great pleasure to speak on the Telecommunications Competition Bill 2002. The opportunity to speak about telecommunications, about Telstra and about competition brings out the worst and sometimes the best in members, but it also allows us and the people listening to the debate to understand the issues and the critical thinking that leads this government to walk down this path.

I am not completely critical of the Telecommunications Competition Bill 2002, because it is intended to bring some level of competition into play, to improve the investment climate and the telecommunications sector and to rein in Telstra. In that sense there is broad support from Labor for this bill, because it attempts to do these things. The bill recognises the flaws that currently exist in the telecommunications competition regime. Those flaws are evidenced by the need to have this bill in the first place. But this government’s handling of the bill is completely appalling in the way the government treats the community, the way it treats the processes of this parliament and, in particular, the way it treats agencies such as the Productivity Commission.

The Productivity Commission’s competition regulation report was released in April this year, seven months before this government released its report. The government sat on that report for quite some time. When the government announced in April the accounting separation requirements under this bill, there was a bit of controversy over the vagueness of the statement. We now see a watered down version of the original statement about the accounting separation. This shows that, while the government has moved to bring into play some fairness in the process through the accountancy separation provisions, Telstra has, in effect, nobbled the minister. Telstra is a corporation that is 51 per cent owned by the government and by the people of Australia, and it nobbles the minister: ‘We’re not happy with it; change it.’ I ask other members to think about this. If Telstra is 51 per cent, or majority, government controlled and it nobbles the minister, what is it going to do when it is fully controlled by private ownership? That is a serious question that government members have to consider. If your minister can be nobbled over what is contained in this bill, if the bill can be watered down because Telstra is not happy with it, what will be the government’s powers to legislate, to regulate and to bring pressure to bear on Telstra in other areas? I think it will be very small.

This bill, as has been said by a number of members, attempts to do four significant things. Firstly, it speeds up access to core telecommunications services. It needs to do that because they are not fast enough. Telstra has failed in its duties and responsibilities. Its major stakeholder, the government, is responsible for ensuring that. Secondly, the bill facilitates investment in new telecom-
munications infrastructure, something that is very welcome, particularly in light of the fact that Telstra commands some 90 per cent of all revenues generated by telecommunications in this country and has a virtual monopoly of some 75 per cent of the market.

Thirdly, the bill attempts to provide a more transparent regulatory market, particularly in relation to Telstra’s wholesale and retail operations. That is a critical part of this bill and vindicates Labor’s position about making Telstra more accountable and transparent and looking at separate parts of Telstra’s corporate structure. Labor wishes to ensure that the government and the parliament can do the sums on where Telstra’s revenues are going, what it subsidises and what it does not subsidise, its fairness in play in terms of what it charges itself as compared to what it charges its competitors for line rental and a whole range of issues. So, again, we welcome the amendment in terms of the things that need to be done to bring Telstra into line.

Lastly, the bill attempts to enhance accountability and transparency in tackling anticompetitive conduct. This last point is significant because Telstra’s conduct is extremely anticompetitive. It is predatory. It is always brought into play by the government or by the ACCC. It is not a willing participant in fair competition. This is not an organisation that wants to play a fair game, as it probably should not be if it were 100 per cent owned by shareholders. It wants to maximise its profits, maximise its return to shareholders, maximise its revenues. These are normal, understandable things in the private sector, something you do not particularly criticise. That is what companies do—they make profits. Those profits are then redistributed to the shareholders.

Telstra is one of the largest companies in the country. We have heard great things said about Telstra by government members, and I endorse many of those comments in terms of the great institution that is Telstra around this country. If you look at it historically, it is probably an institution that could not be repeated in terms of the infrastructure. It would not be possible today for a company to decide to use its own capital—not the capital of taxpayers—to set about putting up copper in every street and every house, putting in place infrastructure. I do not know whether anyone has put a price on what that copper, that infrastructure, would be worth today. I would say it would be many hundreds of millions of dollars, if not billions or maybe tens of billions—maybe even more. When we look at the real value of this institution, even beyond the simple value of the cost to replace it, we see why it is important that taxpayers remain at least part owners, even if it is only 51 per cent ownership—why all taxpayers should remain part owners rather than just the few that can afford to buy shares.

I understand and sympathise with the ordinary mums and dads out there, the ordinary investors who have gone in. I have no real issue with them. It was offered up and they took up the offer. What I am sad about though is that many of them lost money. This government promoted and marketed Telstra and really pushed people. I would say it quite heavily pushed ordinary mums and dads into going out and buying shares, not only in Telstra but in other companies and institutions.

The member for Flinders made it quite plain in here when he stated that he has shares. The first thing that popped into my mind was to wonder how proud he is of the share price today compared to when he more than likely bought them; he has probably made a substantial loss. That is his bad luck. But the bad luck that is placed upon all those ordinary mums and dads is a little bit more tragic. Many of those people may have invested the only money they had or may have invested their retirement savings. It was claimed that there are nearly two million investors; if you really look at it, they have all lost money. Those people have lost money. The institutional investors may or may not have lost money. They may have played the market in different ways. But there is no doubt that ordinary people would have lost money. They may have played the market in different ways. But now you claim that if you sold it we’d probably make more money.’ Maybe they
would and maybe they would not, but how much control would they get over Telstra?

This government does a range of interesting things. One is to hold a number of inquiries into Telstra. They are welcome. There need to be a lot of inquiries just to keep that institution in line. It is interesting that we are debating this bill here today before the Senate inquiry has completed its work. In a sense the government is pre-empting that, is ignoring it or is just not interested. Either way, we are debating this bill before the Senate inquiry has finished its deliberations.

As I said before, the full sale of Telstra is integral to what this bill is about. The government is getting in while it can to make some very much needed changes. It will not be able to do these after the full sale of Telstra. If it applies it to Telstra, a private company out in the public arena, it will have to apply the same rules to other companies. Maybe it should, but in the case of Telstra there is some concern that the government will not be able to control this monolith that we have in our society.

I am quite disappointed about the Estens inquiry—I suppose like many people in this place and, I am sure, other people who are interested in this matter. Estens, to put it in simple terms, is an absolute sham. It is a sham because it is a couple of mates appointing a couple of mates to have a look into something. ‘Look, mate, John Anderson, Deputy Prime Minister, he has a good mate by the name of Estens. He happens to be a farmer. He says, “Well, mate, why don’t you have a look into this thing for me so we can get this whole issue of sale put to bed; let’s have one big last inquiry.” We all know what the result is going to be; we know what the outcome is going to be before it is written.’ It is predetermined. Before Estens made the first inquiry you could have written down what the end result would be. There have been no surprises, of course; it has been as expected.

It is a sham; it is just one of those shameful acts. There is absolutely no shame in this. You just appoint a mate to look into a mate’s problem, talk about what you might find and find only the things you want to. The reality is that some 600 submissions were made to the Estens inquiry. Most of those, I believe, were ignored. There were no public hearings. It was an extremely fast inquiry, which sped around the country, had a look at something here and something there, got all the submissions in and then came out with a report that was prewritten. I have no doubt that is the case. The public are not silly. The public know it was prewritten, because they know how it actually works.

In the past, we have had ministers in this place like Peter Reith who would just come in here and say, ‘Well, you can’t trust politicians; they all lie.’ He might have been talking about himself. In relation to this I am sure they will believe them.

All of this comes down to the core principle about why this government is even doing these things, and that is to sell Telstra off. I am certain that Telstra will be sold at some point while this government is in power. The people of Australia do not want that; they do not agree with that. This government will use every means it has. It will keep working on the PR, including allowing Telstra to spend taxpayers’ money—its own money but money that comes through the profits that it makes rather than passing those through to consolidated revenue—on its own PR campaign to go out there and privatise itself. If the government is not going to do it, Telstra will just decide to do it itself. These are the sorts of tactics that we are seeing.

The government has even talked about the threat of double dissolution: ‘If we can’t get our way, we’ll just dissolve the parliament, even though 75 per cent of Australians don’t agree with the sale of Telstra.’ Australians understand the damage that will be done to them. They understand that this anticompetitive entity will become even more anticompetitive and in the end it will result in them suffering more and paying higher charges.

What is astonishing about the Estens inquiry is not so much what it did but what it did not do. It did not take a serious look at the future of the 3G mobile telephony system in regional Australia; it just ignored it. These are people who supposedly represent the bush. There is plenty of talk about the bush; we just do not see too much delivered.
The inquiry did not look at all at the problems of complex and confusing mobile phone contracts, which are a major issue for everybody, not just people in the bush; the real download limits that affect the cost of Telstra Internet packages; regular line dropouts; the effect of the cost of dial-up Internet access through regional Australia—the enormous Telstra price hikes in schools, for example—the impact of price control regimes on line rentals; or mobile phone competition itself. In fact, it looked into very little, which is why I say it is a sham, a scam.

At a real grassroots level, at the real level where it counts, what we see in the homes of ordinary people is the lack of services. My electorate of Oxley is an urban fringe electorate. It has Ipswich and it takes in the western suburbs of Brisbane, so it is not exactly a rural, regional outpost or remote area. As my seat covers the western suburbs of Brisbane and Ipswich, you would think we might get some decent services. But think again—no, we do not. We have these huge black holes, not out in the bush where you might expect that might be the case but in places like Forest Lake, a highly developed, modern, new urban community. We have this huge black hole where this whole community cannot get access to ADSL broadband services. It is as simple as that. When I ask Telstra about it, the answer is, ‘Well, we just can’t do it.’ They do not have too many explanations. Maybe they know why they cannot do it; maybe they do not. Maybe they should look into why they cannot provide these services and provide them affordably.

These are the real issues—the voters, the people you are supposed to be providing services to. I get regular calls to my office and letters from people saying, ‘Why can’t I get broadband?’ Every night on TV they see Telstra spending its money advertising that they can get broadband. So they ring up and go: ‘Hey, that’s not a bad idea; I’d like that service. My kids are at school. They make good use of the Internet. Why don’t we get a faster dial-up?’

I am sure that some members on the government side sitting in the chamber today have broadband Internet services themselves, depending on where they live. Some of them might shake their heads and say, ‘Well, I haven’t got it.’ So Telstra does not service your area either? Surprise, surprise!

It is not just the cost of services or the black holes; it is things like pair gain. Pair gain is a simple thing. It is when you pay for a new phone line—a separate, additional phone line—and you get robbed. They do not actually install them; they just say they do. What they do is split your line in half and give you a second phone number, and you pay for that service. A million customers throughout Australia have been robbed; they have been cheated. They honestly thought they were getting a second line because that is what they paid for but, of course, they did not get a second line. Then comes the crunch where those people who have access to ADSL broadband ring up Telstra and say, ‘Well, we’d like to have that service put on.’ Telstra goes, ‘Hang on, we can’t do that, because you’ve got pair gain.’ They go, ‘What’s pair gain?’ Pair gain means that Telstra has installed a service to your house that you paid for and that prevents you from getting those services.

These are serious issues. I have talked to Country Wide, the new PR marketing tool of Telstra to sell itself to the bush—that is all it is. Country Wide is not a new idea, either: in one format or another it has been around before. I have met with officials from Country Wide and I have asked them: ‘What is it you actually do? Tell me about the things you do?’ They say, ‘Country Wide does what Country Wide does.’ If you really examine it, it does nothing except refer complaints. It is like a referral service, but really it is a marketing tool for the government to ensure support in the bush for the sale of Telstra. The government reckons that, if they can hoodwink the bush a little bit longer, they might just get enough compliance out there to actually go through with the sale.

These cynical things that the government does are the real tragedy here—and this is while there is still some control. When there is no control, you will not be able to control what happens to Telstra and you will not be
able to control the levels of service in the bush. Estens may believe that it is fine out in the bush. I see that the member for Paterson is in the chamber, waiting for his turn to speak. I am sure that the people in the bush that he represents rush into his office to thank him for the great service provision in the bush! He nods his head that they are. His electorate must be the only place in Australia where that is happening. Maybe he has a special relationship with Telstra. Whatever the reason might be, it is happening nowhere else in Australia—maybe it is just in the electorate of the member for Paterson!

There is another issue I want to raise, not about pair gain and black holes but about what some people might call a conspiracy on line rentals and timed local calls. You could be excused for thinking that there is a bit of a plot out there. Telstra is very quickly progressing the cost of line rental—the bit that we all pay for that is in essence static: whether you make a call or not, you pay that amount of money. It has gone from being very cheap—it was just a couple of bucks really, just a few dollars—to $6, then to $11.65 last year, to nearly $23 now and it will be $32 very soon. Thirty-two dollars is a fair bit of money just to rent the line. It does not really cost Telstra anything to rent the line in real terms, but it is a nice little money-spinner.

But my point is not about how good a money-spinner Telstra is; my point is that legislation does not actually prevent it from introducing timed local calls. That would be pretty unpalatable, and Telstra would not do it while this government is trying to sell it because that would be counterproductive to its masters. So it is going to keep jacking up the line rental, making it unattractive to even rent a line. But we will have no choice, so we will have to rent them. It will then introduce a separate product with timed local calls that may be attractive to some in the community, given the high cost of line rental. After it has done that, it will have opened up the market. The window will be open, it will be the thin end of the wedge, and timed local calls will be as good as in, because, once they are in one product, it will be: ‘Look, this actually works; let’s just get it out wider.’

These are my concerns. This is why I support in principle the government trying to rein in Telstra through the competition bill here. The bill does not go anywhere near far enough. It is a failure on the part of this government and it is an indictment of this government’s failure to understand what the community wants: it does not want Telstra sold; it wants Telstra to provide better services. (Time expired)

Mr BALDWIN (Paterson) (1.36 p.m.)—I am delighted to be able to speak on the Telecommunications Competition Bill 2002, as it involves a subject very close to my heart: improving services for consumers and businesses. As I have said time and time again on behalf of my electorate of Paterson, good telecommunications services attract businesses and, in turn, help to create jobs. Regional areas cannot afford to be isolated islands, oblivious to technological developments happening in other areas of the world. They have to embrace technology, and governments need to support that development of technology. The spread of information technology to regional areas can assist the economic and social development of communities, and it will slowly infiltrate a range of industries. In my own electorate of Paterson, topography plays an enormous part in the availability of telecommunications services, but this government has made more inroads into improving services than any other.

Currently there is work planned for 13 separate mobile phone towers in Paterson which includes Vodafone’s contract to improve reception at its Nerong tower along the Pacific Highway and Telstra’s contract to upgrade two sites in Dungog through the Networking the Nation program. Communities such as Stroud, Smiths Lake, Fingal Bay, Anna Bay, Clarence Town, Brandy Hill, Pacific Palms and Blueys Beach, where local hills have played havoc with reception for many years, have been earmarked for assistance through the government’s program to provide coverage for towns with populations of 500 or more. Furthermore, Telstra will be undertaking a GSM upgrade which will assist the communities of Medowie, Williamstown and Karuah. These projects will bring
real benefits to local people and local businesses, involving a partnership between communities and government to identify the problems and work together to fix them.

The coalition has a three-pronged approach to ensuring that all Australians obtain the best possible access to adequate telecommunications services and to encourage improvements in service, price reductions and innovative products. These are a competitive telecommunications sector, the need to legislate for strong consumer safeguards to ensure minimum levels of service to consumers and the need to fund infrastructure upgrades.

I do not think you need to look into a crystal ball to realise that Labor will undoubtedly use this debate to do some Telstra bashing. Unfortunately, what they are really trying to do is divert attention away from the fact that, under Labor, quality telecommunications services meant a piece of string between two empty tin cans. By raising speculation about Telstra, they try and divert attention away from the fact that they have no policies for improving services in the bush and are not willing to have a decent discussion about solutions. They are also failing to address the real issue here, and that is the need to put proper legislative reforms in place to make the environment better for consumers and better for businesses. At the end of the day, coalition policies are fostering real competition. Consumers now have greater choice in service providers, and significant price reductions have occurred as a result.

In 1997 the market was opened to full competition. As a result, Soul Patterson Telecommunications, a Hunter based company, is now the second largest regional access network in Australia. Its main business activity is the provision of broadband telecommunications products through the SPT brand. This group also provides mainstream telecommunications voice products through Kooee Communications.

I am proud that this government has promoted opportunity and investment in regional and rural areas in particular. Since 1997 new investment in the telecommunications sector has totalled more than $19.7 billion. More than 80 new carriers using a range of new technologies and over 850 service providers have entered the market, and 40 per cent of these carriers are focusing on regional areas. It is important to observe that competition has resulted in prices for consumers falling by an average of 6.9 per cent. Untimed local calls have fallen to as low as 16c; STD charges have dropped by as much as 22 per cent and international charges by as much as 55 per cent. Mobile telephones are the cheapest they have ever been, and Australia has one of the largest uptakes. Some 90 carriers have now been licensed.

A recent ACCC report found that, between 1997-98 and 2000-01, a basket of telecommunications services decreased in price by 21 per cent. This is in stark contrast with Labor, which did nothing to enhance competition in telecommunications, resulting in a cosy duopoly, with consumers receiving inadequate service and paying too much for their telecommunications needs. Labor have consistently failed to support the coalition’s funding programs designed to improve telecommunications services in the bush. They opposed the $250 million Networking the Nation program and, in fact, promised to scrap it. They also opposed the $670 million Telstra social bonus.

The scrapping of Networking the Nation, in particular, would have meant that the funds would not be there to upgrade the mobile phone towers at Dungog—which, as I have already mentioned, are part of the work happening in Paterson. It would have meant that facilities like the Technology and Learning Centre in Dungog would not be up and running. This centre provides training services for all members of the community, both young and old, in areas such as basic computer usage, and it also provides Internet access. Labor would have scrapped this project, meaning that students wanting to research material for assignments could not do so. It would also have meant that members of local associations who make group tutorial bookings would not have this type of affordable computer training. Labor’s policy would have also meant that the Port Stephens Telecentre would not have got off the ground. This centre has provided a range of services
and courses to local people and local businesses.

So when it comes to helping communities through funding programs in telecommunications, clearly Labor fails regional communities. It is important to remind people of what Labor was like when they were in office because, under Labor, the proportion of telephone exchanges in regional Australia that had been upgraded to digital was much lower than in metropolitan Australia. People in regional areas suffered from very low bandwidth telephone access, making it impossible to satisfactorily access the Internet. The availability of advanced ISDN telephone services in regional Australia was atrocious. And we can clearly remember that it was Labor that forced the closure of the AMPS network but had no plan to ensure that regional and rural Australians would continue to receive mobile phone coverage.

In comparison, this government has been responsible for improving telecommunications for everyone. Only a few months ago, I was encouraging people in my own electorate to participate in the inquiry into services in regional areas when it visited Newcastle. This enabled people to have a say on local services, and I am pleased to say that members of my electorate took up that offer and went to the inquiry.

The government has stepped up to the plate and has made a commitment to improve services through bills such as this—improvements that are being rolled out. The amendments contained in this bill aim to increase the level of competition and investment in the telecommunications market to the benefit of consumers and businesses alike. The government will do this by, firstly, facilitating timely access to basic telecommunications services. The ACCC will be required to publish ‘model terms and conditions’ of access. These will assist carriers to reach commercial agreement on fair terms and conditions of access by better informing them about how the commission might approach any dispute put before it. The bill will facilitate investment in new telecommunications infrastructure, and there are two mechanisms to facilitate such investment.

Firstly, the bill promotes certainty for investors in telecommunications facilities by extending the current exemption mechanisms to allow the ACCC to determine that a class of carriers and/or carriage service providers or particular individuals is exempted from the standard access obligations, even if that service is not in existence at the time that exemption is sought.

Secondly, the bill further promotes certainty for investors in telecommunications facilities by extending the current provisions relating to access undertakings to allow the ACCC to accept undertakings from existing and potential access providers of all telecommunications services, irrespective of whether those services have or will be declared or are in existence at the time the undertaking is lodged. It will encourage a more transparent regulatory market.

The bill provides a mechanism for the government to introduce greater transparency of Telstra’s wholesale and retail operations through greater accounting separation. It will enhance accountability and transparency of decision making. The bill requires the ACCC to issue guidelines to address the circumstances of the ACCC issuing a competition notice as opposed to taking other action under the Trade Practices Act. The bill has been developed after extensive consultation with industry, both during the Productivity Commission inquiry and through subsequent consultations with carriers by the minister and the department.

The amendments will bolster competition in the telecommunications sector, to the benefit of businesses and consumers. They balance the competing views of Telstra as the incumbent operator and new entrant carriers, and are a sensible response to the issues identified by the Productivity Commission.

This bill is another example of this government aiming to improve services for all consumers. It forms part of a range of measures that have been undertaken to improve telecommunications infrastructure and services and to ensure all Australians have access to a decent telephone service. These initiatives include: further strengthening of the customer service guarantee to reduce new service connection times and strengthening
of the universal service obligation in relation to the provision of temporary services; mobile phone coverage in population centres of 500 and above, subject to confirmation of community needs and ongoing viability; up to $50.5 million for improved mobile coverage in other areas of Australia; up to $50 million for better quality and faster access to dial-up Internet services; $52.2 million for a national communications fund to build networks for the health and education sectors; improved payphones and other services for Indigenous communities in remote areas; and $3.4 million to fund increased consumer representation.

The most effective way of ensuring that all Australians have access to world-class telecommunications services is through a combination of a highly competitive market and legislated regulatory safeguards that will always apply. The coalition has already locked into legislation all the regulatory safeguards which ensure that all Australians have access to a standard telephone service; untimed local calls; payphones; timely phone installation and repairs, including the provision of temporary services; price caps; quality ISDN or equivalent satellite services; and the Telecommunications Industry Ombudsman. All of the measures clearly indicate that this government is working to make sure that Australians get their fair share of services.

In conclusion, if we think back to when Labor was last in power, in Paterson even under the analog mobile phone services, there were but four mobile phone towers. The coverage was at best described as very poor. Under this government, digital services have gone into areas like Gloucester and Dungog. They have tracked up the Pacific Highway to towns like Forster through to Nelson Bay and they continue to grow. This is the government that has invested in the people. This is the government that will continue to invest in the people. These improvements can only continue with the support of a government prepared to invest.

We recently heard the member for Oxley talk about pair gains and splitting lines in the copper in the ground? If the member for Oxley did his homework, he would find that pair gains and splitting of lines started to occur under Labor, not under a coalition government. It is about providing services to the doorstep. It is about giving people quality access to communications.

We should remember the cost of phone calls seven years ago when Labor was last in power. Today anyone can have 100 per cent mobile telephone coverage within Australia through satellite telephones. I hear the call from the Labor Party about the cost associated with satellite telephones. Even without subsidy, the cost of purchasing a handset is today what an ordinary mobile phone cost about three years ago. The cost of phone calls on a satellite telephone today is no more than what mobile phone calls were three years ago.

To provide 100 per cent coverage for mobile telephones in my electorate, which is 9,600 square kilometres in size, it is estimated we would need 1,400 towers. The reason is the topography: because of the depth of the valleys, the mountains and the plateaus, we would need towers in each and every one of those valleys. Given that we have competition, we could probably triple that if all three of the major carriers wanted to carry that signal and provide 100 per cent coverage throughout my electorate.

The sensible way is for us to encourage and further develop satellite telephone communication, as it has 100 per cent coverage throughout Australia. It provides an affordable opportunity for people to have mobile communication while they are on their properties or farms. It is that area which should be encouraged and supported by Labor. If we look back through history, it was Labor that failed the people. When they proposed to remove the analog phone system, there was nothing at that stage to replace it. If Labor had remained in power and the analog phone service had been shut down, what would have been put in place? Instead of large-scale farming areas not having mobile phone coverage, most regional towns would not have had coverage either. That needs to be considered by the people.
I commend this bill to the House because it is sensible, measured and provides guarantees to the consumers who use these services and pay their bills. At the end of the day, they are the taxpayers who pay for this government to manage their affairs in an effective and efficient manner.

Ms HALL (Shortland) (1.52 p.m.)—It always amuses me to sit in this House and hear speaker after speaker on the government side stand up and blame Labor for all the problems that exist. I must say that the member for Paterson is one member who does that a lot. He blames the state government, too; he blames everyone except himself. I believe the member for Paterson is letting down the people of his area by saying that a second-best service is good enough. I have travelled extensively within the electorate of Paterson and I believe that the mobile phone service there is anything but satisfactory. To suggest that an average person, who is battling to pay for the doctor—doctors do not bulk-bill in the Paterson electorate—can afford to purchase a satellite phone is absolutely ludicrous. Satellite phones are expensive and they are outside the reach of ordinary, average Australians.

The Telecommunications Competition Bill 2002 is intended to enhance competition and improve the investment climate in the telecommunications sector. Unfortunately, to date the Howard government have failed to make any inroads into Telstra’s stranglehold on the telecommunications market. The Howard government’s focus has been on preparing Telstra for sale and on ensuring that Telstra makes a massive profit. A massive profit will obviously make it a much more attractive item when they put it up for sale. To the Howard government, competition is about ensuring that their mates in big business reap the benefits of cheaper prices. There is no area in which this is more apparent than telecommunications.

Let us revisit the price hikes that have occurred in Telstra. In August the Telstra HomeLine Complete plan went up by $2 a month—a 10 per cent increase. The Telstra HomeLine Plus plan went up by $3 per month—a 14 per cent increase. Those increases do not indicate cheaper phone rates; those increases do not indicate that telecommunications are more affordable; those increases do not indicate that competition is improving telecommunications and making phone services and mobiles more affordable. The increases were also above the CPI. The Howard government wants people to pay up to $30 per month just for the privilege of having a telephone in their house.

How do these prices compare to the past? A couple of years ago line rental fees were just $11.65; under this government they are now up to $30. These are massive increases that the Howard government has delivered to the Australian people. Because we on this side of the House do not believe that the Australian people should be hit in this way, we have been opposing these types of increases in the Senate. I sincerely hope that these increases are stopped and that the Australian people can benefit from lower prices for their telecommunications services. As I said a moment ago, the price hikes are designed to prepare Telstra for privatisation. The people in my electorate are telling me—and I am sure that the people in the electorate of Banks are telling the member for Banks the same thing—that they do not want to pay more for their telecommunications, they do not want to pay more for their line rental, they do not want to pay more to use their mobile phone—

Mr Melham—No timed calls, either!

Ms HALL—and they do not want timed calls. We believe that Australia should have affordable telecommunications services. We should not have a second-rate service—and I will touch on this a little later—that we pay a lot of money for and which the government is preparing to sell off.

The objectives of this bill are quite commendable. The bill aims to speed up access to core telecommunications services; facilitate investment in new telecommunications infrastructure; provide a more transparent regulatory market, particularly in relation to Telstra wholesale and retail operations; and enhance accountability and transparency in tackling anticompetitive conduct. My question to the government is: what have they
been doing since they were elected? The member for Paterson has blamed the Labor Party. I think that from 1996 to 2002 is sufficient time for the government to come to terms with the issues and improve the situation. But unfortunately the Howard government is not prepared to take responsibility for its actions.

The bill amends part XIB of the Trade Practices Act 1974, which deals with anticompetitive conduct in the telecommunications industry. It also amends part XIC, which deals with interconnection and access to telecommunications services. It includes some amendments to the Telecommunications Act 1997 and consequential amendments to the Telecommunications (Carrier Licence Charges) Act 1975. These amendments are needed, but I have to say that this government has failed to address the core issues relating to the telecommunications industry, to anticompetitive behaviour and to improving the competitive nature of the telecommunications industry. Members on the other side of the House suggested that I might be lost for words when talking about their failure to deal with the issues relating to telecommunications, but—

The SPEAKER—It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member for Shortland will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE
Health: Pharmaceutical Benefits Scheme

Mr STEPHEN SMITH (2.00 p.m.)—My question is to the Treasurer. Is the Treasurer aware that the government’s own calculations show that, if the Pharmaceutical Benefits Scheme copayment is increased from $3.60 to $4.60, pensioners and concession cardholders will be forced to go without almost five million scripts for essential medicines? Treasurer, doesn’t this show that the government’s proposed 30 per cent increase in the cost of essential medicines will mean that many Australians under financial pressure will have no choice but to skip their medicines and, as a consequence, need far more expensive medical care down the track?

Mr COSTELLO—I thank the honourable member for his question. The answer is no, of course.

Mr Stephen Smith—No? You don’t know what the answer is.

The SPEAKER—The member for Perth has asked his question. The Treasurer has the call.

Mr COSTELLO—The copayment for the Pharmaceutical Benefits Scheme was introduced by the Labor Party. It was introduced on the grounds that the Labor Party said then—and it was right—that it was important to have a copayment to make this a sustainable scheme. It was supported by the coalition. That good policy could never have occurred had it not been for the support of the coalition. The cost of medicines, obviously, is much greater than $3.60 or $4.60. If the cost of medicine is $100, $200 or $1,000, a pensioner will still be entitled to buy it for $4.60. What is more, after 52 scripts—that is one a week—it is free. So the $1 increase can amount to no more than a cost of $52 per annum. From memory—I will check this later on—the average number of scripts in a year is something like 19. So for the average person the cost will be something like $19.

This government has indexed pensions to the male total average weekly earnings, so that pensions are rising faster than the consumer price index. They are rising in line with wages, which are outpacing the consumer price index. Pensioners are protected against prices and the value is actually increasing. This is a fair proposal. It is a proposal which, when the Labor Party had some leadership, it used to support. It is a proposal which the Labor Party now seeks to oppose out of cheapjack opportunism. The government is putting in place the changes which will make this a sustainable system, and those that care about having a sustainable Pharmaceutical Benefits Scheme will be voting for that budget proposal.

Mr Stephen Smith—I seek leave to table advice from the Department of Health and Ageing which shows almost five million concession scripts going unfilled as a result
of the government’s proposed 30 per cent increase in the cost of essential medicines.

Leave not granted.

Indonesia: Terrorist Attacks

Mrs ELSON (2.04 p.m.)—My question is addressed to the Prime Minister. Has the Prime Minister’s attention been drawn to reports of a tape recording allegedly of Osama bin Laden commenting on the bomb outrage in Bali and other terrorist matters?

Mr HOWARD—I thank the member for Forde for her question. Of course my attention has been drawn to the broadcast, allegedly of a tape recording of a statement made by Osama bin Laden. At present, the authenticity of the tape is being checked both here and in the United States, to our knowledge, and perhaps elsewhere. When the government has some formal advice in relation to that, the government will have something further to say on the matter. I would at this stage, however, make two comments. The first of those is that at no stage has the government ruled out—in fact many of us have expressed the view that it is more than likely—that al-Qaeda was behind or associated with the atrocity that has occurred in Bali. If in fact further evidence emerges of that, it will not be of any particular surprise. The other observation I would simply make to the House—and it is a remark made generically and not necessarily with specific reference to today’s report—is that I am quite sure that I speak for all Australians in saying that we will not be intimidated in relation to the policies we pursue by threats from terrorists.

Health: Pharmaceutical Benefits Scheme

Mr STEPHEN SMITH (2.06 p.m.)—My question is also to the Treasurer, and it follows on from his previous answer when he referred to a $1 increase.

Mr Baldwin—Mr Speaker, I rise on a point of order. Standing order 144 says:

Questions cannot anticipate discussion upon an order of the day or other matter.

I draw your attention to item No. 7 on the notice of business of the day.

The SPEAKER—I thank the member for Paterson. The member for Paterson is right. I allowed the first question to stand to ensure that it did not anticipate debate, and neither the question nor the answer did that so I allowed them both to stand. The member for Perth has the call.

Mr STEPHEN SMITH—My question is to the Treasurer and it follows on from his previous answer, in which he referred to an increase in the pharmaceutical benefits copayment by $1, from $3.60 to $4.60. Treasurer, is it not the case that, for over one million pensioners and concession cardholders, that increase would mean an extra $52 a year, and for 300,000 Australians in families it would mean an extra $190 per year for the cost of their essential medicines? Treasurer, don’t the government’s own calculations show that almost half a million scripts for essential medicines provided to Australian families will go unfilled because of your proposed 30 per cent increase, hurting their health and leading to far greater expense for medical assistance down the track?

Mr COSTELLO—If the honourable member had listened to my last answer, he would know that was not the case because, as I said in relation to the last answer, the maximum contribution increase is $1. After 52 scripts in a year they are free and, from memory, the average number of scripts is about 19. Not every pensioner has 52 scripts a year.

Ms Macklin—That is $52 a year.

The SPEAKER—Order, the Deputy Leader of the Opposition!

Mr COSTELLO—I believe the average is 19. I will have that checked during the course of question time, but that is the figure which sticks in my mind. If the honourable member wants to say that $4.60 is somehow going to mean that people do not fill their scripts, why did he support $3.60?

Ms Macklin interjecting  

Mr COSTELLO—Why did he support $3.60? Why did the Labor Party introduce the copayment in the first place if it now claims that a copayment means people will not take medicine? This is where opportun-
ism catches up with itself. The Labor Party introduced the copayment—

Ms Macklin—You don’t care.

The SPEAKER—Deputy Leader of the Opposition, for the third time!

Mr COSTELLO—on the grounds that, in relation to very expensive scripts, whether they cost $100 or $200 or $1,000 or $2,000, a copayment would defray some of the cost and would make it affordable to bring new scripts onto the scheme as they became available. If we do not put this on a sustainable basis then we will not have the capacity—as we want to do—to bring the high-tech, expensive scripts onto the system at the concessional rate. That was precisely the argument that was made by the Labor Party when it introduced the copayment.

They have never said since that they are against a copayment. If they were, they would presumably want to abolish the $3.60. All they say is that they are against the increase to $4.60—not from any principle, not from any real respect for making the Pharmaceutical Benefits Scheme sustainable and not because they have read the Intergenerational Report for, if they had, they would know that the Intergenerational Report shows that the Pharmaceutical Benefits Scheme is the fastest growing area of Commonwealth expenditure. It is cheapjack opportunism. It is the kind of opportunism we saw in the last parliament with the famous roll-back policy. When it is defeated, they will walk away from it as they walked away from roll-back, and in the interim the government will get on with the business of making health care sustainable in a financing sense.

Mr Stephen Smith—Mr Speaker, I seek leave to table advice from the Department of Health and Ageing which shows almost half a million scripts to Australian families going unfilled as a result of the government’s proposed 30 per cent increase in the cost of essential medicines.

Leave granted.

Foreign Affairs: Iraq

Mr HAWKER (2.11 p.m.)—My question is to the Minister for Foreign Affairs. I ask the minister: can he inform the House of the decision overnight by the Iraqi parliament in relation to the United Nations resolution on the disarmament of Iraq? Furthermore, what is Australia’s response to this decision?

Mr DOWNER—I thank the honourable member for Wannon for his question. I appreciate the interest he shows in this important issue. As the honourable member points out, the Iraqi parliament last night voted unanimously against Security Council resolution 1441, which requires Iraq to disarm itself of weapons of mass destruction. But honourable members on both sides will be pleased to hear that the Iraqi parliament is not really like the Australian parliament. All of the candidates for election to the Iraqi parliament are hand-picked from the Ba’ath Socialist Party—some of course are hand-picked for our own socialist party in this parliament, I know—or else, if they are not members of the Ba’ath Socialist Party, they are regime loyalists. But the point is that all candidates for the Iraqi parliament are vetted by Saddam Hussein’s interior ministry to ensure their loyalty to his regime.

The serious point here is that any decision on compliance with Security Council resolution 1441 is going to be made by Saddam Hussein and his regime, not by the Iraqi parliament. But the international community has, through resolution 1441, demonstrated a very clear resolve to ensure that Saddam Hussein does disarm, and a maximum amount of pressure is now being placed on him to do so. By Friday, Saddam Hussein must confirm he will comply with the resolution. Twenty three days later, he has to declare in full Iraq’s chemical, biological and nuclear programs, military and civilian, and its missile program, and he must allow inspectors to go anywhere, anytime without exception.

Let me make this point that the threat of force against Saddam Hussein over the last few months has been effective in getting him to announce, as he did during I think September, that he would allow weapons inspectors in on an unconditional basis. It is regrettable that dictators, such as Saddam Hussein, only understand the language of force, but he did at that time understand the language of force. Saddam Hussein knows
that the international community demands that he rid himself of weapons of mass destruction. He must accept that proposition, and we hope that that can be done through United Nations processes. But the debate about the possible triggers for military action will only take place, of course, if Saddam Hussein decides in the end to walk away from compliance with the United Nations Security Council resolution. The resolution says any material breach by Iraq of its terms will be reported to the Security Council but, contrary to what the Leader of the Opposition said at his doorstop interview this morning, it does not provide for a second resolution. It is not assumed or understood that that will automatically happen.

Mr Crean—It resolves nothing!

Mr DOWNER—Resolution 1441 does not preclude the use of force by the United States or anyone else and it does not set out exactly how the council should set up material breaches. I would commend the resolution to the Leader of the Opposition. I would make a suggestion that he sit down and actually read it.

In Australia, we will be watching Iraq closely. The international community will be watching Iraq closely, particularly as we draw to the end of this week. The important thing is that the international community must show strength and resolve in confronting Saddam Hussein to ensure that he eliminates his weapons of mass destruction. We hope he will do that consistent with Security Council resolution 1441 and not have to face other consequences.

HIH Insurance

Mr McMULLAN (2.16 p.m.)—My question is to the Treasurer. Treasurer, when HIH’s takeover of FAI was approved, what action did you take, if any, to satisfy yourself that both firms were solvent? Who, apart from APRA, did you consult concerning HIH’s takeover of FAI? Did your consultations include Mr Rodney Adler or Mr Malcolm Turnbull? Subsequently, what action did you or ministers within your portfolio take to satisfy yourselves of the financial position of HIH as a result of well-founded reports of concern within the business community?

Mr COSTELLO—If I sought advice on solvency issues, I would seek it from APRA, which is the body responsible for solvency issues. I can tell the honourable member for Fraser—I assume he is trying to insinuate something improper—that I did not seek advice from Mr Adler nor from Mr Turnbull.

Mr Latham—The circle is closing.

Mr Crean—Did you? Did you seek it from APRA?

Mr COSTELLO—Mr Speaker, I am faced with the difficulty of answering the question from the member for Fraser when, as I answer it, the member for Hotham comes in with a new one and, not to be upstaged, the member for Werriwa comes in with one of his own. If we can line them up, I will start with the member for Fraser first.

Opposition members interjecting—

The SPEAKER—Order!

Mr Pyne interjecting—

The SPEAKER—The chair needs no assistance from the member for Sturt. Furthermore, the Treasurer has the call. The Treasurer’s obligation is to answer the question asked by the member for Fraser.

Mr COSTELLO—I assume he is trying to insinuate something improper, so I will put his mind at rest: I did not seek advice from Mr Adler nor from Mr Turnbull. The advice I would seek in relation to solvency would be from the regulator which has been set up to deal with solvency, which is APRA. I acted in accordance with APRA’s advice at all times, as you would expect a Treasurer to do and as a Treasurer would be obliged to do.

Australian Competition and Consumer Commission: Deputy Chairman

Mr SECKER (2.18 p.m.)—My question is to the Treasurer. Would the Treasurer advise the House of the state governments’ responses to the nomination of Mr Graeme Samuel as Deputy Chair of the Australian Competition and Consumer Commission? What is the response of the federal government?
Mr COSTELLO—I thank the honourable member for his question. I would like to set out considerable detail in relation to this matter. The House will be interested to hear it, I am sure. Under the agreement which governs the appointments to the Australian Competition and Consumer Commission, the Commonwealth is responsible for making a recommendation to the Governor-General. That can be made only if it is supported by a majority of the states and territories. Under the code which governs the way in which these recommendations are to be made, if the Commonwealth proposes filling a vacancy, it must notify the states. The states then have the opportunity to make recommendations. The Commonwealth is not obliged to accept any of those recommendations, but the Commonwealth can then put forward a name to the states and territories for them to vote on in a period of 35 days, and only if there is a majority may it put that name forward to the Governor-General. If a majority of states want to veto an appointment, they have the right to do so in the 35-day period.

This was the procedure which was followed in relation to the deputy chairman. The Commonwealth notified that it would be filling a vacancy and called for recommendations from the states. Some recommendations were received. New South Wales at no stage recommended Dr Tom Parry, whom I have seen referred to in the press. At one stage, they recommended a woman but, as recently as this week, they confirmed to me that they were not seeking the appointment of that woman. After considering all of these matters, and particularly in the light of the fact that Professor Fels indicated that he wished to wind up his appointment earlier than expected, the Commonwealth put forward a name for consultation with the states, and it was Mr Graeme Samuel.

Mr Graeme Samuel, I believe, has been one of Australia’s foremost experts in relation to competition. He was voted into that position under a similar procedure, with support from New South Wales. Professor Fels was very strong in recommending Graeme Samuel as the deputy chairman, and Victoria and Tasmania—two Labor states—voted for Mr Graeme Samuel. I pay tribute to the Tasmanian government, because I think they have been very responsible in relation to this.

Mr Fitzgibbon—What about Steve Bracks?

Mr COSTELLO—And Mr Bracks. I pay tribute to the Victorian government for their vote in relation to Mr Graeme Samuel. Opposition to this matter has been led by New South Wales. New South Wales, as I said earlier, handled negotiations in relation to this matter through its Premier, Mr Bob Carr—it always has. When the vacancy was opened, I wrote to Mr Carr. When no nomination was forthcoming and I wrote back with the nomination of Professor Fels as chairman, I again asked Mr Carr for a nomination. When a nomination came from New South Wales, it came from the Acting Premier, Mr Refshauge, on behalf of Mr Carr. When the Commonwealth put Mr Samuel’s nomination forward, it was sent to Mr Carr. When we received a response, it was from Premier Carr. When I wrote back it was to Premier Carr. When I rang to discuss it last Thursday, it was with Premier Carr. When I rang to discuss it again on Monday, it was with Premier Carr. I want to make that point, because some in the media seem to have assumed that Mr Egan was involved in this process—he was not. Premier Carr was handling negotiations on behalf of New South Wales. The only nomination that was put forward was for a woman, and Mr Carr confirmed to me as recently as Monday that the New South Wales government was not proceeding with that nomination.

It is said now, after the event, by Mr Egan, in particular—who was not involved in this matter—that there was some breach of process. The process which was followed was the same process which was used for the appointment of Professor Allan Fels and the same process which was used for the appointment of Jennifer McNeill, Ross Jones, John Martin, Sitesh Bhojani, David Cousins and Rod Shogren. All of those people were appointed under this same process. In fact, New South Wales has no complaint about the process, because there were actually two nominations out there—both Mr Samuel and Ed Willett. They were nominated by the same letter. The vote is proceeding in rela-
tion to both of them. If New South Wales were against the process it would vote against both of them, but it has only voted against Mr Samuel, which illustrates that they have no objection to the process.

So what then is the objection that the New South Wales government might have to Mr Graeme Samuel, and why would it be running the furphy that it was all to do with process? Fortunately, somebody contacted me this morning and suggested that I log on the web site www.council.labor.net.au, which takes you to the site of the New South Wales Labor Council. You can actually go to minutes of meetings of the New South Wales Labor Council. The New South Wales Labor Council minutes of a meeting on 24 October 2002 show that the chair of the meeting was the President, Comrade Sandra Moait. The meeting was at the Trades Hall Auditorium, Goulburn Street, Sydney. Present was J. Robertson, Secretary; M. Lennon, Assistant Secretary—

Honourable members interjecting—

Mr COSTELLO—‘M. Lennon’, not ‘V. Lenin’—and A. Peters. The first item of business was ‘Receiving executive business correspondence’ from the Shop, Distributive and Allied Employees’ Association—and I think I should read this correspondence in full:

... expressing their concern regarding reports that the Treasurer, Peter Costello has announced his intention to appoint Graeme Samuel as the heir apparent to Professor Allen Fels, the Chairman of the Australian Competition and Consumer Commission. The Union said as Mr Samuel is being appointed to a vacant position on the ACCC, it is expected that when Professor Fels retires in June 2004 that he will be elevated to the position of Chairman of the ACCC. Given Mr Samuel’s well known track record of preaching deregulation and, the fact that deregulation in its many guises has often made life worse, not better, for ordinary workers and their families—

Opposition members interjecting—

Mr COSTELLO—They always interject at the critical moments. I ask the House to listen to this. The correspondence continued: the union asked that the Labor Council write to the Premier calling on the State Government to oppose the appointment of Graeme Samuel to the ACCC and that the Premier writes to Treasurer Costello expressing the State Government’s opposition to Mr Samuel’s appointment within the next 28 days.

Comrade J. Robertson then moved the executive’s recommendation, which read:

That the correspondence be received and that Labor Council write to the Premier to express its concern about the appointment of Mr Graeme Samuel to the ACCC.

The union gave Premier Carr 28 days from 24 October to cast his vote against Mr Graeme Samuel. He did not need the full 28 days; he replied on 4 November—within eight days.

When I have persistently asked the New South Wales government what its objection is to Mr Samuel and why it voted for him as President of the National Competition Council but voted against him as Deputy Chairman of the ACCC, the answer I have been given is, ‘There’s a lot of opposition around the place.’ What I did not realise was that the Labor Council of New South Wales had instructed the New South Wales government on how to cast its vote. I table the minutes of that meeting which are on the web site and I ask anyone who is interested to look up the web site. Should the New South Wales Labor Council have a veto over the appointment of the Deputy Chairman of the ACCC?

Mr Latham—Why not?

Mr COSTELLO—‘Why not?’ said the member for Werriwa. I asked the question, ‘Should the Labor Council of New South Wales have a veto over the appointment of the Deputy Chairman of the ACCC?’ and the member for Werriwa says, ‘Why not?’ I will tell you why not—because under the legislation this is for vote by state governments, who are answerable to the electors of their states and not the faceless men of the New South Wales Labour Council. That is why not. Nobody has elected Comrade J. Robertson to exercise the vote of the New South Wales government. A deputy chairman of the ACCC would not only be enforcing competition law but also sections 45D and 45E of the Trade Practices Act. That is why Comrade Robertson should not have a veto. On this side of the House, we believe it is the electors that decide governments and their
votes, not the faceless men of the Labour Council.

Mr Howard—I wish to add to the Treasurer’s answer, Mr Speaker.

Opposition members interjecting—

The SPEAKER—The Prime Minister has the call.

Mr Fitzgibbon—It’s a leadership tussle!

The SPEAKER—I warn the member for Hunter! The Prime Minister has the call.

Mr Howard—In today’s issue of the Bulletin, there is an article on this matter that contains a suggestion that I was not supportive of Mr Samuel’s name going forward, or had some concerns or reservations. That suggestion is completely wrong. In fact, the Treasurer and I had a separate discussion regarding this matter and we were of one mind in relation to both the sponsorship of Mr Samuel’s name and our view of his ability.

Mrs Crosio—The Prime Minister is going to confirm his leadership!

The SPEAKER—The member for Melbourne will resume his seat. The Chief Opposition Whip understands the obligations she has to ensure that decorum is maintained in the House. The member for Melbourne had the call and was being denied the call by her interjections. I call the member for Melbourne.

Telstra: Privatisation

Mr TANNER (2.32 p.m.)—My question is to the Minister representing the Minister for Communications, Information Technology and the Arts. Can the minister confirm that the proceeds from the sale of Telstra are already in the budget and already allocated for debt retirement and sale costs? Minister, is this why you have not been able to convince your National Party colleagues that John Howard and Peter Costello’s decision to sell Telstra is a good thing?

Mr Swan—Where is the National Party?

The SPEAKER—The member for Lilley! Before I recognise the Treasurer, I would remind the member for Melbourne of his obligation to refer to members by their office or seat.

Mr TANNER—Mr Speaker, I rise on a point of order. The question related specifically to the ability of the minister to convince his National Party colleagues of something. As far as I am aware, the Treasurer is not a member of the National Party.

Mr Swan—He just runs it!

The SPEAKER—The member for Melbourne does not have a point of order and will resume his seat. It is entirely within the precedent of the parliament for any one of the ministers to be nominated to answer the question. I call the Treasurer.

Mr COSTELLO—The government’s policy has been long established—that subject to services in rural and regional Australia—

Mr Swan interjecting—

The SPEAKER—I warn the member for Lilley! The Treasurer has the call.

Mr COSTELLO—Subject to services in rural and regional Australia being brought up to scratch, it is government policy to offer the remaining equity in Telstra to Australian shareholders and others. Since that has been the policy for several years, that has always been reflected in the budget—and I have confirmed that over and over again. I recall confirming it during the election campaign. I absolutely confirmed it, so there is no news in that. I have confirmed it over and over again. That is the way in which budget policy operates.

The government’s position has always been that the proceeds should be used for debt retirement, and that has always been reflected. That is the way in which we have handled our privatisations; where we have sold equity in an asset, we have used the proceeds to retire debt. It is a longstanding policy, and there is a reason for that: when the Labor Party sold assets they spent the proceeds and ran up debt. They sold the house and increased the mortgage. We have never been in favour of doing that and we have always reflected that in the budget.

National Security

Mr JULL (2.35 p.m.)—My question is directed to the Attorney-General. Would the Attorney-General inform the House of the
results of the inaugural meeting today of the National Counter-Terrorism Committee which will give the Commonwealth government a national mandate to protect Australians from the threat of terrorism?

Mr WILLIAMS—I thank the member for Fadden for his question. The question reflects his longstanding interests and his position as chairman of the intelligence services committee, the Parliamentary Joint Committee on ASIO, ASIS and DSD. It is a serious question. I am very pleased to advise the House that, as the member for Fadden’s question implies, today is the inaugural meeting of the new National Counter-Terrorism Committee. It is meeting in Canberra. This committee has been given a clear and broad mandate to protect Australians from the threat of terrorism.

Its establishment follows agreement at the leaders summit on counter-terrorism and multijurisdictional crime which was held earlier this year. The summit delivered groundbreaking outcomes in recognising the need for national coordination of certain terrorist situations and a shared commitment to strengthening coordination of Commonwealth and state and territory counter-terrorism capabilities. It was formalised by the recent signing by the Prime Minister and state and territory leaders of the intergovernment agreement on Australia’s national counter-terrorism arrangements. One of the key results of the leaders summit was the reconstitution of the Standing Advisory Committee for Commonwealth-State Cooperation for Protection Against Violence—that is, SAC-PAV—as the National Counter-Terrorism Committee, the NCTC.

This new committee has a much broader mandate to cover prevention and consequence management issues. The fact that this committee will have to report to COAG on its progress reflects the importance of the role and the seriousness with which the Commonwealth, state and territory governments approach this issue. The committee will, as a matter of priority, prepare a report for COAG in relation to any additional measures concerning the appropriate upgrade of security measures. Attending the meeting today will be the deputy commissioners from state and territory police services and representatives from state premiers and chief ministers departments as well as the Attorney-General’s Department, the Department of the Prime Minister and Cabinet, the Department of Defence, the Department of Transport and Regional Services, Emergency Management Australia, the Australian Federal Police, the Australian Security Intelligence Organisation and other relevant agencies.

The committee will consider protective security measures for key components of critical infrastructure. Those particular measures will require cooperation between the Commonwealth, states, territories and, in this case, the private sector. It will also review the National Counter-Terrorism Plan and develop a work program to take account of priority work to be done, as agreed by COAG. The work of the NCTC is vital to the security of Australia and its people. It is particularly important following the atrocities of September 11 and the Bali bombings. Australians deserve and expect to feel safe, and the Commonwealth government is committed to doing everything it can to protect Australia, its citizens and its interests against the scourge of terrorism. The NCTC is just one of the many measures the government has put in place to do just that.

Telstra: Privatisation

Mr CREAN (2.40 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services, and it follows from the answer just given by the Treasurer. I ask the Deputy Prime Minister: does he accept that all of the proceeds from the further sale of Telstra go to debt retirement?

Mr McMullan—You’ve got your instructions.

The SPEAKER—Order! The member for Fraser!

Mr ANDERSON—I thank the honourable member for his question. Let me make the general point that debt reduction has been a very important part of the government’s strategy in recent years. Presumably your focus is to pose the question as to what it might be that we are most committed to de-
livering to rural and regional Australia, and I have to say that nothing outweighs the benefits of lower interest rates, the tighter economic strategies that we have run and the results of a proper and clean float of the Australian dollar. These are all recognised as having delivered enormous benefits to rural and regional Australia.

Further to that, I would make this very important observation: financial discipline has enabled us to deliver, on budget and without having to borrow, a lot of very valuable programs to rural and regional Australia. There is the $2 billion or so which, one way or another, has gone into the Natural Heritage Trust; there is the money that has gone into Networking the Nation; and there is the Roads to Recovery program. The list is endless. In the context of the very serious drought confronting us, this discipline has enabled us to put things like farm management deposits in place. The contribution to this program—on behalf of the taxpayer—and the efforts of the government far outweigh anything that any of the state governments have done for drought-affected farmers. Let me just establish this general principle: I am committed to sound financial management because of the benefits it plainly produces for all Australians, including regional Australians. The broad principle of our approach has always been consistent, and the Treasurer has reiterated this. Of course it is a government position, and it has my support.

Immigration: Refugees and Asylum Seekers

Mr WAKELIN (2.42 p.m.)—My question is addressed to the Minister for Immigration and Multicultural and Indigenous Affairs. Is the minister aware of reports of significant fraud involving boat arrivals who claim to be Afghan nationals? What is the government doing to address this?

Mr RUDDOCK—I thank the member for Grey for his question, because it certainly is a matter of which I am very much aware. This is a matter about which I have spoken quite frequently. I have spoken on this in the House and alerted members to the situation which we have had to deal with over a period of time. The fact is that we have often said that people use the protection system to try to obtain migration outcomes. Boat arrivals provided a way of doing that. Many people were prepared to dispose of any documents, which might have successfully helped in identifying them, before they came to Australia. That presented a much more challenging environment in which my officers in the Department of Immigration and Multicultural and Indigenous Affairs have had to operate.

If you have any doubt about whether or not this is something that has just afflicted Australia, I would remind members that we heard evidence this morning that, in France, people in Calais are refusing to avail themselves of the French determinations system—which I am sure nobody suggests is in any way inadequate or inappropriate. They are holding out because they think they will get a preferred outcome if they can get to the United Kingdom. As I said, the allegations raised in the Age are not news to me. In fact, it can be seen from the report that I spoke to the reporter and told him what I am about to tell the House, and that is that of course I became aware of suggestions—particularly information from the community—that some of the people who had come through the temporary protection visa system may have been able to deceive us in that process and obtain an outcome inappropriately.

When I became aware of those allegations, we sought to investigate them and investigate them fully. We established, as a result of the concern we had about the potential numbers of people involved, specialist units in May 2001 to deal with the issues. Currently, there are around 700 instances of suspected fraud involving boat arrivals who claim to be Afghan nationals? What is the government doing to address this?

Mr RUDDOCK—I thank the member for Grey for his question, because it certainly is a matter of which I am very much aware. This is a matter about which I have spoken quite frequently. I have spoken on this in the House and alerted members to the situation which we have had to deal with over a period of time. The fact is that we have often said
obtain visas in the circumstance where the courts have helped us with advice as to what the evidentiary requirements need to be and where matters need to be dealt with on the balance of probabilities, we have seen that the doubt is more likely than not to lead to a grant of protection in many cases.

In relation to the cancellation system, we face the same difficulty. The burden of proof is upon us to show that somebody has obtained a visa fraudulently. Of course, that means we have to provide that information to visa holders and they have to have the opportunity to comment on it. When they have commented on it, we have to look at what they have said, then we have got to make a decision as to whether cancellation should proceed and then we face the possibility of legal proceedings arising out of that. So what we have is a system that makes it very difficult to address these issues.

The article made some other claims about which I would like to comment briefly. It said that more than 200 Pakistani nationals have been linked with al-Qaeda and other terrorist groups. This is primarily a matter for the Attorney but, to my knowledge, there are no known links. I recall that the head of ASIO advised the Joint Standing Committee on Foreign Affairs, Defence and Trade in August—and this was the subject of a question by the shadow minister—that his organisation had not issued any adverse security assessments in terms of unauthorised arrivals posing a direct or indirect threat to Australians’ security. I made it clear at that time that that did not deal with other character issues, and I do not resile from those comments I made. I have had no advice—and I checked this with the Attorney today, who tells me that there is no advice to him nor advice I have received—to suggest that the information given by the head of ASIO has changed.

Let me make it very clear: security is an issue that the government takes very seriously. My department routinely refer identity details of asylum seekers to relevant authorities for checking and, where identity fraud has been seen, the procedures are repeated—as you would expect, because previous considerations may have been made on the basis of only the information that was available to us initially. I should say that, in relation to these issues, determination is very difficult in relation to people who have disposed of documentation, where you only have what they have to tell you to make your decisions. It is as a result of that that we have undertaken very comprehensive training of staff. We have undertaken language analysis and we have developed a comprehensive and focused set of country information.

We also withdrew recently—and this has been the subject of comment elsewhere—the provision of tapes. We withdrew the provision of tapes to people who were being interviewed. The reason that we withdrew those tapes from the hands of the advisers to applicants was that we found that there was information suggesting that those tapes had been used to school people before they came and to advise them on the nature of the questions we were likely to ask—such that people even came asking for specific officers on the basis that they expected to be able to be interviewed by them and perhaps get a more favourable outcome. This is part of the very challenging area in which my departmental officers have been working and, obviously, when we have had advice that suggests that we may have been mistaken in some of the decisions that have been made, we have moved very promptly to put those matters under further scrutiny.

DISTINGUISHED VISITORS

The SPEAKER (2.50 p.m.)—I inform the House that we have present in the gallery this afternoon members of a delegation from the United Kingdom who are visiting Australia under the auspices of the Australian Political Exchange Council. While I of course warmly welcome the delegates from the United Kingdom, I also see in the gallery the Hon. Ben Humphreys, former Minister for Veterans’ Affairs and a colleague to many of us on the floor of this chamber. On behalf of all members of the House, I extend to our United Kingdom friends and to Mr Humphreys a very warm welcome.

Honourable members—Hear, hear!
QUESTIONS WITHOUT NOTICE

Banking: Fees

Mr GRIFFIN (2.50 p.m.)—My question is to the Treasurer. Is the Treasurer aware that an ANZ customer making a $500 cash advance from their credit card 18 months ago would have paid a fee of $1.50 and today they would pay $7.50? Treasurer, are you further aware that a Westpac customer would now also pay the same fee following their fee changes earlier this year and that the Commonwealth Bank recently increased their fee for the same transaction to a similar level? Treasurer, surely this constitutes sufficient grounds to at least suspect inadequate competition on bank fees? Treasurer, why will you not now refer the issue of bank fees to the ACCC?

Mr COSTELLO—I cannot comment on those particular examples which have been given, but certainly I think that if you want to follow them up you should insist that the banks themselves give you an explanation in relation to them. I certainly, with you, would be quite interested to hear what the banks have to say about that. You asked me what the government should do. The government looked very carefully at the question of credit cards and we did refer it to the ACCC. The ACCC recommended that we have a Reserve Bank inquiry, which we did under the new powers that had been given to the Reserve Bank. And the Reserve Bank, after doing that inquiry, found that the interchange fees between the banks on credit cards—with Visa, MasterCard and others—were too high and that consumers were being unfairly penalised.

The government has announced that it will accept that report in full and implement it. In response to that, I believe Visa is now suing at least the Reserve Bank, and that the Commonwealth as well—I am not quite sure—in the courts to try and frustrate the government from introducing that. We will defend that court action, I can assure you, if we are defendants. I have spoken to the Reserve Bank; it will defend that court action, I can assure you. It is an illustration of how you can try and use the legal system to try and delay and obviate necessary reform. One thing we can say on this side of the House, and I hope it is supported from your side of the House, is that putting in place that inquiry and those powers and getting that report and acting on it has been a very positive move in relation to credit cards—in fact, so positive that you have seen the litigation response. But we will not be deterred.

Workplace Relations: Building Industry

Mr PEARCE (2.53 p.m.)—My question is to the Minister for Employment and Workplace Relations. Is the minister aware of any recent comments about problems in the Victorian construction industry? What is the Howard government doing to address these issues, and is it receiving support from the Victorian government?

Mr ABBOTT—I thank the member for Aston for his question. I can inform the House that yesterday Mr Daniel Grollo, who is the joint managing director of one of Australia’s most important construction companies, made an important, timely and courageous statement. He pointed out that many of the industry’s problems came from a closed shop culture which meant that managers in the industry could talk to their own workers but they were not allowed to actually make agreements with them. He pointed out that, for instance, workers have to be paid from 7 a.m. even though Melbourne City Council rules mean that they cannot actually start until 8 a.m. He pointed out that puddles on concrete have to be vacuum dry, even though workers are issued with special boots and are in fact paid a ‘wet underfoot allowance’. He pointed out that Sydney Grocon workers can construct a square metre of formwork in just over an hour but Melbourne workers take almost two hours to do the same job. There is nothing wrong with Melbourne workers. There is a lot wrong with Melbourne unions—that is the problem.

Daniel Grollo pointed out that the companies have done things to avoid strikes which have cost an enormous amount of money but they have rarely stopped the strikes. It has all got to stop. He said:

We will take a strong stand in favour of ethical standards. We won’t tolerate standover tactics or coercion and we won’t tolerate disregard for the rule of law on our sites.
That is a credo that ought to be adopted by everyone connected with the construction industry. I can tell the House that the federal government has established a Construction Industry Task Force with a mandate to secure zero tolerance of illegal practices in this industry. By contrast, the Victorian government has tried to deny federal officials access to sites such as the MCG, even though those officials are there to secure observance of the rule of law. The Victorian government has actually stripped some businesses of their contracts because those businesses had the temerity to do deals with the wrong union. What Premier Bracks needs to explain to the Victorian people is why he is an AMWU member but a CFMEU pushover.

Banking: Credit Cards

Ms BURKE (2.57 p.m.)—My question is to the Treasurer. Given your previous answer, Treasurer, have you read the Sun-Herald editorial in mid-October which said the following regarding the Commonwealth Bank’s decision to increase a range of credit card fees:

A bank spokesman tried to say that customers were happy to pay the fee hike, understanding it was necessary to administer the reward points systems. Equally laughable were bank claims that extra charges on credit card cash advances had nothing to do with clawing back some of the lost profit from recent Reserve Bank credit card reforms. Who do they think they are fooling?

Treasurer, as one of those who apparently have been fooled by CommBank, and following the more recent decision of the ANZ to ramp up their credit card fees in apparent defiance of your earlier warning to them, are you now prepared to support Labor’s call for ACCC surveillance of the RBA credit card reforms?

Mr COSTELLO—The question said ‘given your previous answer’. My previous answer was that the government will strenuously defend legal proceedings which have been brought to try and stop the reduction of interchange fees. In other words, what the government has done is put in place a system by which the Reserve Bank and the Payments System Board could inquire into interchange fees which govern the cost of credit cards. It has come up with a finding which this government intends to implement. Those issuers of cards that do not accept it are taking action in the court to try to stop it. This was a joint ACCC-RBA exercise. We live in a society where there is the rule of law. Under the rule of law, the RBA can be sued; it is being sued. This is an organisation which has a lot of money. The courts will have to determine it. But the one thing we can say is that this government has put in place procedures in relation to interchange fees.

Mr McMullan interjecting—

The SPEAKER—The member for Fraser! The member for Fraser’s behaviour hardly warrants the title ‘honourable’.

Victoria: Industry Growth

Mr McARTHUR (3.01 p.m.)—My question is directed to the Minister for Industry, Tourism and Resources. Would the minister inform the House of the state of investment and industry development in Victoria? Furthermore, is the minister aware of the Victorian government’s action to assist future industry growth?

Mr IAN MACFARLANE—I thank the member for Corangamite for his question. I know he is a staunch advocate of industry development in his electorate. I have visited Corangamite and spoken with industry in this electorate, and they have a great admira-
tion for his work. While the federal government continues to create an environment that is conducive to investment and the expansion of industry in Australia, we see in Victoria the opposite. We are seeing investment in industry in Victoria stagnate under the Bracks government. ABS private new capital expenditures data released in June confirms this.

Mr Kelvin Thomson interjecting—

The SPEAKER—I warn the member for Wills!

Mr IAN MACFARLANE—That data confirmed that new capital investment by Victorian businesses in 2001-02 was down $1.2 billion—11 per cent lower than when the Bracks government came to power in 1998-99. Those sorts of statistics continue right across the board. If we look at new investment in building and structures in Victoria—and I was very interested in the answer from the Minister for Employment and Workplace Relations—we see that it has declined by $1.62 billion in 2001-02. Again, that is half what it was when the Bracks government came to power. New capital investment in manufacturing—of great concern to me—was down $253 million, or eight per cent lower than when the Bracks government came to power. That is reminiscent of the lows we saw under the Cain and Kirner governments.

Since the Bracks government has come to power, 110 firms have left Victoria, shed staff or decided against investing in that state. All this is happening at a time when the Howard government’s sound economic management is continuing to boost investment growth and provide an environment where industry is provided with a solid basis to invest. Over the last six years, we have seen the manufacturing sector in Australia grow in GDP terms by nearly 16 per cent while in Victoria under the Bracks government growth in the sector has fallen to two-thirds of the national average. I was asked by the member for Corangamite whether or not the Victorian government was doing anything to assist in the growth of manufacturing in Victoria. The answer is no—absolutely nothing. It is beholden to the unions in Victoria and their irresponsible actions. There is nothing new about this. We have been aware for a great length of time of the domination of the unions over the Bracks government. We are seeing a situation in Victoria where the control of the unions over the Bracks government is deterring investment and costing jobs in Victoria.

Education: HECS Contributions

Ms MACKLIN (3.05 p.m.)—My question is to the Minister for Education, Science and Training. Minister, are you aware of a new study by the Australian Council for Educational Research which found that the proportion of 25-year-olds with mortgages dropped by a third between 1986 and the year 2000? Minister, are you also aware of a Department of Family and Community Services policy paper entitled ‘Some issues in home ownership’, which states that students’ HECS debts:

... could retard their initial capacity to save the equity required to buy a first home.

Minister, will you investigate what impact increasing university fees has had on students’ decisions to delay starting a family or buying a home before you drive students even further into debt?

Dr NELSON—I thank the member for Jagajaga for her question on education. Firstly, the fact is that the Higher Education Contribution Scheme was introduced by the then Labor government, supported by the Liberal and National parties, in 1988 because the then Labor Party recognised what every fair-thinking Australian understands now, and that is that the Australian taxpayer cannot afford to fully fund a university education for every person in this country who wants it and who is entitled to have it academically and on any social justice criteria.

The reality at the moment is that $8.7 billion is owed by 1,115,317 Australians to the Commonwealth government in the form of HECS. At the moment, the students pay 25 per cent of the cost of their university course, and the Australian taxpayer pays for three-quarters of the cost of the university course. The average Australian university graduate leaves university with a $15,000 debt; their average starting salary is $35,000, which is
85 per cent of average weekly earnings; and the average HECS debt in Australia is $7,800. In fact, 91 per cent of Australian university graduates owe less than $16,000—which is a Mitsubishi three-door Mirage hatchback, drive away, no more to pay. Further to that, a male university graduate in Australia earns, on average, $622,000 more over his lifetime than a non-graduate.

Ms Macklin—Mr Speaker, I rise on a point of order. The question was: will you investigate the impact of increasing university fees?

The SPEAKER—The member for Jagajaga will resume her seat. The minister was asked a question which ranged over HECS debt, equity and increasing fees. He is entirely in order, and I call him.

Dr Nelson—A female university graduate in Australia earns, on average, $413,000 more over a lifetime than a woman who did not go to university. I was asked by the member for Jagajaga about homeownership. Male university graduates in this country have lifetime unemployment rates of 2½ per cent and female university graduates have rates of 2.6 per cent. As a result of the policies of this government, unemployment in this country at the moment is six per cent. But how many on the opposition side have been unemployed? How many have never had a job? University tests show that two-thirds of Labor Party MPs in this chamber are university graduates, yet the hard work of people who have never seen the inside of a university—for example, the member for Leichhardt, the member for Forde and many on this side—have funded three-quarters of the cost of the university education of people in this country.

There is a final point that ought to be made. I am an avid reader; I read many documents. The University of Sydney Union produces an excellent journal called Honi Soit, and I race to my letterbox to get it every time it is delivered. On 16 October it ran a very interesting story—and I know honourable members will be very interested to hear it. The member for Jagajaga had gone to the University of Sydney to meet the students, the students who undoubtedly were outraged at the idea that this government is thinking 20 years ahead for Australian universities. Under the headline ‘Disappointment all around really’, the story—

Mr Albanese—Mr Speaker, I rise on a point of order. The point of order is on relevance. The minister’s comments have nothing to do with the question.

The SPEAKER—The member for Grayndler will resume his seat. I was listening closely to the minister’s reply. He was commenting on the member for Jagajaga’s visit to a university. I presume that her remarks were going to be relevant to HECS or to part of the question. I am listening to his reply.

Dr Nelson—Under the headline ‘Disappointment all around really’, the story ran: ... the Federal Shadow Minister for Education, Jenny Macklin addressed a forum of students in the Holme Building last Thursday in pursuit of a Labor education ‘policy’. Macklin, considered by some to be the next Great White Hope of the ALP after she was elevated to Deputy Parliamentary Leader last year, has proved hopelessly disappointing—

Honourable members interjecting—

The SPEAKER—The minister will resume his seat. The member for Grayndler will resume his seat. I warn the member for Grayndler.

Mr Albanese—Mr Speaker, I rise on a point of order. Mr Speaker, why was I warned?

The SPEAKER—The member for Grayndler will resume his seat. Opposition members interjecting—

The SPEAKER—When I need instruction on how to organise the standing orders I will seek advice from the floor, not from individual members on the floor. The member for Grayndler is aware that when I asked him to resume his seat he made a comment to me as he walked back to his seat. For that reason, I have warned him.

Rural and Regional Australia: Drought

Mr John Cobb (3.13 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House of the status of the exceptional circumstances applications for
Mr TRUSS—I am happy to inform the member for Parkes, and other members who may be interested, that the government has today declared that the Bourke and Brewarrina regions are in exceptional circumstances. As a result of that declaration, farmers in that region will be able to access the full range of business support measures available under exceptional circumstances. Primarily, that involves interest rates subsidies for debts incurred in their businesses and, in particular, in meeting the challenges of the serious drought in that particular region. These farmers have already had access to welfare benefits, backdated to 19 September, and those benefits will continue for a period of two years.

I am also happy to inform the House that the federal government has referred the application from the Queensland government for the Peak Downs Shire and parts of the neighbouring Belyando and Emerald shires to the National Rural Advisory Council for assessment. As a result of that decision, welfare payments will be available to the farmers in that region from today for a period of six months while the application is under consideration. In referring to this application, I particularly want to compliment AgForce in Queensland, who put the effort into putting this application together. When the state government was not interested, the farmers’ own organisation put in the effort to prepare the information so that it was ready for the state government to deliver to the Commonwealth. It is commendable that the industry organisation has put this effort in on behalf of its members, and I am sure they will be particularly pleased that, as a result of their efforts, benefits will flow to the farmers in that region. Their case was somewhat undermined by the fact that neither the Belyando nor the Emerald shire has been declared by Queensland to actually be in drought. So the state government is asking the Commonwealth to provide exceptional circumstances assistance to an area that they do not even consider to be in drought. We naturally, therefore, cannot provide benefits to the whole of the Emerald and the Belyando shires but we will provide the benefits for those individually drought declared properties in those shires on a basis similar to the farmers in the Peak Downs area.

Also, I received this morning from New South Wales three more applications for exceptional circumstances assistance, including one for the western division in the honourable member’s electorate. I am told that there will be another couple of applications coming from New South Wales. We will examine those applications promptly to test whether they meet the prima facie case. Naturally we are expecting New South Wales to give us advice about what assistance they have provided to the farmers in this area to demonstrate their commitment to the needs of the producers in that region. Premier Carr said this morning that they provided in the order of $100,000 to some of these areas, which again hardly demonstrates a great depth of commitment when they are asking the federal government to contribute several million dollars by way of support to those areas. Nonetheless, we will consider the applications on their merits and as promptly as we can, and I trust that information supplied will be supportive of the applications presented.

I also inform the House that this morning the Deputy Prime Minister announced that the federal government would be providing a $5 million contribution to the Farmhand appeal to boost the effort by the people of Australia to assist farmers facing difficulties and to ensure that there is some assistance available to those who might, for one reason or another, not be able to access the welfare net or who have difficulties for which assistance can be provided. These are clear demonstrations of a government that care about the concerns and the needs of farmers who are facing serious drought. We are determined to do what we can to help. There is much more that the states can do. It needs to be a partnership, but we will certainly ensure that we meet our commitments and our obligations to farmers to help them through these tough times.
Rural and Regional Australia: Drought

Mr FITZGIBBON (3.18 p.m.)—Before I ask my question, with your indulgence, I am sure you will allow me to thank the minister for responding to my call yesterday to grant immediate assistance to those farmers in Peak Downs. My question is again to the Minister for Agriculture, Fisheries and Forestry. I remind him again of the Prime Minister’s promise of 6 September to consider, in all cases, immediate assistance to people in exceptional circumstances. Given that the New South Wales government submitted an exceptional circumstances application on 10 September, why has it taken 64 days for the government to finally accept that this drought is an exceptional event? Can the minister guarantee that the assistance now available to Bourke and Brewarrina farmers and their families will be immediately available and not subject to another day’s delay? Can the minister also guarantee that further applications for exceptional circumstances assistance will be dealt with immediately and will not have to wait more than 60 days?

Mr TRUSS—All of the applications that are received, whether they be from New South Wales or other states, will be considered promptly but on their merits. Naturally I cannot give an assurance that an application that I have not even read, or that has not even been presented yet, will be approved the next day. Clearly it will depend on the merits of the case put forward and on a clear demonstration that the state has made a reasonable effort to provide assistance to the farmers in that area and are not just simply attempting to shift the full cost burden onto federal taxpayers. Bear in mind that the Commonwealth taxpayers pay about 95 per cent of the total cost.

Mr Crean—You change it as you go along. Give the money to farmers.

The SPEAKER—The Leader of the Opposition is under precisely the same obligations as everybody else to hear the minister without interjection. The Leader of the Opposition will recognise standing order 55 or I will deal with him.

Mr TRUSS—Under the arrangements that have applied for exceptional circumstances for many years now, including arrangements that were negotiated years ago involving all of the Labor state governments and agreed to by them, for a region to be in exceptional circumstances it has to be experiencing abnormal seasonal conditions and well below average incomes for a period of more than a year. Had that criteria been applied to the Bourke and Brewarrina applications, they could not have been approved until well into next year. We have made significant changes to speed up that process—without any cooperation, I might add, from the Labor state governments. We have agreed to use predictive modelling to bring forward the consideration of those applications. That has enabled the Bourke and Brewarrina applications to be processed and benefits to be provided now and to be announced several months earlier than would otherwise have been the case. We have also moved to provide welfare benefits during the consideration period—something that has never been done in the past, something that Labor never did when it was in government and something that I think has been greatly appreciated by the farmers of Bourke and Brewarrina.

The announcements that I have made today in relation to Peak Downs essentially mean that farmers in that region can now obtain welfare benefits for six months while their application is under consideration. During that particular time we will look at the merits of the application and seek to process it. I do not expect it will take anything like six months to complete the consideration. We will do it as quickly as we possibly can. But what the farmers of Australia know is that this government has moved quickly to provide benefits when applications are received—in stark contrast to the New South Wales government, which requires farmers to wait six months after an area has been declared before it pays a single cent. We are paying money before the declaration; New South Wales requires them to wait six months. I think that the hypocrisy being demonstrated by the New South Wales Premier, aided and abetted by people on the opposite side of the House, is deplorable. It is a disgraceful attempt to use the suffering and misery of farmers for political advantage and
it is a disgraceful approach that they should take in these sorts of issues.

Health Insurance

Mrs BRONWYN BISHOP (3.23 p.m.)—My question is addressed to the Minister for Ageing representing the Minister for Health and Ageing. Would the minister update the House on the latest figures showing the number of Australians with private health insurance? Is the minister aware of any alternative policies or recent comments concerning the future of the 30 per cent private health insurance rebate?

Mr ANDREWS—May I thank the honourable member for Mackellar for her continuing interest in the sustainability of the Australian health system. I am pleased to inform the House that, in the September 2002 quarter, the number of Australians with private health insurance remained stable. Indeed, honourable members will be interested to know that the actual number of Australians covered by private health insurance grew by 4,268. There are some 8,709,000 Australians who now have private health insurance. This is an excellent result. It is the result of the success of the 30 per cent private health insurance rebate, the Lifetime Health Cover and the no gap policy. The period 2000-01 was the first time in the history of Medicare that the number of public hospital admissions in Australia fell by some 5,000. At the same time, the number of private hospital admissions in Australia grew by 245,000—a significant number. Over half of medical procedures are now performed in private hospitals: for example, 50 per cent of chemotherapy, 53 per cent of major procedures for breast cancer, 56 per cent of cardiac valve procedures and some 60 per cent of major joint replacement and limb reattachment procedures.

The honourable member asked me about any alternative policies or recent comments. Earlier this year—on 12 September—the opposition spokesperson on health, the member for Perth, described the 30 per cent rebate as a ‘public policy crime’. On ABC radio in Melbourne with John Payne, he said: Well, I think what you have to do, you can’t return to the scene of the public policy crime which was the 30 per cent rebate.

In fact, these comments were repeated in a doorstop interview. What is that public policy crime? What does this mean for the average Australian family? What the member for Perth is promoting is a $750 tax hike for the average Australian family. Here we have a Labor opposition that for six years has been a completely policy-free zone. The first hint of a policy from the Labor Party in relation to health is that effectively they are going to increase the tax on Australian families by $750. This completely ignores the fact that one million Australians with private health insurance have incomes of less than $20,000—that is, many pensioners and self-funded retirees.

Environment: Water Management

Mr MARTIN FERGUSON (3.27 p.m.)—My question is addressed to the Minister for Transport and Regional Services. Minister, why won’t you fully commit funding to the Wimmera Mallee Pipeline project like the Victorian government and the Wimmera Mallee community have?

Mr ANDERSON—I thank the honourable member for his question. I make the opening remark that it has had very substantial support over many years to this point in time. Indeed, the member for Mallee will recall that I went down there and opened it at one stage—

Ms King interjecting—

The SPEAKER—Member for Hasluck is warned!

Mr ANDERSON—Once upon a time the Labor Party sought to represent ordinary Australians; today they have forgotten all about them.
The SPEAKER—The Leader of the Opposition is warned.

Mr Swan—Mr Speaker, I raise a point of order. This is the second occasion on which you have warned the Leader of the Opposition. You also warned another colleague, as well as me, earlier. I would ask you to be more even-handed in your distribution of such rulings, otherwise this House will become unmanageable.

Mr Abbott—Mr Speaker, on the point of order: I put it to you and to members opposite that you are a tremendously fair Speaker. You have bent over backwards to be fair to members opposite. The Leader of the Opposition constantly interjects. There is an absolute barrage of interjections from members opposite. They create chaos in this House. I think you give them more than a fair go.

Mr Adams—Hypocrite.

The SPEAKER—The member for Lyons will withdraw that remark.

Mr Adams—If it was unparliamentary then I withdraw it.

The SPEAKER—I thank the member for Lyons. Contrary to what I know is popular opinion, but not the popular opinion on the floor of the House, it is rare for the House to be in chaos, and that is to the credit of every member of the House. I have, however, exercised a great deal of tolerance towards the Leader of the Opposition, and I took the only course open to me. He is obliged, as every other member is, to hear other members in silence and not interject.

Mr ANDERSON—I return to where I was and make the point that the member for Mallee has been a very enthusiastic supporter and promoter of this scheme. Indeed, there has been a contribution in the order of $25 million or so from the Commonwealth to date, with another $4 million this year and $3½ million for a cooperative feasibility study with the Victorian state government.

Ms King interjecting—

The SPEAKER—I warn the member for Ballarat.

Mr ANDERSON—in terms of ongoing funding for what is undoubtedly a project with considerable merit, I make the point that we provide very substantial funding through mechanisms like the national action plan and the Natural Heritage Trust.

Mr Martin Ferguson—Where is the money?

Mr ANDERSON—‘Where is the money?’ he asks. I just repeat the point that the sorts of initiatives we have put in place have seen something in the order of $2 billion for the Natural Heritage Trust and, indeed, about $1.5 billion for the National Action Plan for Salinity and Water Quality.

Mr Martin Ferguson—Mr Speaker, I raise the point of order of relevance. The question is very specific. Shut up or put up the money now.

The SPEAKER—The member for Batman will unconditionally withdraw that remark or I will deal with him. That was no way to deal with a point of order, as he is aware.

Mr Martin Ferguson—I withdraw.

The SPEAKER—I thank the member for Batman.

Mr Martin Ferguson—Mr Speaker, on the question of relevance, the question was very specific. It is about funding for a project now—

The SPEAKER—There is no point of order.

Mr ANDERSON—I have just indicated that there are very substantial funding sources available for these sorts of things. So far as I am aware, the ministers for the environment and agriculture are engaged in fruitful and cooperative—up until now—discussions with the Victorian government about their priorities.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

PERSONAL EXPLANATIONS

Mr ALBANESE (Grayndler) (3.32 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Mr ALBANESE—I do.

The SPEAKER—Please proceed.
Mr ALBANESE—In response to a point of order from me, you indicated to the House that I had made a comment to you on the way back to my seat. That is not true.

The SPEAKER—I note the comment made by the member for Grayndler and accept his word.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Australian Competition and Consumer Commission: Deputy Chairman

Mr HOWARD (Bennelong—Prime Minister) (3.33 p.m.)—Mr Speaker, could I correct an answer I gave?

The SPEAKER—The Prime Minister may proceed.

Mr HOWARD—In adding to an answer by the Treasurer, I referred to an article in the Bulletin. I mistakenly said that the article had appeared in this week’s Bulletin. In fact, it was last week’s Bulletin.

PERSONAL EXPLANATIONS

Mr STEPHEN SMITH (Perth) (3.33 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Mr STEPHEN SMITH—Yes.

The SPEAKER—Please proceed.

Mr STEPHEN SMITH—During question time the Minister for Health and Ageing quoted selectively from a transcript in respect of comments I have made about the private health insurance rebate. What I have said about the private health insurance rebate, both publicly and privately, on a number of occasions, is simply this: that policy is under review. I have said publicly on a number of occasions that, irrespective of the merits of the argument about the private health insurance rebate—

The SPEAKER—The member for Perth is aware that he—

Mr STEPHEN SMITH—No, this is important, Mr Speaker. The introduction of the private health insurance rebate, without requiring health or cost outcomes, was a public policy crime.

The SPEAKER—The member for Perth is aware that he can only indicate where he has been misrepresented.

QUESTIONS TO THE SPEAKER

Parliament: Broadcast of Proceedings

Mr KERR (3.34 p.m.)—In the lifetime of my service to this parliament, a decision was made to permit TV broadcasting of the proceedings of this House. But, as I understand, since that time those who have accessed that service have been given free dubs and free feeds of sound and vision. I am given to understand that there has recently been a decision to impose what I am told are very high fees for the provision of dub tapes from Broadcasting. I am wondering whether that was a decision of yours or of some other committee of this House and, if so, whether there has been an explanation. It may be that there has been and I am not aware of it. But, if no explanation has been given, I would appreciate one.

Secondly, I would appreciate some advice as to what course might be taken by members who are concerned about the consequences of limiting the circumstances in which those visual feeds are made available to the media. I am given to understand that there is now an impost of some several hundred dollars in order to get what was hitherto free—that is, a short dub of, say, a minute or two of tape of the proceedings of this House. Plainly, the intention of the parliament in introducing access to visual dubs over the last decade or so to the media was to facilitate the access of the community to the workings of this parliament. The imposition of fees is obviously a matter which would concern all members of the House.

The SPEAKER—I will follow up the matter raised by the member for Denison. I am not personally aware of a decision to apply exorbitant fees. I will follow up the matter and report back to the member for Denison and the House at an appropriate time.

Questions on Notice

Ms JANN McFARLANE (3.37 p.m.)—Mr Speaker, under standing order 150, could I ask you to write to the relevant ministers seeking reasons for the delay in answering
my questions 154, 155 and 156 to the Treasurer; and question 835 to the Minister for Finance and Administration.

The SPEAKER—I will follow up the matter raised by the member for Stirling as the standing orders provide.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.37 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings and I move:

That the House take note of the following papers:


Treaties—List of multilateral treaty action under negotiation or consideration by the Australian Government, or expected to be within the next twelve months, November 2002.

Debate (on motion by Mr Swan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Banking: Fees

The SPEAKER—I have received a letter from the honourable member for Bruce proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The government’s failure to refer bank fees to the ACCC despite clear evidence of inadequate competition and fees having doubled since 1996. I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr GRIFFIN (Bruce) (3.38 p.m.)—We saw today in question time a Treasurer who is finally starting to understand that this is an issue that will not go away. We saw a more restrained Treasurer who actually half asked a question back about what we are talking about here in terms of the banks’ action on fees. In that spirit, I will start off by addressing a couple of points the Treasurer had raised with him in question time, and either asked about or did not answer himself. Firstly, on the question of fees, with respect to the ANZ, Westpac and the Commonwealth Bank, what we are talking about is three of the major four banks that have, on this occasion, introduced a particular fee, going from a flat fee to a percentage fee. In two cases that percentage fee is 1.5 per cent and in the other it is 1.25 per cent. It has all happened in the space of 12 to 18 months. We think that that is grounds to have the matter looked at by the ACCC because we believe that it shows some evidence of the fact that we are not seeing full competition in this area. The Treasurer suggested that we could look at that and raise it with the banks ourselves. I think the point is that it should be raised with the ACCC because it is their job and their role to look at those things.

The other issue which the Treasurer discussed to some degree was what the government has done on credit card interchange reform. I put on the record here today, and I have put on the record before, as have others in the opposition, that we support what has been done with respect to that. We supported the initial reference to the ACCC, we supported the ACCC referring it to the Reserve Bank and we supported the end result of the Reserve Bank’s investigations. However, that is where we part company because, beyond that, the question has been: what do you do about what the banks are doing? In terms of the legal action with respect to Visa and MasterCard and the defence of that action by the RBA and by the government, we are fully supportive. But that does not address the issue that we have raised time and time again in this place, and that is very simply this: when you introduce a reform and you have evidence or suspicions or expectations that the banks, in this case, who will be suffering financially as a result of those reforms, are going to try to mitigate the impact of those reforms with respect to their bottom lines, it is important to have that monitored. It is just plain commonsense. What we are saying beyond this is that the legal action should be defended, and we are hopeful and confident that that legal action will not be successful. But the actions of the major banks in this area need to be monitored on an ongoing
basis—and that is just in the context of the credit card issue. The Treasurer, in terms of his comments today, endeavoured to suggest that that was an overall response to the issue of fees. It was not an overall response to the issue of fees. In fact, he missed the point entirely. I will reiterate the question from the member for Chisholm and the quote from the Herald Sun in mid-October, which said:

A bank spokesman tried to say that customers were happy to pay the fee hike, understanding it was necessary to administer the reward points system. Equally laughable were bank claims that extra charges on credit card cash advances had nothing to do with clawing back some of the lost profit from recent Reserve Bank credit card reforms. Who do they think they are fooling?

I think we found out today quite clearly that they think they are fooling the Treasurer and, from what he said today, I have a very sorry suspicion that in fact that is correct. The Treasurer is faced with a dilemma over increasing consumer dissatisfaction with unjustifiable bank fees and charges. Will he honour his promise from 1996 to refer bank fees to the ACCC or will he continue to bat for the big end of town? In 1996, the Treasurer responded to a question from the member for Petrie on bank fees and charges:

If there is any suggestion of anti-competitive activity or collusion in fees and charges, the government does have the option of referring the matter to the relevant body, the Australian Competition and Consumer Commission. And we will take that action if necessary, or if any information arises of inadequate competition in that area of products as well.

Treasurer, it is a shame you are not here to hear this because it is simple—there is an abundance of evidence to support Labor’s position that there is inadequate competition in the area of bank fees and charges. The evidence is clearly there for the Treasurer to honour his commitment to Australian consumers. Under his leadership, bank fees have almost doubled from around $3.5 billion in 1996 to almost $7.1 billion in 2001. That is almost $360 for every man, woman and child in Australia.

Despite evidence of skyrocketing bank fees, just yesterday in the House the Treasurer sat on his hands and refused to do anything. When asked a question on this issue yesterday, his feeble response was:

Banks are very profitable institutions which can explain to their consumers why they price their products as they do and banks have people who are paid salaries much higher than mine whose job it is to explain it, and they can explain it.

Perhaps they should explain it to the Treasurer, because he clearly is not getting the message. It is not good enough. He has a job to do. With over $10.5 billion in annual profit, the big four banks cannot justify regular increases in fees on their products and services. Labor has continuously called for the ACCC to be given the direction to formally monitor bank fees and charges. So far, this has fallen on deaf ears. What is the Treasurer’s problem with the ACCC? We have recently seen his mishandling of the appointment of a deputy to Allan Fels. Maybe he does not like the ACCC; he will not refer issues to it for consideration and he botched the appointment of a new deputy chair. You would have to wonder how seriously he treats it.

Instead of acting decisively in the interests of Australian consumers, the Treasurer prefers to focus on feeble defences. In response to continued criticism from Labor, the best the Treasurer could do was ask: ‘In 13 years, why didn’t you act?’ This attempt to justify his inaction on banks’ profiteering comes as no surprise, given the Treasurer’s limited understanding of the history of this issue. History shows that the Labor government were dealing with a very different banking sector—a banking sector which, in 1991, still was not charging any account-keeping fees for a standard transaction account. Fees became an issue for Labor only in our last years of government, because that is when they were going up. The fact of the matter is that, when you see what is happening now, they have gone through the roof. The Treasurer needs to spend less time worrying about Labor and to focus on the damage done during his six years in charge. Under his leadership, bank fees at $7.1 billion have almost doubled and $2.3 billion of this bank fee income gauged from Australian consumers was earned from households. This is an increase since 1997 of a staggering 87 per cent.
Even more obscene is the fact that household fee income is growing. In 1996, Australian households and businesses paid around $290 million per month in fees. In 2001, it was just under $600 million per month—that is, an extra $300 million per month ripped out of family budgets and ripped out of small and big business. These figures do not include the raft of fee increases experienced by the Australian public this year. The National Australia Bank increased its personal account service fee by 50 per cent at the start of 2002; the Commonwealth Bank fee restructure earlier this year was estimated to be worth an extra $180 million in fee revenue; and the ANZ this month increased a range of fees and charges on credit card products. There is no justification for these increases, given the record profit announcements of the big four banks.

Instead of addressing this issue properly, the federal government are more interested in trotting out weak and baseless justifications for their inaction. A particular favourite is the Treasurer’s argument that the reduction in the interest rate margin offsets rising fees and charges. Again, the Treasurer is wrong. Firstly, the rationale behind reduced interest rate margins is that it will establish a user pays system. If this were the case, bank fees and charges should have stabilised by now. Instead, they continue to grow at a rapid rate, averaging an annual increase of 14 per cent from 1997 to 2001. According to Chris Connolly, the Director of the University of New South Wales Financial Services Consumer Policy Centre, all of the big reductions in interest rate margins occurred between 1994 and 1997. So there is no justification for fees and charges to be increasing at such a heavy rate. That is right; it all started under a Labor government. We brought margins down and you put fees up.

While the Australian Bankers Association and the federal government are more than happy to quote the Reserve Bank of Australia on the relationship between reduced interest margins and fee rises at an aggregate level, they are yet to share with the Australian public the entirety of the Reserve Bank’s commentary on this issue. Instead of engaging in selective quoting, the Treasurer needs to turn the page of the July 2001 Reserve Bank Bulletin and read on. According to the RBA, the reduction in interest rate margins does not impact as favourably as the Treasurer would have the public believe. The bulletin reads:

These aggregate data do not, of course, mean that the developments in fees and interest margins have made all customers better off. The extent to which individual customers are better or worse off will depend on many factors including the number and type of transactions they typically undertake and whether or not they have loans as well as deposits. Benefits are likely to have been greatest for borrowers ... since they have gained significantly from lower interest margins in recent years and have also been partly insulated from higher bank fees. By contrast, customers who do not have a loan, who have a low balance, or those with a high volume of transactions, will not have benefited from these trends.

In reality, bank fees target those bank customers who receive no benefit from a reduction in interest rate margins. While mortgagees and large investors receive fee exemptions, pensioners and low income earners are still liable for penalty fees and account keeping fees. A report from the University of New South Wales, Financial Services and Social Exclusion, refers to this as the ‘bank fee poverty trap’, where those who are unable to afford minimum balances or do not receive the fee exemptions associated with large loans suffer the most exorbitant fees and charges.

Last but certainly not least of the Treasurer’s defences of the banks is his advice to Australian consumers to ‘just shop around’ if they are dissatisfied with fees. Again, Treasurer, it is not that simple. The reality is that the banking sector is not as competitive as he naively believes. The fact that banks have been able to raise bank fees and significantly raise bank revenue without losing customers suggests that there is a lack of competition in the market for retail transaction accounts. The Choice bank satisfaction survey released this week by the ACA showed 67 per cent of respondents naming bank fees and charges as their worst gripe against the banks. In a competitive market, we would expect the consumers who were Dissatisfied with their banking services to change banks. Yet, ac-
According to a survey from the same association, only 13 per cent of customers were satisfied with the larger banks, only 22 per cent had changed institutions in the last five years and over 50 per cent of respondents had had their accounts at the same institution for 11 or more years.

Why don’t consumers change banks? There are many reasons why the relationship between banks and consumers is sticky. Consumers feel there is no point going to another financial institution because, as they often say, all banks are the same. According to the 2002 ACA bank satisfaction survey, customers do not agree with the Treasurer that changing banks is as easy as shopping around or changing your socks. In response to a question on why they stayed with a particular bank institution, the following comments were received from deidentified customers:

I don’t trust banks so I might as well stick with the one I’m in.  
They are all the same, no point changing. 
Too inconvenient to change banks.

These comments clearly show that changing banks is not as simple as the Treasurer thinks. While the government believes that if customers are dissatisfied with an individual bank then they can just change institution, the reality is that Australian consumers are dissatisfied with the service of the banking sector. For them, there are no options.

The Treasurer mentioned in question time the government’s Intergenerational Report. With respect to his future, there is another intergenerational report he should be concerned about: the regular reports of the Prime Minister’s good health and good spirits. The member for McMillan on Sunday on the Insiders program referred to the Treasurer as ‘the Prince Charles of the Liberal Party’—patiently waiting, next in line for the throne. He is forever the pretender, awaiting a monarch who just will not abdicate. He is so busy preparing for the job he wants, he has forgotten to do the job he has. He is out of touch and he is running out of time. He decided he would not refer this matter to the ACCC, and he is too damn stubborn to recognise his mistake. As I said earlier, he asks others to change their minds about their banking habits and to shop around but he refuses to reconsider his decision not to refer this matter to the ACCC. I guess you cannot teach an old dog new tricks. For as long as he holds this position, the Australian people will have no protection from fee increases and the spiral will continue.

When we look at issues like debt, let us not forget that household debt is up 110 per cent under the Howard government. Credit card debt is up 213 per cent under the Prime Minister and the Treasurer. Credit card debt constitutes five per cent of household debt. The figures on the debt explosion are quite staggering. The stock of household debt has increased from $277 billion in March 1996 to $597 billion in June 2002. At the household level, this translates into an increase from an average of $44,000 debt per household in June 1996 to an estimated $79,000 debt per household in June 2002.

The Treasurer now has a choice: he can do his job, stand up for Australian families and business and let the ACCC do their job; otherwise he will continue on as a frustrated monarch-in-waiting, unable to do the job he wants and unwilling to properly do the job he has—Prince Charles, next in line and in real danger of being passed over for the next generation. And on this debate, as with currency swaps and an increasing number of issues, even worse, he may just end up as the Queen’s corgi, yapping at the feet of the ageing leader, relegated to background noise while the Australian community continues to be slugged left, right and centre. On this issue, the government must act—and it must act now.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (3.53 p.m.)—In the case of the member for Bruce, it is not left, right, centre; it is simply left, left, left—because that is the tune that he always marches to in the Australian Labor Party. When I look at the contribution made by the members of the Australian Labor Party in relation to this topic, it is very much a case of do as I say and not do as I do. People around Australia would know that the Australian Labor Party is the last political party in this country that should lecture the government in relation to
sound economic management. I recall the matter of public importance debate on 5 June this year. I recall the jostling for position between the member for Werriwa and the member for Fraser—who, incidentally, does not consider himself to be an honourable person. It is interesting that they were not able themselves to sort out who was going to represent the opposition against the government. Finally the member for Werriwa—

Mr Griffin interjecting—

Mr SLIPPER—You ought not to interject, my friend. The member for Werriwa took his bat and ball and went home. So I suppose, while we have had an extraordinarily ordinary performance on the part of the member for Bruce, at least you could say that he was able to elbow aside the member for Werriwa and the member for Fraser and he at least made it to the dispatch box—at least he got up—and continued to trot out the query that the Labor Party trots out about once a year. We know that the member for Fraser and the member for Werriwa both have aspirations to higher office. We all know, of course, that the member for Bruce probably does not share such aspirations.

Everyone in the ALP would have been particularly interested—as we on the government side were—to note the result of last week’s Newspoll, because not only was the dismal performance of the Leader of the Opposition highlighted but also the member for Fraser did not actually rate a mention—a bit like the member for Rankin, and that is why he has been huffing and puffing and running around the country undermining the Leader of the Opposition, seeking to raise his profile. In the Newspoll, the member for Griffith was on four per cent and even the member for Lilley was on four per cent, with a moderately respectable seven per cent for the honourable member for Werriwa. Forty-four per cent actually said that Kim Beazley, the member for Brand, would make a better Leader of the Opposition. I believe that most people on this side of the House and most people in the Australian community hope that the Labor Party maintains the member who is currently the Leader of the Opposition in that particular role. It is interesting to see the way that they are leaderless—they are rudderless, they are desperate.

Ms Roxon—Mr Deputy Speaker, I rise on a point of order. As painful as it is to listen to this diatribe, I would ask that the member be required, after nearly five minutes of speaking on this very important matter, to at least mention the banks once in this debate. It is a matter of public importance and the public expect him to be relevant to the debate.

The DEPUTY SPEAKER (Mr Jenkins)—I am sure the parliamentary secretary is aware of his requirement to be relevant to the matter of public importance. While he has ranged wide and may be on a long run-up, I am sure he will relate his message—

Mr SLIPPER—Mr Deputy Speaker, I certainly intend to mention the banks. I certainly do not intend to defend the banks. It was interesting to listen to the litany of complaints about banks and charges and services uttered by the member for Bruce when he spoke. The banks are big enough to defend themselves. They employ lots of people to put the best possible spin on their situation. So you would not expect me, Mr Deputy Speaker, to walk into the House today to be an advocate for the banks. But I tell you what, Mr Deputy Speaker: I will criticise the breathtaking hypocrisy of the Australian Labor Party.

They were in office between 1983 and 1996. They say that we have not done what they want—that we have not referred the matter of bank charges to the ACCC. They had 13 years in which to do so. Just before they were swept from office, in that historic landslide in 1996 when the Howard government was elected, they decided that they would say a few words, but they clearly did not intend to implement any policy prior to that election. Maybe they were not prepared to do it in their first 13 years office. Maybe they were going to do it in the 14th, 15th or 16th year. But, given so many other promises of the Labor Party which were torn up and not observed, it is clear that they had absolutely no intention of delivering on their commitment to the Australian people. Let us look at Labor’s record a little more closely. On 11 July 1995, the then Labor Treasurer, Mr Willis, made this statement:
I will direct the new Australian Competition and Consumer Commission to formally monitor and regularly report on the financial services industry in relation to retail transaction accounts for a period of three years.

They knew the sands of time were running out but, for 7½ months, what was done to implement this particular promise? Absolutely nothing, until just four days before the election in 1996 when Mr Willis said:

A Labor government will write to the Chairperson of the Australian Competition and Consumer Commission (ACCC) requesting the Commission to formally monitor fees and charges on bank retail transaction accounts.

As I said, Labor had 13 years to do it; they did not do it. I believe they had no intention of doing it. Yet they have the hide, the gall and the audacity to come into this parliament and criticise this government which have a very proud record of sound economic management.

During question time a question was asked of the Treasurer, as the minister responsible, about a survey conducted by the Australian Competition and Consumer Commission. I welcome the contribution of the ACCC to public debate in relation to bank fees, and to any other matters on which they would like to make a contribution. But the government is committed to enhancing competition and information disclosure in the financial sector to ensure that bank fees and charges are kept to a necessary minimum. We welcome the attempts of the ACCC to campaign for better banking services. But this government has the runs on the board. This government is particularly proud of what it has achieved.

Mr Deputy Speaker Jenkins, for 13 years—and I suspect you were here for all of those 13 years—the Australian Labor Party never introduced bank fee monitoring, even after saying twice that it proposed do so. Consumers who are dissatisfied with products offered by their financial institutions can vote with their feet; they can walk away; they can go elsewhere. There is now an incredible array of different financial products out there in the marketplace. Not only do you have the big banks; you have the smaller banks, regional banks, credit unions and building societies. Most people would find that at least one of those financial institutions would have a product that was suited to their particular needs. Decisions to change bank fees and charges are commercial matters for banks. While tax receipts from banks may change, it is not appropriate to conclude that such changes have an impact on aggregate revenue. This government has done a lot; the opposition, when in government, did very little. Yet at the end of the day, they crawl into the parliament, drag out this hoary old chestnut, which they bring out about every 365 days, and seek to criticise this government.
I said a few minutes ago that I do not intend to defend the banks. I just want to refer to a media release issued by the Australian Bankers Association in relation to the 2002 survey results. They have not been able to get all of the information from the ACCC as to the methodology of the survey. However, I gather they have contacted the ACCC with a view to obtaining that information. The media release states:

The 2002 survey results appear to show that on average, 72.75 per cent of bank customers are satisfied with their institution. This would be an improvement of 2.75 percentage points compared to the 2000 survey when average satisfaction levels of the major banks rated at 70 per cent.

I have no knowledge as to whether or not that is true. I am not suggesting that it is true or untrue. All I am saying is that, if the point being made by the ACCC is out in the public arena, it is only fair, proper and balanced to also put forward the point of view expressed publicly via media release by the Australian Bankers Association.

The Australian Labor Party over recent weeks and months has indulged in a long series of navel-gazing exercises. The Clayton’s reform proposal of the Leader of the Opposition sought to reduce the impact of the unions from 60 per cent to 50 per cent. At the end of the day, you could realistically ask: why should a person who is not a financial member of the Australian Labor Party have any say at all in how the Australian Labor Party is governed? Why should people who are not members of the Australian Labor Party have input to national conferences?

I suspect that Clayton’s attempt at reform was froth and bubble. I do not think it achieved what the Leader of the Opposition sought to achieve. The factions were able to give him a pyrrhic victory, but we all now know—many people have forgotten—that the Australian Labor Party is governed by the unions, governed by the unions and their rules are for the unions.

Mr Griffin—Mr Deputy Speaker, I rise on a point of order of relevance. For goodness sake!

The DEPUTY SPEAKER—The parliamentary secretary knows that he has to be relevant.

Mr SLIPPER—Bank fees and charges have increased on occasion from bank to bank at different levels—some have gone up and some have gone down. But you only have to look at our administration of the economy to see that bank consumers, bank customers, are better off as a result of the election of the Howard government in 1996. I do not have time to go through the huge number of financial measures this government has introduced to improve the outcome for ordinary decent Australians—people who work hard, who are prepared to make a contribution so that Australia is the wonderful country that it is.

I want to refer to the much lower interest rate environment that we now have in Australia. This of course saves thousands of dollars for Australians buying homes or cars or paying off their credit card. When the Labor Party was in government and the member for Fraser was Parliamentary Secretary to the Treasurer, interest rates were at record high levels. By facilitating competition and providing good, sound economic management, a family or a person with a $100,000 mortgage is now $3,950 per year better off than when Labor was in government—that is, about $330 a month. That improvement has happened since we were elected to office. If you look at the highest level of interest rates when the Labor Party was in office, you find that the savings are even greater—$3,950 increases to $10,450 a year or $871 a month.

The Australian Labor Party has an obligation to provide a viable opposition. I do not mind talking about issues of great moment to the Australian community. It is important to engage on these issues, but hypocrisy is something which the Australian people are opposed to, they reject. The way the opposition is criticising the government for not doing what the opposition did when it was in government is incredible. The opposition has no cohesion, no consistency and no direction.

(Time expired)

Ms BURKE (Chisholm) (4.09 p.m.)—It gives me great pleasure to speak on the matter of public importance introduced by the member for Bruce. Sadly, I have to follow what could only be the best bit of froth and
bubble I have heard coming from anybody in this House for a long time. I am so pleased we have been able to put the member for Fisher out of his misery by his 15 minutes having expired, because he had absolutely no idea what he was talking about. It is an absolute disgrace that he has come into this parliament to talk on an issue so important to our community and has not given it any credence or the decency it deserves. It is an outrage that the member for Fisher treats this parliamentary process with such disdain and contempt.

Sadly, I feel like Sisyphus in this place. Somehow I am condemned, like that character in the underworld, year in year out, day in day out, to roll a heavy stone to the top of a hill, only to have it fall back down again. It was his penance for unfortunately revealing the secrets of the gods. I feel I am the Sisyphus of this parliament in respect of banking issues. In my first speech in this parliament, I talked about this issue. I talked about what terrible institutions the banks are in the way they treat their customers.

I feel that I have lived through a ceaseless groundhog day on this issue. I treat this issue with a whole lot of respect because our constituency do. They are impacted by it daily. Everybody has to have a bank account, particularly people on the lowest incomes—pensioners. Everybody who gets a benefit through Centrelink has to have a bank account and these fees and charges are imposed upon them. Regardless of what the ABA tells us about their wonderful enterprise with the banks bringing in no frills accounts, most of them have not done so. No frills accounts are very difficult to get and still have hidden fees and charges. It is just cant and hypocrisy for the banks and this government not to recognise the impact that this issue is having on the average Australian.

The government have sat idly by as over 1,500 bank branches have been closed and more than 40,000 jobs have been lost from the banking sector since March 1996. They have twiddled their thumbs as some bank fees have risen by as much as 400 per cent, revenue earned from deposits has increased by 44 per cent and income earned from transactions has increased by 160 per cent since 1997. They have sat on their hands while banks have collectively accumulated over a $9 billion profit while the banks have ruthlessly shed staff, slashed services, closed banks and continually put up fees and charges.

How do we know that fees and charges are an issue? Because one of the parliamentary committees that operates in this House had the intelligence to ask the Reserve Bank whether they would monitor fees and charges. That is the only reason we know about the increase in fees and charges. Back in 1998, we asked the Governor of the Reserve Bank whether he would report on the last 20 years worth of increased fees and charges—the government did not ask; nobody else did. The Governor of the Reserve Bank came to this reluctantly because it entailed quite a bit of work. The bank could only go back to 1997 to look at fees and charges. In 1997, it was not applicable. Fees and charges became an issue in 1998. In the annual report of the Reserve Bank of Australia of July 2001, the main findings of a Reserve Bank survey were that:

- banks’ fee income, in aggregate, continues to grow strongly, though only a little more strongly than banks’ assets;
- fees paid by households are growing faster than fees for business, with fees on household transactions growing particularly quickly;
- the rise in fee income has offset only a small part of the reduction in banks’ interest margins over recent years.

We know that bank fees and charges have been an issue since 1998 because a bipartisan committee of this parliament asked the Reserve Bank to look at it. Why? Because all of our constituency had been screaming about the impact of fees and charges on their lives. We just have to look at what these banks are earning: Commonwealth Bank annual profit, $2.65 billion, up 11 per cent; NAB annual profit, $3.373 billion, up 62 per cent; Westpac annual profit, $2.19 billion, up 21 per cent; and ANZ annual profit, $2.322 billion, up 24 per cent. We cannot get exact figures, but anywhere in the order of 20 to 40 per cent comes from fees and charges. Fees and charges are driving these profits. It is an outrage.
As the Parliamentary Secretary to the Minister for Finance and Administration said, the former Labor government has credentials in this area. It was the Labor government that commissioned the Prices Surveillance Authority to produce a report entitled *Inquiry into bank fees and charges on retail accounts by banks and other financial institutions*. The idea for a basic bank account was canvassed heavily in this report, and the then Labor Treasurer, Ralph Willis, had begun negotiations with the major banks on introducing basic bank accounts. Sadly, as events prevailed, we did not win that election and that initiative was not implemented. It was only belatedly taken up by the ABA—not the government—in the lead-up to last year’s election. Why? Because this is such a hot issue and because services have diminished. Why have services diminished? Banks do not want you to go into banks anymore. They want you to do all your banking over the phone and on the Internet, and now they have started to charge you for that service, which does not involve human interface.

I had the chance and the delight of being on one of the wonderful programs that banks put their staff through, called the Cohen Brown program. Unfortunately, I cannot divulge the secrets because I was required to sign a secrecy waiver that said that, if I did divulge those secrets, I would be sued in California. I have often been tempted to do that, but I have not. I can walk the walk and talk the talk, as they say, and I can chant you the mantra from the banks until I am blue in the face. Here is what the banks say: ‘The effect of margin squeeze and cherry pickers in our traditional areas of home loans has resulted in the need to become more cost competitive.’ I do not think the banks can become any more cost competitive. ‘We must ensure a cost-to-income ratio in the order of 50 per cent.’ ‘We can no longer cross-subsidise customers; we are not a charity but a service.’ ‘If you leave a store with a plastic bag, you accept you must pay. Why don’t customers understand that when they are in a bank and do a transaction it is a service and they must pay?’ ‘Customers demand greater flexibility than a bricks and mortar approach.’ My personal favourite of all time is, ‘80 per cent of our customers do not earn us money.’ They are out there slug-ging us for fees and charges so they can earn more money from us.

You only need to look at what the CEO’s are earning to see what I mean. Unfortunately, I have not been able to get more recent figures than the CEO options granted in the year 2000. John McFarlane got deferred shares in excess of $1 million and 750,000 options with an exercising price of $11.49 back in June 2001—that has actually gone up. So he has a share value of about $3 million. That is only a share option; it is not his take-home pay. David Murray has approximately a million options with an exercising value back in June 2001 of $23—that goes up to about $9 million. Mr Cicutto at National Australia Bank has 500,000 options with an exercising price of $21.29. That gives him a value of $6 million. Westpac’s Mr David Morgan has options of $2.3 million—that is his total compensation. They are really struggling out there. Why won’t the Treasurer refer this issue to the ACCC? Why won’t he look at what the constituency is saying? The Treasurer is aware that, since 2001, Australian households and businesses have paid nearly $7.1 billion in bank fees—double what they paid when he became Treasurer. Treasurer, you are also aware that this equates to almost $360 for every man, woman and child in Australia or, for an average family, almost $1,500. Why don’t you do the decent thing and refer this issue to the ACCC so we can get some justice in respect of fees and charges? You managed to send a reference to the ACCC when the NAB retrospectively changed their program in respect of value of frequent flyer points. Why don’t you do it now in respect of fees and charges to assist all struggling Australians?

**Mr Anthony Smith (Casey)** (4.18 p.m.)—I rise to speak on this matter of public importance about bank fees introduced by the member for Bruce. As the Parliamentary Secretary to the Minister for Finance and Administration and member for Fisher said so eloquently in his remarks, this matter of public importance has been moved—

**Mr Gavan O’Connor**—I hope this isn’t full of arrogance and pomposity.
Mr ANTHONY SMITH—You just worry about Richard Marles. This MPI has been introduced by a Labor Party that seeks to condemn the government for continuing a policy that Labor introduced. You need to ask yourself why we are debating this MPI today. There are a couple of reasons. We all know how the tactics committees work on each side—government and opposition. When the tactics committee of the opposition sat down this week, it is pretty clear what happened. They said, ‘We can’t do an MPI on trade, because we would have a rebel frontbencher taking a shot at Crean.’ Newspaper headlines this week were: ‘Crean puts Emerson and front bench on notice’, ‘Maverick member is ‘naive’—Crean’, and ‘Crean takes Emerson to task again’. So the opposition could not introduce an MPI on trade. They could not introduce one on foreign affairs, because yesterday the Leader of the Opposition was running around the press gallery trying to explain his new promises, policy and position on Iraq.

As the member for Fisher indicated, this is an MPI for a rainy day. It gets wheeled out about once a year—every time the Labor Party have nothing else to talk about—with gross hypocrisy. The Labor Party would have you believe that they would do something different if they ever had the chance.

Ms Roxon—Mr Deputy Speaker, unfortunately I rise on the same a point of order for the government’s second speaker and ask that the member at least mention bank fees, the topic of this MPI.

The DEPUTY SPEAKER (Mr Jenkins)—The honourable member will resume her seat. The honourable member for Casey knows that he is obliged to be relevant to the matter of public importance.

Mr ANTHONY SMITH—Thank you, Mr Deputy Speaker. I was about to do that before I was so rudely interrupted by the member for Gellibrand, who is a good member to make an interjection because the member for Gellibrand replaced former Treasurer Ralph Willis.

As the member for Fisher pointed out, it is worth going back and looking at the history. The reason we are having an argument about bank fees is that we have a deregulated banking system. We have a deregulated banking system because the Labor government deregulated it. It did so in the early 1980s, and it did so with the support of this side of the House. It did it to introduce competition and to provide better services to the community. It also did a number of other things, but at no point did it direct the ACCC to do what the substance of this matter of public importance demands.

It is worth going back, as the member for Fisher did, and looking at the history of that. The previous speaker, the member for Chisholm, said that this did not become a problem until 1998. In 1995, Ralph Willis announced that he was directing the ACCC to do precisely what the member for Bruce now demands. It is worth reading the whole quote.

Ms Roxon—You’ve had seven years to pick it up.

Mr ANTHONY SMITH—Just listen to the whole quote:
To spur this process, I will direct the new Australian Competition and Consumer Commission to formally monitor and regularly report on the financial services industry in relation to retail transaction accounts for a period of three years. How long did it take him to spur the process? Nothing happened for 7 1/2 months. We know that Ralph was slow. We know Ralph took a long time to get anything done. But he said ‘to spur this process’, and then nothing happened. That was in July 1995. Four days before the 1996 election, he basically reissued the same press release. It was headed ‘Labor to monitor fees and charges on retail transaction accounts’. After 7 1/2 months he was able to reveal this:
A Labor Government will write to the Chairperson of the Australian Competition and Consumer Commission.

That was four days before the election. This is an important point, which the member for Kooyong just made. What it tells you is that Labor tries to score cheap political points to try to curry favour with a public who are cynical about banks. As the member for Fisher said, we are not here to defend the banks, but the banks operate in a deregulated market that you created. Why would you
What this tells us is quite simple. The public cannot believe a word you say on banking. The other reason they cannot believe a word you say on banking is that they know your record. Your record on banking they judge as a totality. They judge their total banking costs. You see, unlike the member for Gellibrand and the member for Bruce, the public live in the real world. They judge their whole banking costs. Their whole banking costs consist of three things. They do not like fees, and they are justified in being angry on occasions. Some of the banks do have a sensitivity bypass when it comes to this. But they also care about taxes on banking. They also care about a financial institutions duty, which this government abolished, and a bank account debits tax, which this government is going to abolish. They also know that, for your 13 years of government, that stayed for the whole time. They also know that you fought the last election trying to keep those taxes, because you oppose tax reform. They also know that the biggest banking cost of all is their mortgage repayments, that monthly repayment on their mortgage. They know that movements in interest rates affect their family budget more than any other measure and that, when interest rates were 17 per cent, life was hard. They were 10½ per cent before this government got elected; they are 6½ per cent today. That saves them $4,000 a year and, compared to an interest rate of 17 per cent, the saving is more like $10,000 or $12,000 a year.

This is an MPI that has been pulled out of the bottom drawer because the opposition tactics group could not find one frontbencher capable of doing an MPI in this rabble of an opposition.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The discussion has concluded.

MIGRATION LEGISLATION AMENDMENT (MIGRATION ADVICE INDUSTRY) BILL 2002

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.29 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 2) 2002

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.29 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

BROADCASTING LEGISLATION AMENDMENT BILL (No. 2) 2002

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.31 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

BILLS REFERRED TO MAIN COMMITTEE

Mr LLOYD (Robertson) (4.31 p.m.)—by leave—I move:
That the following bill be referred to the Main Committee for consideration:

Workplace Relations Legislation Amendment Bill 2002

Question agreed to.

TELECOMMUNICATIONS COMPETITION BILL 2002

Second Reading

Debate resumed.

The DEPUTY SPEAKER (Mr Jenkins)—The original question was that this bill be now read a second time. To this the honourable member for Melbourne has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Ms HALL (Shortland) (4.32 p.m.)—When I ceased speaking prior to question time, I was in the process of responding to members on the other side of the House who suggested that I might be lost for words when talking about their failure to deal with issues relating to telecommunications. I am afraid that their actions in the area of telecommunications bring to mind many words—many words indeed—and they are not flattering. This government has deceived the Australian people. It has one agenda and one agenda only in relation to telecommunications—the sale of Telstra.

Before question time, I was about to point out to the House some of the key measures of the Telecommunications Competition Bill 2002. The bill aims to encourage investment in telecommunications infrastructure by enabling potential investors to obtain up-front certainty through undertakings to the ACCC about assessing access prices and terms and conditions that will apply to future investments; provide greater certainty and more timely access for access seekers by removing merit review of the ACCC arbitration; require the ACCC to produce model terms and conditions for core telecommunications services; and encourage voluntary undertakings to ensure the effective operation of the standard access obligation.

This bill also includes measures to improve the operation of the anticompetitive conduct regime under part 11B of the Trade Practices Act by enabling the ACCC to issue
advisory notices before a competition notice is issued; requiring the ACCC to consult with the affected parties before issuing a competition notice; and requiring the preparation and publication of separate regulatory accounts to provide greater transparency of Telstra retail and wholesale operations, particularly in relation to core connection services provided through its network. The bill also removes legal requirements for carriers to have industry development plans—which to me is a worry.

The government’s handling of this legislation has been appalling. It announced that there would be a planned response to the Productivity Commission report on telecommunications competition regulation in April this year. Some seven months after receiving the report, this bill is before us in the parliament. The tabling of the bill in September revealed a very much watered-down version of accounting separation, where the minister will be able to direct the ACCC regarding the required level of accounting separation. This seems to be a common thread in most of the legislation that is appearing before us in this parliament. The minister is really interfering with the operation of so many different things, be it telecommunications, the environment or the legislation I was speaking on last night. I feel that this government has a lot to answer for. I believe that this government does not embrace transparent accounting separation frameworks for Telstra, just as it does not embrace transparency in any area of government.

The government also has a Senate inquiry into the bill, which it instituted in September, but has chosen to pre-empt that debate by putting this bill before the House before the Senate have finished their consideration. I really feel that this government is covering something up and really trying to hide from the Australian people the fact that it has failed in the area of competition in telecommunications. It has not addressed the core issues. There have not been the core improvements or the improvements in service that we would expect. People are still paying so much more for their line rental and phone calls. We are also facing timed calls.

When I was speaking before question time, I mentioned that the Labor Party was moving in the Senate to disallow increases. But, unfortunately for the Australian people, the Democrats have sold them out. We are used to this from the Democrats. The Democrats let the Australian people down when it came to the introduction of the GST and they have let them down again by letting these unfair Telstra price rises go through. The Democrats have a history of not following through and of selling the Australian people out. The big problem now is that the people of Australia are faced with big hikes in their telephone usage costs, and we still have very poor service in a number of areas.

I support the second reading amendments moved by the member for Melbourne. We definitely have inadequate competition within the telecommunications sector in Australia. Telstra is making enormous profits and people are still waiting much longer than they should to receive the vital services they need. Each day I have numerous phone calls from people within the Shortland electorate, detailing to me the problems not only with Telstra—problems with service delivery, problems with being unable to access mobile phone services, problems with having faults repaired or even problems in connecting to the network—but also with other telcos. One such complaint, which I received about 12 months ago, was quite ludicrous. In this case a business within a shopping centre in the Shortland electorate agreed to sign up with one of the other telecommunications providers. This telecommunications provider transferred to its service not only with Telstra—problems with service delivery, problems with being unable to access mobile phone services, problems with having faults repaired or even problems in connecting to the network—but also with other telcos. One such complaint, which I received about 12 months ago, was quite ludicrous. In this case a business within a shopping centre in the Shortland electorate agreed to sign up with one of the other telecommunications providers. This telecommunications provider transferred to its service not only that business but also the whole shopping centre. As a result of that, when the shopping centre received their bill for the quarter they were absolutely flabbergasted because it was about three times the amount they usually paid. So attempts to introduce competition have been flawed in many ways. We do not have the level of service which we need and we have not got true competition.

The Estens inquiry, which this government commissioned, has delivered the results that the government wanted it to. The inquiry ignored numerous complaints and ignored the submissions which raised issues of great
concern to people living in the country and in regional Australia—issues about mobile phone usage, fault repairs and service to country areas. The recommendation made by the Estens inquiry is the recommendation that the government wanted—that is, to deliver the sale of Telstra.

I believe the Howard government has tried to portray itself as the champion of free enterprise and competition. Yet, when it comes to the telecommunications industry, it has really failed the Australian people dismally. What has it delivered? It has delivered higher prices and a service that is second-rate. The government is driven by a philosophical commitment to sell off Telstra at all costs. In fact, it is probably a little more than a philosophical commitment: it is one driven by dollars and the fact that the government has a few economic problems which it needs to address. Maybe some of those problems were caused by the Treasurer gambling on the international money market. The problem for the government is that by selling Telstra it delivers itself a bucket of money. Telstra should remain in private ownership—

Mr Wakelin—Hear hear!

Ms Hall—Excuse me, I mean public ownership. I hear the member for Grey interjecting. He is a country member who represents an area that has a second-rate telecommunications service, but he argues for the privatisation of Telstra. I do not think that is good enough. I think he should be in here fighting for a better service for the people of his area and fighting to keep Telstra in public ownership. Telstra still has a giant share of the market. New telcos are experiencing great difficulty in trying to enter the market and many of those that have entered the market have question marks over their long-term viability and the practices that they employ. I highlighted one of those practices earlier—the practice that affected a shopping centre within my electorate.

The only issue that the Howard government is really concerned with is selling Telstra—not improving competition or the service to the Australian people. It is focused purely on the sale of Telstra and on maximising its returns. I believe it is this focus which is driving the Howard government’s telecommunications policy and initiatives. I have news for the government: this is not the focus the Australian people want. They want Telstra to remain in public ownership and they want cheaper—not more expensive—phone calls and mobile and Internet services. (Time expired)

Mr Wakelin (Grey) (4.45 p.m.)—The Telecommunications Competition Bill 2002, which is a bill for an act to amend the law relating to telecommunications and for other purposes, has about 16 parts in it. It is very comprehensive. The minister, his staff and the committee are to be congratulated for the work that has gone into this to create an improved and stronger telecommunications market. Schedule 1 looks at ‘Pre-selection in favour of carriage service providers’, ‘Industry development plans’ and ‘Access to network information’. Schedule 2 is ‘Amendment to the Trade Practices Act 1974’. There is a lot of detail in it, from ‘Model terms and conditions relating to access to core services, etc.’, ‘Merit reviews of final determinations’ and ‘Duration of declarations’ through to ‘Backdating of final determinations’, ‘Guidelines about the ACCC’s powers to regulate anti-competitive conduct’, ‘Telecommunications access codes’ and part 16, ‘Record-keeping rules and disclosure directions’. Schedule 3 is ‘Amendment of the Telecommunications (Carrier Licence Charges) Act 1987’. The bill is very comprehensive, very welcome and important within this dynamic industry and within Australia’s geography, and it contributes to one of the strongest economies in the world.

Telstra, effectively, is a monopoly. The debate about privatisation is whether Telstra should be a public monopoly or a private monopoly. Certainly, as a supporter of private enterprise, and as the Prime Minister has said on many occasions, the government are not in any hurry to sell the remaining 51 per cent. But, once certain conditions are satisfied, we will look seriously at it, dependent upon what support there is in the Senate. The ALP are very interesting to me in the way they approach these matters. They always want to control, they always want to regulate, they always want to keep their fingers entwined in complicated restrictions on
how a private enterprise system could work. They do not have any confidence in anybody—anybody other than those within the union movement and those with their own control mentality.

I enjoyed the member for Paterson’s contribution because the member for Paterson understands these things very well. With those interesting statistics, he explained how Telstra is much less of a monopoly than it was. I am open to comment about whether it is a partial monopoly or a full monopoly, but certainly, in certain parts of the country, Telstra is a monopoly. But he made a very good point that the dynamics of the telecommunications industry have seen many new entrants. I think he mentioned a figure of something like $29 billion in new investment. There is an important part on the third page of the minister’s second reading speech which I will quote to remind the House of another aspect of improved competition in telecommunications. It says:

The government has previously announced that it will encourage a more transparent regulatory market by requiring accounting separation of Telstra’s wholesale and retail operations, particularly in relation to the ‘core’ interconnection services provided over the Telstra network. Accounting separation will address competition concerns arising from the level of vertical integration between Telstra’s wholesale and retail services and substantially improve the provision of costing and price information to the ACCC as regulator, access seekers and the market.

That is very important. In terms of the history of Telstra, from the days when it was known as Telecom until Labor corporatised it in the early nineties, it has been a dynamic and valuable company, whether publicly owned or partially privately owned. It has been dynamic and very valuable to the community.

I will quickly describe in a couple of word pictures my own experience as someone who comes from a regional electorate. It is important to remember that the days when eight-gauge fencing wire on old posts carried party line communications, which were not always totally reliable, are not that long ago. All right, it may be 25 or 30 years since we went underground with copper cable, but we have come a remarkable distance in a very short time. We have a fair degree of reliability. We have, in much of my electorate, mobile phone services which have been provided as a direct payment from the government in partnership with the carriers, mainly Telstra. I look at a region like Eyre Peninsula, which has a very intricate network of mobile phone services which would not have been thought to be possible even a few short years ago.

All the community infrastructure, whether it is in the schools or in a range of other emergency services, is part of the Networking the Nation package, which has meant at least $1 billion has been spent on improving communications in regional Australia. We can see how the government enabled people in regional Australia to have the Internet for local call costs. That was unheard of; we did not think it was possible. But it has been there for many years, and now we see Telstra providing local call access to the Internet as almost a matter of course. Speed and the broadband issue is still with us but it is certainly improving, and availability is improving all the time. On the issue of satellite phones and the last policy, we now have a 50 per cent subsidy for most of Australia. There are some provisos about access to existing phone services, which is commonsense. The contribution allows satellite phones to be available to the part of the community that does not have access to mobile phone services or other services. This is just another example of the government’s proactive approach and its determination to service all sectors of society.

The Labor Party are concerned about big business, they are concerned about profits, they are concerned about people actually making a profit. I go back to that time when the Labor minister of the day in the early nineties insisted on corporatising Telstra and having it abide by exactly the same rules as big business, as corporate Australia. We in regional Australia paid $20,000 or $30,000 for connecting a service—that is in 1990 dollars. It was out of the reach of most people. So let’s not have too many crocodile tears from Labor. If you look at the fact that the then Telecom, which became Telstra, was required to act as a corporation, with all the
principles of big business and with the controlling Labor government insisting on those profits from regional Australia going into revenue and never finding their way back to regional Australia, then you understand that crocodile tears have been shed here about alleged support for regional Australia. And you can understand that the $1 billion which, as I said earlier, has been spent on new infrastructure would never have been spent by Labor in regional Australia—in fact, Labor opposed Networking the Nation with vehemence. The great thing about Networking the Nation was that it came from the community up. It asked the community: what is your requirement? How do you see your need? It got community ownership, investment and participation which would never have been possible under any Labor government.

The issue of timed local calls is a very interesting one. There is always the big scare tactic about timed local calls, but let us never forget that Labor had already introduced timed local calls into regional Australia in the pastoral regions. Neighbours in the same house in a township like Oodnadatta had a timed local call. Fair enough: perhaps if you were neighbours you could talk over the fence. But if you were down the end of the town you paid a timed local call. With the expenditure of $150 million on the contract with Telstra in the last 12 months, a very large area of Australia has been opened up and given a far better deal in terms of local call access. Local call access in much of the remote parts of Australia is somewhat different to that in the suburbs of Melbourne, Sydney or Canberra.

So there is a very proud story here, both in the history from the PMG days right through to today’s Telstra and in its future. There is a very good lesson in keeping out of the road of those who want to progress this country and letting them make decisions within the proper guidelines—and that is what this legislation is about. It is a very good lesson in allowing a dynamic company like Telstra to serve the community to the best of its ability, which I have every confidence that it will. I thank the minister and his team for the effort that has gone into this bill. We look forward to the speedy passage of this legislation, which I understand is expected to be accepted. I am sure it will contribute to the future of Telstra in a very positive way.

Mr ANDREN (Calare) (4.56 p.m.)—Again I must begin a contribution by expressing my dismay that debate on issues as important as telecommunications and competition in that industry continues today when the Senate inquiry into the very bill we are debating—the Telecommunications Competition Bill 2002—does not report until tomorrow, and of course remembering that the Minister for Communications, Information Technology and the Arts, whose bill this is, is in that other place. What is one more day for the sake of informed debate in this House where members might be better informed on the implications of this bill, especially the points of view that would be gained from the public submissions to that Senate inquiry. I say that not wishing to defer any debate to the Senate: it should always in its most forensic detail be here, but we do not have the reference committee system that we need and where indeed I think this bill belongs until it has a proper airing.

The opposition has recognised that, although the overall intent of this bill is positive for improved competition within the telecommunications sector, the bill has various deficiencies which the opposition has indicated it will address by moving detailed amendments in the Senate once the results of that inquiry are known. The last time I looked, this place housed the direct representatives of the people, and it was here that the will of the people was exercised. It is a pity that we do not have as informed a debate as we might otherwise have had. If we are to believe the shadow minister when he says that a telephone is an essential service for all Australians, then it is in this place that fully informed debate should happen. I have listened with interest to this debate so far and, from what I have heard, much of it has skirted the detail of the bill for the very reason that we do not have the benefits of that inquiry and its consideration of public submissions.

The crux of the matter with regard to telecommunications competition for regional and rural electorates remains this simple fact:
although increased competition will benefit consumers with more choice, better technology and better prices, this will only be the case for the 90 per cent of the market that makes up only 15 per cent of the geography of this country. This is the point I would like to make with regard to this bill. You can have all the competition you like but it will only benefit those in concentrated metropolitan markets or, to a lesser degree, in some of the larger regional centres. Those outside those markets will only have their access to high service standards and new technologies ensured by continued government majority ownership and control of Telstra. The member for Grey spoke a moment ago of the debate over whether Telstra should be a public monopoly or a private monopoly. The word is ‘monopoly’: it will always be a monopoly, given the geography of this country. For that reason it should be a benign monopoly, and that means publicly majority owned.

That we have a bill like this regulating competitive behaviour is indicative of the unique telecommunications situation we have in Australia. Our geography, distances and the spread of our population do not fit the theoretical reasoning that competition will benefit everyone. It will not. The Prime Minister has been saying recently—and to the National Farmers Federation last night—that Telstra cannot continue to be majority publicly owned, that for some, to me, obscure reason it cannot operate efficiently in the marketplace while it is majority publicly owned. Nineteen of 27 OECD countries have between 30 per cent and 100 per cent government ownership, with none of the geographical peculiarities of Australia which, in Australia’s case, work against a proper market and proper competition. We have seen other areas of competition policy in the bush almost reach an absurd situation. I use this example quite often because it is a good one. The requirement for local government to tender for the provision of roadworks was almost through the gate and away before the little shire of Boorowa, not far north of this very place, dug its heels in and said, ‘This is absolutely crazy. We could get Thiess Brothers in to do our roads throughout the shire in three weeks, but what about the jobs for the council workers and the hundreds of thousands of dollars that pass through the businesses in this town? Sure, we would have paved roads all around the shire but no-one to use them and no-one to spend those council wages within the community.’ That was the absurdity of competition almost run rampant until the penny dropped.

I argue that a similar situation exists in telecommunications in this country, where the other providers in the marketplace will be anxious to cherry pick the eyes out of the profitable and competitive parts of the market. Indeed, that is where competition should be encouraged and where it works very well, but I cannot see us making a model to fit the theoretical competition that we are trying to create in that 85 per cent of this country where the other providers cannot even be expected or required to contribute enough to the universal service pot. It will be left to Telstra, whose skills are the only ones available, to provide the infrastructure. At this point, the government has signed off a quarter of a billion dollars—I think it was—for the current agreement. Telstra said it was in the order of $1 billion plus and the Productivity Commission argued that the figure was closer to $600 million. If we cannot agree on that cross-subsidy or contribution from all players in the market for the cross-fertilisation of the system to provide universal service for everyone, what chance do we have under a fully privatised regime and with a rural and regional marketplace that cannot exist under normal competitive models? Private operators will not seek to provide services to areas where the costs of doing so will not sustain profits. The Estens inquiry has indicated the need for ongoing and strengthened government intervention but it says that competition is the best way to ensure improvements. In over 85 per cent of the geography there is no competition and, quite frankly, no way of artificially achieving it.

The privatisation of Telstra and this whole competition argument are very much interlocked. If Telstra is privatised, it will provide the service but at a price that reflects the costs of reaching remote and rural locations. We cannot agree now on the sort of contribution each provider should make, and the
government has weighed in on the lighter side in favour of Telstra’s competitors. They are not required at this point to contribute a sufficient amount, so the result will be, inevitably, services at a price beyond that which most people in rural and regional areas can afford. No amount of USOs or CSGs will drag out the cross-subsidies required of Telstra’s competitors to ensure a realistic USO or anything like equality of service. We are not getting it now; why should country people expect it in the future? The nebulous ‘up to scratch’ benchmark thrown into the debate earlier this year as an aside by Senator Ron Boswell—and it has since been eagerly seized on by the government as some sort of benchmark—is as nebulous as the government wanted it to be, because it means absolutely nothing. It is a con and a joke, but a joke at the expense of country people. They know it is a joke, because they know it means nothing. Unless we have some sort of benchmark that actually means something instead of this ‘up to scratch’ or ‘you scratch my back and I will scratch yours’, it will be treated out there in regional areas with the contempt that it deserves.

Regional and rural people will not have equitable access to services and technology in the type of environment that this bill will help to establish in other parts of the market. It will serve only to convince those who reside in metropolitan Australia that a privatised Telstra with regulation to protect competition will be for the benefit of all Australians—which it quite clearly will not. It will assist those in the competitive parts of the market and, to that extent, of course anyone should welcome it, but I do not think it is going to deliver anything of substance to the rural and regional areas. To the extent that this bill advantages competition, of course I support it, but it does nothing to either enhance the Telstra privatisation argument or improve those mobile, Internet and fixed landline deficiencies that still exist throughout rural Australia’s network despite the spin from the government.

Mr HARTSUYKER (Cowper) (5.07 p.m.)—Today I wish to speak on the Telecommunications Competition Bill 2002 and record my support for such legislation. If I were asked to select one sector which has the capacity to break down the divide between city and country areas, it would be telecommunications. The ever-changing environment of our telecommunications services is making the world a smaller but more efficient place to live. Today, most households have at least one mobile phone, we have the Internet connected to computers in our primary schools and many local businesses depend on reliable telecommunications services to provide a professional service to their customers.

We also enjoy competition in the marketplace, which has forced Telstra to be more competitive with its pricing. But the ongoing provision of telecommunications services is one of the most crucial issues which is facing residents of rural and regional Australia. Telecommunications services have the capacity to reduce the isolation felt by many people who are outside the main metropolitan areas. They are also a crucial driver in attracting more business to regional Australia, which translates to more job opportunities. It is for these reasons that this bill is essential to the future of telecommunications in regional areas. The measures contained in this bill aim to increase the level of competition and investment in the telecommunications market to the benefit of consumers and businesses by facilitating timely access to basic telecommunications services, facilitating investment in new telecommunications infrastructure, encouraging a more transparent regulatory market, enhancing accountability and transparency of decision making, and making a number of other changes to the telecommunications regime.

This bill will also put in place a more transparent regulatory market. The government has previously announced that it will encourage a more transparent regulatory market by requiring accounting separation of Telstra’s wholesale and retail operations. Accounting separation will address the competition concerns arising from the level of vertical integration of Telstra’s wholesale and retail services and improve the provision of costing and price information to access seekers and the public. The government’s proposed accounting separation framework
will ensure that Telstra prepares current replacement cost accounts as well as existing historic cost accounts to provide more transparency to the ACCC about Telstra’s ongoing and sustainable wholesale and retail costs. It will ensure that Telstra publishes current cost and historic cost key financial statements in respect of core interconnect services but not underlying detailed financial and traffic data which is regarded as commercially sensitive. It will also ensure that the ACCC prepares and publishes an imputation analysis, based on Telstra purchasing the core interconnect services at the price it charges external access seekers, which will demonstrate whether there is any systematic price squeeze behaviour. This bill will ensure that Telstra publishes information comparing its performance in supplying core services to itself and to external access seekers in relation to key non-price terms and conditions. These will include faults and maintenance, ordering, provisioning, availability and performance, billing and notifications.

The amendments in part 16 of schedule 2 provide a mechanism for the government to introduce accounting separation by enabling the minister to direct the ACCC in relation to the exercise of its existing record-keeping rule powers. The minister’s direction power will provide flexibility for the government to introduce accounting separation of Telstra’s wholesale and retail operations in a probative and deliberate manner without the complexity of specifying detailed regulatory accounting rules in part XIB.

The bill will also provide more certainty for the telecommunications industry. All of these changes are necessary to provide some certainty to the process of delivering improved telecommunications services in what we all know is a highly competitive market. These amendments will reduce the ambiguities and the confusion which currently exist in the present government legislation with respect to telecommunications provisions. Under this bill, the ACCC has a substantial role to play in providing a competitive telecommunications market. Under part XIB of the bill, the ACCC can require the carrier or carrier service provider to file its charges—public tariffs and access agreements—enabling their scrutiny for anticompetitive purpose or effect. The ACCC can also make record-keeping rules requiring carriers or carriage service providers to keep financial and non-financial information in a prescribed form and to publish this information.

The object of the telecommunications access regime in part XIC is to promote the long-term interests of end users of carriage services or services provided by means of carriage services. In determining whether something promotes the long-term interests of end users, regard must be had to whether it is likely to result in the promotion of competition achieving any-to-any connectivity and encouraging the efficient use of and economical investment in infrastructure used to supply telecommunications services.

Under part XIC, the ACCC has the power to declare services for the purposes of the telecommunications-specific access regime. The carriers and carriage service providers are generally required to provide interconnection with and access to services declared by the ACCC, together with various ancillary services. In the first instance, terms and conditions of supply, including price, are commercially negotiated between parties or set out in an undertaking given by the access provider. If negotiations fail, the ACCC may determine the terms and conditions.

In 2001, the parliament passed the Trade Practices Amendment (Telecommunications) Bill, which introduced a series of measures to streamline the operation of part XIC, the 2001 streamlining amendments. In June 2000, the government had issued terms of reference for a review by the Productivity Commission of the telecommunications-specific competition regulations, including a review of part XIC. On 23 December 2001, the government released the Productivity Commission’s inquiry report on telecommunications competition regulation for public comment. The Productivity Commission report broadly recommended the retention of telecommunications-specific provisions for dealing with anticompetitive conduct under part XIB and the provision of access to telecommunications services under part XIC. After careful consideration of the telecommunications-specific competition regime,
including the recommendations of the Productivity Commission’s report, on 24 April 2002 the government announced a range of measures that it would introduce to enhance the operation of the regime.

While this bill will streamline and, at the same time, add certainty to the regulation of the telecommunications sector, it is important to note that it will have no financial impact on the government’s expenditure or revenue. In my electorate of Cowper, telecommunications services are seen as a key driver to encouraging decentralisation and regional development. Telecommunications help provide a level playing field for business in regional and rural areas and are the catalyst for providing those additional jobs which are so badly needed outside the major metropolitan areas.

It is also vital to our education institutions in the Cowper electorate. We have a university and a marine science centre in Coffs Harbour and both rely heavily on reliable telecommunication services to meet the needs of students and staff. With that in mind, the federal government has made improvements to telecommunication services a priority since it came to government in 1996. For example, we have seen many of the crucial recommendations of the Besley report implemented right across Australia. In my own electorate we have new mobile phone towers either under construction or about to be constructed, which will result in substantially improved mobile phone coverage for towns such as Dorrigo and South West Rocks. They will benefit from the important commitment that the government has to telecommunications services.

The residents of Cowper have welcomed our commitment to a vibrant and a competitive telecommunications sector. Such leadership, and the opening up of the sector to full competition, has seen the cost of telecommunication services continue to fall since 1997. National long-distance call costs have dropped on average 8.4 per cent each year since 1997, and that has to be a good move. Local call costs have decreased by an average of 8.27 per cent each year and international call costs are down by 21 per cent each year since 1997.

The federal coalition has invested more than $1 billion in targeted funding to support improved communications and information technology infrastructure over the past six years. As we look to the future, it is absolutely essential that the telecommunications sector operates within a framework that not only allows it to grow but, most importantly, meets the needs of the residents of rural and regional Australia. This bill is another step towards improving the efficiency of the industry and ensuring that the telecommunications needs of all Australians are met in the future.

Mr MOSSFIELD (Greenway) (5.16 p.m.)—I rise to speak on the Telecommunications Competition Bill 2002. The stated aim of the bill is to make amendments to part XIB and XIC of Trade Practices Act 1974, the Telecommunications Act 1997 and the Telecommunications (Carrier Licence Charges) Act 1997 to increase the level of competition and investment in the telecommunications markets. In particular, I rise to support the amendment moved by the member for Melbourne, in which he refers in a number of clauses to the inadequate competition in the Australian telecommunications sector, to the inadequate competition in broadband services resulting from Telstra’s domination of the core telecommunications networks and to other issues.

On that point, the bill gives me the chance to talk about telecommunications competition and the services that exist at the moment. The level of service and the level of infrastructure are vitally important to the people in my electorate. There is not much point in facilitating competition when you cannot even get the basic services in the first place. As a backdrop to the points I want to make in this speech, I will refer to a number of emails that I have received from local constituents over the past few months relating to the lack of adequate telecommunications services in the electorate that I represent. In the first email, one of my constituents says:

Congratulations on your letter in the Blacktown Sun about Telstra. I agree with you 100%. I live in an area of Rooty Hill which has been developed for about 12 years with underground facili-
ties but Telstra will not lay cable in our street. In a relatively new area that is totally outrageous. I will now email Roger Price as he is our local Member and suggest he supports you in this matter.

Once again that indicates that the concerns are broader than just my electorate. I will refer to other electorates in Western Sydney to indicate that the issue affects them as well. Another constituent says:

I am writing in support of your motion to improve lines in our area. I live at 5 Tallow Place, Glenwood, and find that the speed of the internet makes use very frustrating. As a result I am not able to get full benefit from the internet at my home.

I appreciate your efforts, and agree that if Telstra is privatised we may never have adequate access in the area.

Thank you for your continuing support.

In another email, a constituent says:

I read with great interest your article in the "Mossfield Mail" regarding Telstra and its split lines. I have just moved to the Quakers Hill area (Farnham Road) and I am having great difficulty with Internet access and its associated low connection speeds. I run a very successful computer consultancy company and I rely heavily on good, efficient Internet connection. I was even contemplating ADSL as a source of high-speed connection, but after reading your story I am reluctant to pursue this any further.

I urge you and any others to lobby the communications Minister and anyone else to let them know of another story in the Telstra saga.

Finally, another constituent says:

As a lifetime supporter of Government enterprise, I was disappointed to have my application for broadband internet access (ADSL) rejected by my ISP on the grounds that Telstra could not provide an acceptable service to this area. The fears of rural telephone subscribers over the Telstra privatisation issue suddenly struck a chord in my urban consciousness as I am now stuck in the cyberspace slow lane with a dial-up service for an indefinite period (I accept that Telstra staff accessible to customers such as myself cannot be expected to crystal ball gaze), as cable (the non-preferred broadband alternative) is also unavailable in this area.

Can you assist me with any information at your disposal as to when ADSL will be available to internet users in this area?

I think that gives you a fairly good idea of what the constituents in my area feel about the inadequate Telstra service in their region. To bring this matter to a head, during question time yesterday I asked the minister representing the minister for communications about Telstra services in the suburbs of Kellyville, Kings Park and Glenwood, in my electorate. The minister, in his answer, showed extremely well the government’s ignorance of the problems that exist. The text of my question reads:

My question is to the Minister representing the Minister for Communications, Information Technology and the Arts. Is the minister aware that applications for broadband Internet access, or ADSL, in Kings Park, Western Sydney, are not being approved by Internet service providers because Telstra cannot provide acceptable service to that area? Can the minister also explain why the use of split pair gains in rapidly developing suburbs such as Kellyville and Glenwood has resulted in Internet speeds half those available to other users? Minister, how will selling Telstra improve Internet services in suburbs like Kings Park and Kellyville?

The minister’s answer highlights the problems that are being ignored by the government. He said, in part:

The opposition will delve into the minutia of the Estens report and try to find one complaint or another. The complaints I raise have nothing to do with the Estens report, because the Estens report was concerned only with service levels in rural and remote Australia. The outer metropolitan areas of our major cities—the areas that I represent; the areas where these problems are quite bad—were specifically excluded from the terms of reference that the Estens inquiry had to work with. It is not just service levels in the bush that need examination; it is service levels in the rapidly growing residential fringes of our major cities. Further on in his answer the minister said:

We have spent $150 million on the extended zones agreement, meaning two-way satellite services are being offered to consumers in many remote parts of Australia on very favourable terms and conditions.

I have to say that Kings Park, Glenwood and Quakers Hill are not located in a remote part of Australia, so the people living there can-
not get the juicy deals the government is offering.

Why do the government offer these deals to remote residents? They offer them because satellite is the only option available for broadband. Unfortunately, in some parts of my electorate, satellite is also the only option for broadband that is available. Many of the newer suburbs were built after the cable rollout ceased in 1994. Either they are located too far away from existing exchanges for ADSL to work effectively or the other problem with ADSL occurs—that is, split pair gains. Telstra did not put enough infrastructure into these suburbs to cope with the growing population, so they simply split the phone lines in half, leaving extra slow dial-up Internet speeds and no chance whatsoever of ADSL. That leaves satellite as the only option available. It is not a problem exclusive to remote communities. In fact, there are far more people affected in outer metropolitan fringe areas than there are anywhere else in the country. There are no special deals for the residents of Quakers Hill on satellite, even though that is the only option available to them. They are forced to pay $699 for the hardware, $399 for the installation and around $120 per month in access fees to get satellite broadband services. The minister, in not answering my question yesterday, simply highlighted the government’s failure to understand the extent of the problem.

It is not just Labor members saying that Telstra services are not up to scratch in our outer metropolitan suburbs; the government’s own backbench is saying this. The member for Mitchell has an electorate that borders mine, and he is saying the same thing as I am saying: Telstra services in our area are not up to scratch. In a community newsletter to his constituents, published and circularised just today, he highlights the problem. I quote from his newsletter:

A group of business men and women met representatives of Telstra to tell them about the poor quality of services operating to supply broadband Internet connections. To gain access to high technology local businesses are saying that it is critical for Telstra to become involved immediately. The service is vital for software companies, engineering firms, and other groups. The hills and neighbouring districts wish to use the Internet to its full extent in order to win world-wide contracts and service clients.

The problems described in the member for Mitchell’s newsletter are exactly the same problems as those which people in my electorate are also experiencing. Businesspeople, people who work from home and schoolchildren need fast Internet connection. In the member’s newsletter there is a photo taken on 23 August of businessmen telling Telstra their services in this area are simply not up to scratch. I am very pleased that the member for Mitchell has come out strongly in support of the same position I have been supporting for some considerable period of time. I call upon the other Liberal members in Western Sydney, the members for Parramatta, Macquarie and Lindsay—who I am sure are getting the same complaints that the member for Mitchell and I are getting—to come out and strongly indicate that Telstra services are not adequate in their area. It is not just in the bush where service levels are inadequate; it is not just in the bush where they need to be fixed.

I believe in competition—genuine competition. I also believe in basic services and infrastructure. But, until the infrastructure is in place, services will not improve. In this technological revolution the technology is outpacing the infrastructure and, with the rapid residential growth on the outskirts of our major cities, literally thousands of people are missing out on basic services. It is not about Estens, because Estens did not look at the problem or where the problem is—that is, on the outskirts of our cities. The mere fact that the minister referred only to Estens and to rural Australia in his answer to my question about suburban services goes to show how little the government knows about this problem or understands how it affects the outer metropolitan areas. Telstra must remain in public ownership because that is the only way the infrastructure and service problems that areas like Greenway, Mitchell, Parramatta, Macquarie and Lindsay face will ever be rectified.

Mr NEVILLE (Hinkler) (5.28 p.m.)—In speaking to the Telecommunications Competition Bill 2002, I want to say that I do not approach it with some sort of ideological
mantra of free trade or rampant competition. Instead, I look upon the legislation as an opportunity to provide a state-of-the-art, cost-effective telecommunications market for Australian consumers. Let me say from the outset—and I make this point strenuously—that a cornerstone of National Party policy is that Australians deserve, as a right, access to affordable, effective telecommunications for business purposes and so as to participate fully in general community life.

This ethos is contained in the Bundaberg resolution of 1998—something I had a part in drawing up. I stand behind every point in that document and the ideals that it enshrines. It delivers an environment free of pastoral calls; it delivers a 12-minute call to service centres; it improves Internet speed; it talks about the replacement of analog, which actually took place with the coming of CDMA mobile phone technology; and it talks about black spots in television programming and the provision of digital television roll-out to the same boundaries that exist in analog. But what we are talking about today goes beyond those deliberative improvements to the system that we all want for regional and rural Australia and goes to the heart of what constitutes a fair and reasonable cost for the services that we buy either from Telstra or from some other service provider.

The amendments contained in this legislation allow for a more competitive telecommunications market, not only for the residents of regional and rural Australia but for all Australians. Firstly, they require the ACCC to produce model terms and conditions for essential telecommunications services, at the same time removing an entity’s right to instigate merit reviews of final determinations made by the ACCC in relation to access arbitrations. This has been going on for too long, and I particularly welcome what this bill says about that particular matter. An illustrative point to make at this stage is that the Productivity Commission’s report states that Telstra has been cited as the biggest consumer of legal services in Australia. While one would expect a corporation of Telstra’s size to need access to extensive legal services, Telstra should not use its market dominance and its almost unlimited ability to engage major law firms and senior counsel as a blunt instrument to wield against smaller players seeking access.

The bill extends the Trade Practices Act regulations so as to stimulate greater investment in new telecommunications infrastructure. It does so by including services which are not yet declared or not yet supplied under provisions of the act relating to exemptions and undertakings. The bill will also promote greater transparency in the regulatory market, in decision making and in accountability. It will do this through accounting separation and ensuring that Telstra treats its own retail arm in the same way that it treats its competitors. Of course that is the core of the problem. I approach this issue of transparency from the point of view of clear practicality. The more transparent the real costs are, the greater the benefit will be for the consumers. Telstra does not exist merely to make a profit for its major shareholder, the government, or its minor shareholders. It should remain the same whether it is in total public ownership, in private ownership or in its current mode.

Telstra exists essentially to provide competitive, cost-effective telecommunications services to all Australians. That cost efficiency must be measured against some form of benchmark. There needs to be some form of transparent analysis of the infrastructure cost and the operational cost. Having said that, we must now walk a fine line to ensure that the public has fair and equitable access to services at reasonable costs and that those services can be delivered by a variety of players. The delicate balancing act is further defined when we realise that a competitive pricing regime cannot, by definition, exist if the market is dominated by a single entity and if that entity is using its market power to the exclusion of others.

Not so long ago I addressed the House on the Broadcasting Services Amendment (Media Ownership) Bill 2002, which addressed the issue of cross-media ownership in Australia. I see some parallels with this particular piece of legislation. When we talk about the fundamental principle of freedom and diversity of the press, I believe those same
principles can be applied to our domestic telco market. We must take this opportunity to encourage an element of freedom and diversity in our telecommunications regulations and the services they deliver. I do not mean to sound alarmist, but I believe Australia’s telecommunications sector operates in an environment affected by powerful dominating influences. Within that sector, since 1997 we have seen more than 80 new carriers using a range of new technologies and more than 850 service providers entering the market. Pleasingly, around 40 per cent of these carriers focus their services on Australia’s regional markets. Prices for consumers have fallen, on average, by 6.9 per cent each year in that time.

Without the ability to compete on an equal basis and have access certainty in Australia’s domestic telecommunications sector, rival telcos cannot set an agenda to provide a lean, functional and competitive service for the public. The community, too, must have confidence that the service will be provided and available at the highest possible industry standards. To this end, the federal government has implemented regulated consumer safeguards, including the universal service obligation, the customer service guarantee, a network reliability framework and the Telecommunications Industry Ombudsman, as well as other measures such as untimed local call obligations and certain price controls on Telstra. As I said, this goes another step further in ensuring that Telstra treats its retail arm in the same way that it treats its telecommunications competitors.

The telecommunications needs of our regions may not necessarily be addressed through a purely competitive market, and to this end the federal government has provided more than $1 billion in targeted spending to break down the impediments to service delivery. Although the Commonwealth owns 50.1 per cent of Telstra, we have a responsibility to ensure that our telecommunications arena remains a level playing field for all telco competitors. The same would apply if Telstra was totally owned by the government, partly owned by the government or not owned by the government at all. This is where the legislation is so important, and it is a point that is missed by a lot of people in the Telstra ownership debate. It is only in a highly competitive environment that market forces come into play and that ensure consumers have access to the best possible services at the most competitive prices—those being whatever the market can bear at the lower end of the cost scale.

To date, a competitive telecommunications sector has produced substantial price decreases for consumers. We have seen call costs plummet since 1997 as a direct result of the government imposing price controls on Telstra. International calls from a fixed phone line have dropped by an average of 21.1 per cent each year, national long distance calls have decreased by an average of 8.4 per cent each year and local calls have dropped by an average of 8.2 per cent each year. What I am saying is that strong competition in the market has led to decreased prices for those services and it has also overflowed into the costs of dial up Internet services. In the late 1990s, customers were paying up to $5 an hour to go online, but a greater number of players in the market means that Internet users can find access deals with monthly charges as low as $10 for unlimited hours and reasonable volume limits.

The same trend is being noted in broadband Internet service prices, although one must expect that these will take some time to come down to the same level as the Internet itself. Telstra has just announced fast-tracking the provision of telephone services to rural and remote areas, which is due to begin on 1 January 2003. Telstra also says it will cut the time frame for new connections from 15 to 10 days in minor rural areas where there is available cable infrastructure, and from 130 to 20 days where the infrastructure is not in place. I add those figures to show that Telstra has the ability to do things when it sets its mind to it. In this particular instance, the bill ensures that Telstra behaves competitively in the market, that it treats its retail arm in the same way that it treats its competitors and that, by so doing, it ensures that we have a transparent market and one that delivers a whole range of tele-
phone and Internet services to the broad mass of the Australian population.

Mr McGAURAN (Gippsland—Minister for Science) (5.40 p.m.)—In summing up on this debate on the Telecommunications Competition Bill 2002, I would like to thank all honourable members for their contributions. On a personal note, we have in the gallery the former member for Wide Bay and Deputy Speaker of the parliament, Mr Clarrie Millar. What a delight that Clarrie has visited the parliament and is in the gallery. As a very green, wet behind the ears 27-year-old, I came to the federal parliament in March 1983 and Clarrie was a paragon of virtue and wisdom and was a great friend to one and all in the parliament, but especially to those who joined him in his party room. I am glad to see you here, Clarrie Millar.

Returning to the business before the House, the Telecommunications Competition Bill 2002 introduces a range of measures to enhance the level of competition and improve the investment climate in the telecommunications sector. The measures will ensure that consumers continue to enjoy lower prices and improved services from a competitive telecommunications industry. To remind honourable members, the objectives of the bill are to speed up access to core telecommunications services; facilitate investment in new telecommunications infrastructure; provide a more transparent regulatory market, particularly in relation to Telstra’s wholesale and retail operations; and enhance accountability and transparency in tackling anti-competitive conduct. That is the ambitious range and reach of the legislation, and I wish to thank and congratulate all of those within the Department of Communications, Information Technology and the Arts who have brought the bill to this stage. It is an entirely creditable and necessary piece of legislation to further the government’s reforms in the telecommunications sector.

The bill implements the government’s response to the Productivity Commission’s inquiry report on telecommunications competition regulation, and builds upon amendments introduced by the government last year to streamline the ACCC’s arbitration process for telecommunications access disputes. The provisions in the bill have been developed following extensive consultation with industry and other key stakeholders. It is important that the telecommunications regulatory regime provides timely, efficient and transparent outcomes for all involved. This test, this objective, this benchmark drives us in our reform, continuing as it is for telecommunications. The Telecommunications Competition Bill will deliver these benefits and provide a boost to competition during a period when external factors are providing new challenges for the industry.

I would like to respond to the key issues raised by the opposition during the debate. Firstly, I note that the opposition broadly supports the bill and acknowledges that it is a significant step forward. However, the shadow minister, the member for Melbourne, has expressed concern that accounting separation will be implemented via a ministerial direction. I might ask: will a separation of Telstra’s businesses that he has flirted with, proposed or seemingly endorsed in the past be similarly implemented via a ministerial direction? He may wish to tell us that and expand on his floating the idea of a break-up of Telstra into its different component parts.

Nonetheless, to answer the very question I have posed regarding his concerns about accounting separation, I can advise the House that use of the directions power will enable the introduction of an accounting separation framework without the complexity of specifying detailed regulatory accounting rules in the bill itself. It will not constrain the ACCC in the use of its existing powers; rather, it will ensure that those powers—which have been underutilised in the past—are better used to provide improved transparency of
Telstra’s wholesale and retail operations. The direction is a disallowable instrument. The parliament will be able to scrutinise the direction and can exercise its disallowance powers to ensure that the minister’s direction does not constrain the ACCC, and that is how it should be.

The government has already announced the key outcomes that will be delivered through accounting separation. The ACCC will be directed to ensure that: (a) Telstra prepares current replacement cost accounts as well as existing historic cost accounts to provide more transparency to the ACCC about Telstra’s costs as an ongoing, sustainable business; (b) Telstra publishes current cost and historic cost key financial statements in respect of core interconnect services; (c) the ACCC prepares and publishes an imputation analysis based on Telstra purchasing the core interconnect services at the price it charges external access seekers; and (d) Telstra publishes information comparing its actual performance in supplying core services to itself and to external access seekers in terms of key non-price terms and conditions. These measures will provide transparency to the ACCC, competitors and the market. They will assist in identifying whether Telstra is discriminating against itself in relation to price and non-price conditions of supply. The proposed accounting separation arrangements also impose an important discipline on Telstra while providing it with an opportunity to address concerns that it is acting anticompetitively.

The opposition also expressed some concern that the accounting separation arrangements will be largely limited to the core interconnection services. The enhanced accounting separation regime will address legitimate concerns of Telstra’s competitors without undue intrusion into the running of Telstra’s business. Automatic publication of key financial statements will be limited to the core services that have been declared by the ACCC and that relate to Telstra’s dominance over the fixed-line customer, unconditioned local loop service and local carriage service. I ask the forbearance of the House to describe in almost excruciating detail these highly complex and even technical aspects of the legislation.

Mr Stephen Smith—Forbearance given.

Mr McGauran—Forbearance given. It is very important to put on the record how the government can reassure the opposition as to some of these technical but still extremely important issues for the cost structure and operations of Telstra, which eventually flow through to the price that consumers—whether of Telstra or other carriers—pay for the services. With that request for forbearance of the House, I will continue. The wholesale and retail accounts that are provided to the ACCC, however, will cover all of Telstra’s services and not just core services. The bill also provides an explicit mechanism for interested parties to request wider access to information held by the ACCC.

The opposition claims that sunsetting of declarations is appropriate but that this should occur after 10 years instead of after five years, as specified in the bill. In response, I should advise that sunsetting of declarations implements a recommendation of the Productivity Commission to ensure that regulations do not outlive their useful life and result in unnecessary restrictions on competition. The Productivity Commission recommended that the maximum time for any declaration not exceed five years. The telecommunications industry is developing extremely quickly and can be subject to rapid changes. In this context, 10 years is too long for a review period. In response to the shadow minister’s concerns that some contracts may be for up to a 10-year period, I would point out that the ACCC will be able to extend existing declarations after conducting a public inquiry process. There are also specific provisions in the bill which allow final ACCC determinations to continue until their expiry date, even if the declaration of service to which they relate expires. This allows commercial agreement to continue until their completion.

Concerning the opposition’s suggestion that there be a public consultation process for minor declarations, I point out that this provision allows the ACCC to undeclare the AMPS telephone mobile network—remem-
bering that Labor closed down the AMPS or analogue network without leaving anything to replace it. However, the regulation remains on the books. Labor should have thought of having a public consultation process before it decided to close down the analogue network and leave nothing in its place. Fortunately, the government together with Telstra developed the CDMA network, which has seen an extension of the range and access of mobile telephone services in regional Australia.

In response to the opposition call for the retention of industry development plans, IDPs have been a tool for encouraging the growth of the industry and for gathering information. But the government believes that, now that many carriers have established their networks, their value has lessened considerably. The Productivity Commission found in its report that there is no compelling argument for continuing with industry development plans. The government continues to support the Australian information and communications technology sector by way of its endorsed supplier arrangement. In this regard, on 21 June this year, the government released voluntary procurement and strategic industry development guidelines to encourage its suppliers to undertake strategic activities in Australia in areas including R&D, exports, investments, SME alliances, skill development and technology transfer.

The shadow minister raised a number of issues that fall outside the matters covered by this bill. These include criticisms of the current Telstra price controls and the level of protection available to consumers. The price controls are a balanced package which were developed in consultation with the industry following a comprehensive report by the ACCC. The government’s three main objectives in developing the new price controls are: firstly, to drive improvements in Telstra’s productive efficiency; secondly, to allow adjustments between line rentals and call prices to promote competition by allowing the gradual removal of the access deficit; and, thirdly, to protect low-income consumers through the associated licence declaration requiring Telstra to maintain its $150 million package of low-income initiatives.

Labor launched its price cap stunt in the midst of its Cunningham by-election debacle, the final proof of which we saw on Monday when the new member for Cunningham was sworn in. It was a long held Labor seat. If my political history serves me correctly, it was held by Labor since Federation, but it is now held by the Greens. That gives you some idea of how the people and voters of Cunningham responded to Labor’s all too clever stunt, which the people of Cunningham saw through so transparently. Labor misled the electorate on the effects of the disallowance and also put forward a set of flawed arguments in support of its position. The Democrats have announced that they will not be supporting in the Senate the Labor motion to disallow the government’s price controls. The Democrats have issued a comprehensive discussion paper which undermines Labor’s false arguments on this issue. We never saw such a discussion paper from the Labor Party when it announced its proposed disallowance of the price controls; it was just a doorstop by a desperate Leader of the Opposition trying to ignite some momentum in a by-election forced upon him and his party. I congratulate the Democrats for their eminent good sense and reasonableness on this issue and their disassociation with Labor’s cynical opportunism.

In conclusion, there is a range of specific measures in the bill, each of which will improve the operation of the telecommunications competition regime. The package of measures combine to make the telecommunications competition regime more timely, effective and accountable. The government considers that it is important for the bill to be passed as soon as possible in order to provide regulatory certainty and to allow carriers to get on with delivering benefits to consumers. I note the Senate Environment, Communications, Information Technology and the Arts Committee is due to report tomorrow. The government will of course consider very carefully the recommendations of the Senate committee and any constructive amendments put forward by the opposition during Senate debate in conjunction with the Senate committee’s recommendations. However, the government does not support the
rhetoric contained within the second reading amendment currently before the House.

Question put:

That the words proposed to be omitted (Mr Tanner’s amendment) stand part of the question.

The House divided. [5.59 p.m.]

(The Deputy Speaker—Mr Wilkie)

Ayes………… 77
Noes………… 57
Majority……… 20

AYES

NOES

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr McGauran (Gippsland—Minister for Science) (6.05 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

AUSTRALIAN CRIME COMMISSION
ESTABLISHMENT BILL 2002

Second Reading

Debate resumed from 26 September, on motion by Mr Williams:

That this bill be now read a second time.

Mr Melham (Banks) (6.06 p.m.)—The Australian Crime Commission Establishment Bill 2002 will radically overhaul the National Crime Authority to form a new agency. The Australian Crime Commission
model raises fundamental points of principle for the Labor Party. Before I discuss these principles and Labor’s proposals for dealing with the problems we see in this model, it is useful to remind ourselves of the history behind this bill and the government’s push to dismantle the NCA.

In the run-up to last November’s election, the government gave a commitment to hold a special leaders summit to deal with transnational crime and terrorism. The Prime Minister said the summit would look at:

* Options for reforming or replacing the National Crime Authority to ensure we have a national body fully equipped to deal with future transnational criminal activities...

Even in the context of September 11, the government’s announcement came as something of a surprise given the praise that had been poured on the NCA by the Prime Minister and successive ministers for justice and customs. For example, in a press release issued on 22 February last year, the Minister for Justice and Customs, Senator Ellison, had this to say about the NCA:

The cooperative efforts of law enforcement agencies such as the National Crime Authority, Customs and the AFP has never been so high ...

He went on to commend:

... the excellent work that these world class law enforcement agencies are doing.

Ten months later, in December 2001, it was a very different story: the NCA was marked for the chop. The first step in the process of killing off the NCA was predictable: the government commissioned a review. That review was carried out by former Commissioner of the Australian Federal Police Mick Palmer and former Secretary of the Attorney-General’s Department Tony Blunn. Their report to cabinet has never been made public, although it formed the basis for the Prime Minister’s claims at the leaders summit on 5 April this year that an overhaul of the NCA was in order. A heavily sanitised version was handed over to the Senate Legal and Constitutional Legislation Committee in late May. Again, it sheds no light on the need for restructuring the NCA.

This failure to explain the rationale for change or to make public the Palmer-Blunn report suggests there are other reasons for the government’s move against the NCA. We know that the Prime Minister was not happy with comments made by former chair of the NCA Gary Crooke QC that were critical of the Prime Minister’s approach to drug control. Mr Crooke also favoured heroin trials, in contradiction to the government’s official policy. We also know that some members of the government were unhappy with the NCA’s pursuit of John Elliott. I acknowledge, however, that there are legitimate concerns about the mechanism for referring matters to the NCA for investigation, which can be cumbersome and time consuming. I also acknowledge that there is always a case for looking afresh at institutions to ensure the maximum effort is made to combat organised crime.

It is in the light of these legitimate concerns that the Labor Party are prepared to support this bill, subject to amendments. Labor are serious about fighting crime, but Labor are also serious about upholding important principles of responsibility and accountability within our parliamentary system of government. That is why we will seek amendments to this bill designed to support principles that informed the establishment and operation of the NCA in the first place.

There are two particular areas of the bill that concern Labor: the first area is the proposed governance structure, and the second area is the system that enables the use of coercive powers.

I turn first to the issue of governance. The NCA was set up in 1983 by the Hawke Labor government to investigate complex organised crime on a national basis and to collect, analyse and disseminate relevant criminal information and intelligence. The authority does not conduct prosecutions; it collects admissible evidence and provides it to the appropriate prosecuting authority which then decides whether or not to proceed with the prosecution. The NCA is made up of a chair—who is required to be a lawyer or former judge—and at least two other members. The work of the agency is overseen by an intergovernmental committee made up of a minister from each state and territory and chaired by the Minister for Justice and Cus-
toms. The IGC also issues references that, in turn, trigger the use of the authority’s special or coercive powers. In addition to the IGC, there is a parliamentary joint committee that monitors and reviews the NCA.

The proposed ACC will replace this model with a chief executive officer and a 13-member board. Independence is diminished under this bill as the CEO may be suspended or terminated by the Minister for Justice and Customs for unsatisfactory performance. The board will consist of the Commissioner of the Australian Federal Police—who will also be chair of the board—the Secretary of the Attorney-General’s Department, the CEO of Customs, the chair of the Australian Securities and Investments Commission, the Director-General of ASIO, the police commissioners of each state and territory and the commission’s CEO, who will be a non-voting member. Although the intergovernmental committee and the parliamentary joint committee will continue to have an oversight role, the net effect of this structure is to remove direct ministerial accountability and insert a board made up of bureaucrats and police commissioners.

I turn now to the issue of special powers. The defining feature of the NCA is that it holds coercive powers similar to those of a royal commission. These are the powers to obtain documents and other evidence and to summons a person to appear at a hearing to give evidence under oath. These coercive powers can only be exercised in very defined circumstances, with ultimate accountability lying with the intergovernmental committee made up of the various ministers. At the time the NCA was set up, there was extensive debate about the nature of these coercive powers and a recognition of the fact that no government would allow them to be solely in the hands of a police force or of bureaucrats. That is why the architects of the NCA devised the references system whereby the ministerial level IGC refers matters to the NCA for investigation. Under the proposed new model for the ACC, the board—and, remember, it is made up of police commissioners and bureaucrats—will not only determine priorities for the organisation but also have the power to press the green button on the use of the coercive powers.

Under the model in the bill that was introduced into the House on 6 September, the board could delegate the decision on the use of the powers to a subcommittee so long as the committee was made up of at least two Commonwealth members. The board could also approve the use of the powers for the purpose of intelligence gathering—a move away from the investigative focus of the NCA. This new model is a major departure from the current regime, where special powers may only be exercised after a matter has been referred to the NCA by the intergovernmental committee. It is also contrary to the views of the police themselves, who admit it is not appropriate for them to hold the coercive powers. The Commissioner of the Australian Federal Police, Mick Keelty—who, ironically, will chair the board under the proposed new model—told the Senate Legal and Constitutional References Committee on 15 March 2001:

The AFP enjoys a close strategic partnership with the NCA. The AFP believes it is appropriate for the NCA to exist as an independent agency. It is inappropriate for any police organisation to have the special powers conferred upon the NCA.

In evidence to the Joint Committee on the National Crime Authority on 2 April 2001, the commissioner stated:

In response to that article—an article that appeared in the Canberra Times—I wrote a letter to the editor in which I expressed in clear terms that the relationship between the AFP and the NCA had never been better and that we enjoyed a number of recent successes in targeting organised crime groups. I would like to reiterate those comments to the committee today ... I repeat that it would not be appropriate to vest those powers into a police agency ...

In relation to amendments, Mr Keelty’s comments highlight that the new model departs significantly from the very basic principles of responsible government. This departure is a concern for the federal Labor Party. Our concerns are shared by the expert witnesses who appeared before the parliamentary joint committee’s recent inquiry into the bill. That joint committee tabled its re-
port to parliament out of session last week. It made 15 recommendations to amend the legislation, while a majority of the Labor members made an additional three recommendations. I congratulate the committee on its hard work in getting this report together, especially given the very short time it was given by the government to report back to parliament. In particular, I congratulate the chair of the committee, the honourable member for Cook, who is present in the chamber. I think he did a wonderful job chairing that committee.

The government has accepted 13 of the 15 unanimous recommendations of the joint committee and has given reasons for its refusal to accept the other two. Labor welcome the government’s acceptance of those recommendations, and we believe they will improve the operation of the ACC. We accept the government’s reasoning for not accepting the other two recommendations. I understand that the government intends to introduce a range of amendments in response to the PJC recommendations. I want to stress that the recommendations in the PJC report, which are supported by Labor, are about improving the model that is on offer. Not only will these amendments ensure a streamlined and effective process for approving the use of the coercive powers but they will also safeguard the principles of responsible government and ensure ministerial accountability for the special powers.

In particular, we will support amendments that will make the CEO responsible for the overall management of the ACC and ensure that the Minister for Justice and Customs is accountable to the parliament for the work of the ACC. We will also support amendments to ensure that the CEO appoints the head of a task force after consultation with and advice from the board, while the heads of task forces will be responsible to the ACC through the CEO. We will also support amendments to provide that the suspension of the CEO can only take place on the initiative of the minister after consulting the full board and that the removal of the CEO for unsatisfactory performance will be for a ‘for cause’ provision, attracting general administrative law protections.

Other amendments would achieve the following objectives: ensure that complaints against all staff of the ACC may be investigated by the Commonwealth Ombudsman as a minimum; oblige the government, once the ACC has been established, to give urgent attention to ensuring that operational, investigative and support staff work under the same integrity and complaints regime; ensure that the ACC is obliged to provide the parliamentary committee oversiting its operations with any information sought by the committee, except where that information would identify any particular individual suspected of criminal conduct—unless the matter is already in the public domain—or would, in the opinion of the CEO, risk prejudicing the current inquiry; ensure there is no blanket immunity from suit for the ACC; ensure a committee of the board does not have the power to authorise an operation, an investigation as a special operation or an investigation which would in turn enliven the special powers; provide that no part-time examiners can be engaged on a per hour or per diem basis; require examiners to satisfy themselves in each case before they exercise special powers under the act that it is appropriate and reasonable to do so and that they indicate in writing the grounds for having such an opinion; and provide for a comprehensive public review of the ACC act to take place after three years have elapsed from the date of its commencement.

Labor also supported the additional three recommendations made by the majority of Labor PJ members, which related to the system for approving the exercise of coercive powers. In taking this course of action, we acknowledge that this bill is the product of negotiations between the federal government and the Labor governments in the states and territories. But I believe the additional recommendations are within the boundaries of the original agreements between the various governments aimed at streamlining the operation of the ACC.

I understand that the government will also introduce amendments to address those additional recommendations of the majority of the committee’s Labor members. Labor have not yet seen the government’s proposed fur-
ther amendments, but we have agreed in
principle on what those amendments are de-
signed to achieve, especially the insertion of
an appropriate level of ministerial account-
ability through the intergovernmental com-
mittee in relation to the exercise of coercive
powers. As I understand it, drafting is still
taking place and we may not see some of the
amendments until the bill is introduced into
the Senate.

We have already engaged in a number of
discussions on this with the government. I
want to place on record—and I do this delib-
erately and will continue to do this—that I
commend the cooperative approach taken by
the Minister for Justice and Customs and his
office on these matters. We have maintained
lines of communication, and I think that is a
good thing. At the end of this process, we
will see the result. It means that we should
be able to achieve an outcome that is satis-
factory to both sides of parliament. Organi-
sations such as the ACC need cross-party
support to ensure their effective operation.

The bill, when it is amended, should deliver
a model that ensures a stronger and more
effective ACC.

The earlier part of my speech to the par-
liament gave the historical perspective and
also pointed out what provisions the bill
contained when it was first introduced, be-
fore it went off to the committee chaired by
the honourable member for Cook and before
there were subsequent conversations with my
office and the opposition. I must say there
was some extensive consultation taken on
my part around the state with my state Labor
colleagues. And that is the way it should be.

The government have said they want to
have the ACC in place before 1 January; in-
deed, they were so keen to meet their own
deadline that they even advertised the posi-
tion of the CEO before they had introduced
the bill—which I thought was a bit pre-
sumptuous, and I said so at the time. None-
theless, despite that, Labor are willing to
expedite passage of this bill, subject to the
amendments which I believe will reflect our
discussions with the government. What we
will have is an organisation that has cross-
party support from the parliament, which is
as it should be, and is then able to do its job.

I pride myself on the fact that the discussions
we have had have been arguments about
principle. I am not here to score cheap politi-
cal points from the government. In the time
that I have been in this portfolio, the record
shows that on difficult issues my door is
open, and I know the minister’s door is open.
I appreciate the contact we have with his
staff.

I do not apologise for the fact that I like
committees, like the one chaired by the hon-
ourable member for Cook, looking at legis-
lation and bringing in experts and other peo-
ple as part of the process. I did it when I was
chair of the House of Representatives Legal
and Constitutional Affairs Committee. The
current Attorney-General was on that com-
mittee. We acted in a way that allowed ex-
erts in the community to come forward and
we enriched and improved the legislation—
so much so that, from my point of view, I
could not get any references from the gov-
ernment in the end because we operated
within principles. I still pride myself on the
way that committee operated. The child sex
tourism bill and the war crimes bill were
bills we looked at, as well as ESRA and a
range of other things. We should not be
frightened of committees.

But I make this point, and I do not apolo-
gise for it: the federal parliamentary Labor
Party is a player. We are the alternative gov-
ernment—forget about the opinion polls and
whatever they say—and while I am here the
federal parliamentary Labor Party will exert
an influence and have an input into legisla-
tion. I am happy to consult with state col-
leagues and a whole range of others but, at
the end of the day, we have a caucus, we
have processes, we have a shadow cabinet
and caucus committees, and I believe they
are entitled to proper consideration. I believe
that in some instances, putting the argy-
bargy aside, if we follow processes on both
sides of the House in terms of government
committees so that when we elect commit-
tees like the one chaired by the honourable
member for Cook we give them the rein
within certain parameters and we are not
frightened of that, we will end up with a
better result. I am pleased to be able to stand
up in the House this evening and say that, as
a result of the discussions I have had on what I anticipate will be the amendments drafted by the government, they have moved, and so have we, but we have ended up with a better model for the effort. I had serious reservations, particularly when expert after expert went before the parliamentary committee saying they had particular concerns. So there is an important lesson there.

I know there are times when the government will not accept amendments. They do not necessarily have to accept amendments coming from the opposition. But some goodwill has been generated. The terrorism legislation is another example of where, in the end, legislation went through the parliament with government and opposition support, and that legislation was seen to work when we banned an organisation through the United Nations. On that legislation there was input from both sides of the House. I reiterate: I am not frightened of committees like the one chaired by the honourable member for Cook. It should be operating in such a way that it is not dictated to by the government or the opposition but is able to look at the merits of the case. The truth is that we need these processes, because sometimes both sides are guilty of policy on the run: it sounds like a good idea at the time but when you go into the detail it is not quite as simple as it seems.

To me, the fundamental issue in this legislation was ministerial oversight and accountability in relation to coercive powers. We are having this discussion on the ASIO bill. Under the ASIO Act, as it presently stands, the warrants have to be signed off by the Attorney-General. My view is that, in the end, that is the responsibility of ministers. We talk about the separation of powers and we talk about ministerial responsibility, and that is not ministerial interference in the process. My view is that, when the trigger is set off, ministers should not interfere in operational matters and things like that, but there is accountability. That is why, in the end, we have had the discussions. I anticipate that the amendments the government is going to introduce will satisfy reasonable concerns and strike the right balance. I am happy to go on record and say that, in this instance, I think the Minister for Justice and Customs and his office, the chair of the committee and my colleagues on this side of the House—the Hon. Duncan Kerr, the member for Denison, and the honourable member for Maribyrnong—played a constructive role. That is the way it should be.

I know there are a few people running around the place not necessarily happy because the original model could not get up. Well, I say to you: bad luck. There is a parliamentary process. I say to you: I do not have any agenda to run here other than to produce decent laws and, in instances like this, to get the balance right. The balance is that when you elect governments, when you have a parliamentary democracy, on issues like this ministers need to have a level of oversight. I will not come into the parliament and support the situation otherwise, especially when eminent police officers have gone on the record and there is a corporate memory and corporate history in relation to special obtrusive powers, which I accept. That is why I went into some of the history. People say: ‘We are going to agree to the amendments. Why has he gone into that?’ I have done that because too often we forget the corporate memory in relation to some of these things.

I am pleased, and I reiterate, that the amendments I anticipate the government will make—the amendments I think they have accepted—will strike the right balance. There will be a review in three years time. The ACC should be able to get on with the job that it is now going to be empowered to do, confident that the government and the alternative government have signed off on this model. That is important. I also like the fact that you do not have to have a situation where you leave it to the other side, where there is a late trade-off. We have sat down in a position of trust, and I can now stand up in the House without necessarily having seen the amendments—although I will go through them, which is the job I am paid to do, to make sure that they reflect the understandings that have been delivered. I take the minister’s office on trust, because they have never betrayed that trust—and there is nothing wrong with saying that.
It is a situation where, subject to ticking off the amendments and seeing that they conform—which I am sure they will—I am not concerned that I do not have the amendments in front of me, because if there are unintended consequences, I expect the legislation to be properly drafted, not speedily drafted so that we have to come back with subsequent amendments. I am not concerned that some of the amendments will not appear until the legislation reaches the other side. The government knows the agreement that has been reached. I do not apologise for having had discussions with the government, because I said from the outset what my views and the federal parliamentary Labor Party’s views were on this, and I think we have reached the right balance. I reiterate that I value the relationship that I have with the member for Cook and other members of the government when it comes to discussing these matters. There is no attempt to score political points off one another. We are about producing policy and outcomes that we can all live with and that will allow the people whom we charge with the responsibility of these things to get on and do the right job. But I repeat: I am not going to be in a situation today, tomorrow or in the future where I will get up in this House and say we should not have ministerial oversight or some form of oversight of powers such as these, and I do not apologise for that. I repeat: I do not regard it as political interference and I do not regard it as the police commissioners interfering in politics. It is not. It is part of the democratic process. It is called ministerial accountability. The buck stops with the elected representatives. I think the balance is right.

I know that there is going to be a busy schedule in relation to this in the Senate in the next couple of weeks. I reiterate that the Labor Party will accommodate the government’s wishes in ensuring that, once the amendments have been brought forward, we have a situation where we can have the start-up date of 1 January. That also involves the government, obviously. I am not taking the Democrats, the Greens or the minor parties for granted, but the position is that the Democrats, through their representative Senator Brian Greig, were represented on the committee. I have not seen any dissenting comments from Senator Greig that we needed to take into consideration. Our position has been out there; our representatives were there. I am not going to speak on behalf of Senator Greig, but, from the Labor Party’s point of view, the package, with amendments, is one about which I can stand up and say, ‘Yes, it is worthy of support.’

Am I happy with every single line? Is it my preferred model? The honest answer is no. I have some wish lists as well—let us be frank about it. Members of the government, and others, know my private views. But it is not about me getting 100 per cent of what I want; it is about sitting down and getting a model that we think is the best model in the circumstances. It is very difficult to get the Commonwealth and the various states and territories to cooperate on anything. I am a centralist. The best model I would like to see is a central model, getting rid of state and territory governments, but that is living in cloud-cuckoo-land. That is why, when we come to the amendments to do with the additional comments of the Labor members, I understand that we are looking at a two-thirds majority of the IGC, with the federal Minister for Justice and Customs having to be in that two-thirds majority. I think that is an appropriate model. It strikes the right balance in terms of what is proposed.

I notice that the honourable member for Cook has paid me the courtesy of being in the chamber during the whole of my speech. I apologise because I have another commitment which will mean that I cannot stay and listen to what I know will be his worthwhile contribution, but I have delegated to my colleague the honourable member for Melbourne to be my eyes and ears. I am sure that the contribution the member for Cook will make will add to the debate. It is not easy, when you are the chair of a committee on the government side, to come up with recommendations to amend your own government’s legislation. Been there; done that. I think there is nothing wrong with that because you end up with a better product. You are not there as a token chair in any of these committees and nor are the Labor members of the committees.
I acknowledge that one of my colleagues in the Senate did not sign the additional comments. That is his view; he is entitled to that. It is not my job to bully the four members of the Labor Party on the committee and to say, ‘You have to toe a particular line.’ He is entitled to a different view. He is entitled to say, ‘Sorry, I do not necessarily want to sign up to the views of my shadow minister.’ That is an indication of how I operate. I am not frightened that one of the opposition members of the committee did not sign up to the report. I think that is healthy. But I am pleased that the three members who signed up to those additional comments were able, in discussions with the government, to argue the merits. I think we have dropped off a bit and the government has come a long way to meeting what were genuine concerns. There is more than one creative way to meet everyone’s needs in a balanced way. A lot of good people of goodwill have produced a result that the Labor Party will do everything we can to make sure goes through the Senate. That would not have been the result if what I thought were reasonable requests had not been picked up by the government. I commend everyone involved.

Mr Baird (Cook) (6.37 p.m.)—I am very happy to follow the member for Banks in the debate on the Australian Crime Commission Establishment Bill 2002. I thank him for his comments tonight and commend him for the role he played in bringing the various parties together. It is, in some ways, a model for what can be achieved through the democratic process. We have an agreement which has been forged with the cooperation of state police ministers; state attorneys-general; the federal minister for Minister for Justice and Customs, Minister Ellison—whom I commend—who has done an outstanding job in this whole area; the minister’s staff, who have always been available and on the case; staff from the Attorney-General’s Department who followed us around and listened to the debate; opposition members’ staff who listened to the debate; and also colleagues from both sides.

I think of the member for Dickson and Senator McGauran, who followed us around; the member for Denison; the member for Maribyrnong, who contributed very significantly; and Senator Hutchins and Senator Ferris, who were also involved in this process. So a number of people have been involved in what is a very significant part of the Australian legal environment. It is about pursuing those who are involved in organising crime rings, in money laundering and in a range of activities which call into question the welfare of the people of Australia. A number of people are involved in monitoring the importation of drugs and in detecting the various crime rings and their links with international crime syndicates. This is a very significant and highly important role, and certainly those who have been involved in producing the legislation deserve commendation. Simon Overland, who chaired the oversight committee for many hours, also made a significant contribution to the decisions through his own involvement in law enforcement in the AFP.

Altogether, we have legislation that I believe is significantly improved. The committee have worked on it, we have heard submissions and we are very pleased that, with the exception of two what I would regard as fairly minor recommendations, the government, through the minister, has agreed with the recommendations that the committee put forward. There has been a change of view on how the NCA operated in the past. There was no doubt that the organisation had come off the boil. There were those who would say that it was because of the various personnel involved or that it was the way in which it was structured. For whatever reason, I believe we now have a new organisation that the states have signed up to and say meets their needs. There is certainly a ‘bluing’ of the organisation, to use a term which has been thrown around.

In terms of governance, the Australian Crime Commission will comprise predominantly police commissioners and the heads of various law enforcement bodies such as ASIO and the Attorney-General’s Department. But, for the first time, the operational heads of police forces around Australia will come together to share intelligence information and look at their major concerns. The resources of the Commonwealth in terms of
the Australian Crime Commission and the resources of key task forces made up of skilled personnel from the police forces around Australia will be brought together. On the surface of it, it looks as though it is likely to be a very effective model. We have heard the criticisms and listened to the concerns of various bodies such as the law councils in various states and the barristers’ groups. I think the recommendations that have been accepted will improve the legislation. Certainly, I believe the way in which the minister has responded to these suggestions has been first class.

There were two major areas of concern. One was the area of governance. We looked, first of all, at whether it was appropriate for the board to be set up in the way that was proposed—that is, with the police commissioners. We finally decided that this was an agreement between the federal government and the state governments and we would not interfere with that. There were also many reasons why it should be set up that way—the wealth of information and experience that the police commissioners can bring together. The other area of concern involved the use of coercive powers, which are royal commission powers. It is the first time that police commissioners will have access to such significant and far-reaching powers, and they are not given lightly. Much of the discussion centred around the use of coercive powers and whether or not members of the board on a subcommittee, as defined in the proposed legislation, should be the ones to make decisions on such significant matters as coercive powers or whether or not they should be referred to the intergovernmental committee—the ministerial council—for final ratification.

In the final analysis, there was a mixed view about the board. There was certainly concern about the correct use of coercive powers. On the other hand, there was also a very strong view that we did not want to saddle the new organisation with so many rules, restrictions and time constraints in order to use the coercive powers that the people involved in the various crime syndicates would simply disappear. That was not something that anyone wanted, so a compromise was reached in the recommendations that were brought forward. What was very clear was that we did not think it appropriate that members of subcommittees should make the decision in relation to coercive powers and that this should be made by the full board. It is very worth while that both sides of the House and the minister have agreed that any decisions regarding the use of coercive powers will be made by the full board and that no subcommittee can make a decision without reference to the full board. That is important; that is significant.

The other question that remained was whether the decision regarding the coercive powers should be ratified by the ministers on the IGC. A lot of colleagues felt that this would only complicate the matter, that the minister should not be involved because that would make the whole process political. On the other side, there was the view that there should be some check on the extent of the powers given—the strongest powers that exist in the legal area; royal commission powers. Various models were looked at. The member for Denison drafted the proposals in the supplementary comments.

Further discussions are being held within the minister’s office as to how some of these recommendations could be incorporated in a disallowance measure. There are apparently some issues yet to be resolved, but I certainly commend the minister, his staff and the staff of the Attorney-General’s Department for the goodwill they have exercised in this area. I also commend the members of the opposition for trying to resolve the issue of providing some check on the questions of the IGC and also of avoiding the problems of disputes emerging, the references to other courts, the delays in the investigation process and intelligence gathering. All of these are so vital if we want to stop the crime syndicates developing, if we want to stop the importation of drugs and if we want to stop the money laundering that exists. Obviously the way in which it is expedited is most important. We look for a resolution soon in terms of the legal aspects of the use of these powers.

There are two other key aspects. One is in respect of the CEO’s powers. It was consid-
erected that the CEO was taking on the role of the chairman under the Gary Crooke model—he is both the chairman and basically the CEO as well. We now have a board and the chairman and CEO being the head of the AFP. The problem with the legislation is that a lot of the key decisions in relation to the appointment of task forces bypassed the CEO. Where the task force would be appointed by the board, the head of the task force would report to the board and the CEO would be bypassed. The recommendation made by the PJC is that the decision should be made by the CEO in conjunction with the board so both parties are involved. The task forces, when they are actually in situ within the auspices of the ACC, would report to the CEO. I think that is a significant move forward to ensure that the CEO is, in all senses, the operational head of the organisation and will play a full role in providing the resources for the work to be carried out at the ACC.

The final area that occupied most of the time was the question of ensuring the independence of the examiners. When they use the coercive powers, it is important that there is a full briefing as to the reasons for the use of the coercive powers, that they are briefed on all aspects of the case and that they satisfy themselves why the case is proceeding in this manner. The recommendation of the PJC is to ensure the greater independence of the examiners, which is central to the operation of the ACC. They should be appointed by the Executive Council and be approved by the Governor-General in final terms to ensure their independence.

They should insure themselves in terms of the information provided. There was a lot of debate about whether they should provide reasons in writing as to their use of coercive powers. I was very pleased to see the unanimous agreement of both the Leader of the Opposition and the minister that, yes, there would be a requirement that some notes be taken in relation to the reasons for the use of coercive powers. So those areas of concern to the committee—the use of coercive powers, the role of the CEO, the independence of the examiners and the justification of the use of coercive powers—were addressed in the recommendations of the PJC. They have also been addressed by the minister with the assistance of the Attorney-General officers, who have done an excellent job in relation to this bill in a very short time frame. I believe we have something that is going to be very worthwhile.

Other recommendations were approved as part of those put forward by the PJC. We are very pleased to see that the suspension of the CEO is now going to be done by the minister in conjunction with the board; that staff conditions are to be coordinated; that the complaints will go through the ombudsman, but we are also looking at some other mechanism to ensure the integrity of the operation; that the organisation will be able to be sued, which I think is important as there should be no blanket immunity; and that there should be no part-time examiners. Part of the decision by the minister following the recommendations of the PJC is that greater access will be provided by the PJC and that there will be a review after three years. I believe all of these things will strengthen the bill. It has been a very worthwhile experience working with all of the people involved and bringing this to fruition. We look forward to hearing the other speakers in the debate on this bill. I certainly commend those people involved in bringing this forward to the House and I for one commend the bill to the House.

Mr SCIACCA (Bowman) (6.50 p.m.)—When people move into my electorate, and I am sure this happens in many electorates around the country, we write to them and welcome them. We let them know who we are and how we can be contacted. We invite them to let us know about the issues that are important to them so that we can best represent their views here in Canberra. It would be no exaggeration that in my electorate, as many of them do—upwards of 90 per cent—nominate law and order, crime prevention and, more and more frequently over the last year, terrorism and security issues as being important to them. If opinion polls and talkback radio are anything to go by, the concerns of my constituents in the Redlands Shire and the bayside suburbs
of Brisbane are felt just as strongly across the country. So the Australian Crime Commission Establishment Bill 2002 and the measures such as those we are debating today to uphold and protect law and order are as important in meeting the community’s expectations of government as any bit of legislation. But it is important that, when structuring a national body to combat crime, the proper checks and balances are put in place to maximise the effectiveness of its operations and to protect the public interest.

Pursuant to a promise made at the last election in the wake of September 11, this bill has been developed through negotiations between the Commonwealth and state and territory governments, represented by their police ministers. It creates a new body, the Australian Crime Commission, which will bring together the operations of the National Crime Authority, the Australian Bureau of Criminal Intelligence and the Office of Strategic Crime Assessments. The Australian Crime Commission will be charged with collecting, collating, analysing and disseminating criminal information and intelligence, where authorised to undertake investigations and intelligence operations involving the use of coercive powers with respect to federally relevant criminal activity, and with providing strategic crime intelligence assessments.

When the bill was referred to the parliamentary Joint Committee on the National Crime Authority several recommendations were made, the majority of which related to introducing measures to ensure the accountability and, where appropriate, the transparency of the ACC, its operations and its staff. For example, the committee recommended that the power of the minister to suspend or terminate the commission’s CEO for unsatisfactory performance conferred in the original bill be amended to require the minister to show cause for such a decision to a full meeting of the ACC board. Other recommendations set out that complaints about ACC staff should be referable to the Commonwealth Ombudsman and that the ACC should not enjoy blanket immunity from legal action. The Labor members of the committee—Duncan Kerr, Bob Sercombe and Kay Denman—handed down three additional recommendations relating to checks needed against the coercive powers of the ACC.

Labor support the bill because we support the continuance of a national crime agency with the capacity to investigate crime and overcome the usual barriers posed by Australia’s multijurisdictional system of criminal law to pursue drug trafficking and organised crime. But the existence of such a body creates a corollary duty for parliamentarians to ensure that the extensive powers necessary for the ACC to be effective are balanced by appropriate checks against abuse, and that is why Labor will be moving amendments in the Senate to incorporate the recommendations of the Labor committee members in this bill.

The role of parliament and its elected members in providing and enforcing checks against the abuse of power in both the public and private sectors was the subject of the inaugural conference of the Global Organisation of Parliamentarians Against Corruption, known as GOPAC, which I was fortunate enough to attend in Ottawa, Canada, in October. I want to talk about a little bit about that in the context of this bill, in the sense that it is parliaments around the world that want to stop corruption. The organisation is the brainchild of John Williams MP, who is a member of the Canadian parliament. He is Chairman of the Standing Committee on Public Accounts in the Canadian House of Commons. GOPAC’s aims are to bring together parliamentarians from around the world who are serious about picking up the challenge to fight corruption. We all think that Australia is immune from corruption, and it is true, thankfully, that we are not as corrupt as many of the other countries around the world. But there are many countries around the world that have parliaments that are very corrupt.

The concept was, as I said, the brainchild of John Williams MP, a very dedicated member of parliament and a person for whom I have a great deal of respect. I never even asked him his politics when I was over there. He is in opposition; I do not know which party is in government in Canada at the moment. He is just a good guy and he was there with all the right motives. The
ideas behind it are: (1) to develop a better, shared understanding among parliamentarians of the nature of problems faced with respect to crime and corruption and the means to address them; (2) to recognise that fighting corruption is important for the wellbeing of people everywhere and that parliamentarians have an important role to play in building integrity in governance; and (3) to create an organisation to enable parliamentarians to work collectively in building stronger parliaments and integrity in governance. Last month's conference, which involved more than 160 delegates—all members of parliament from around the world—representing more than 60 countries, provided a solid foundation for the organisation to build on.

I want to say a little bit more about this particular conference, because I must say that, when I agreed to go on the way back from attending the IPU conference in Geneva, I had misgivings about it; I did not know what to expect. It was in fact sponsored by the Canadian parliament itself. We sat in the Ottawa House of Commons. Those of you who are fortunate enough to have gone to Canada will know that the House of Commons and the parliamentary buildings in Ottawa are absolutely magnificent. They are from the Queen Victoria era and they really are something to see. We actually sat in the Canadian House of Commons. It was taken extraordinarily seriously. We actually filled the place; it was extraordinary. There were people from every corner of the globe: Nigeria, Latin American countries, African countries, emerging democracies, Russia, the United States and Mexico. It really was a great way of seeing parliamentarians work not for the betterment of their government or the betterment of their party but for the betterment of world conditions insofar as they relate to the question of corrupt practices that unfortunately are prevalent in many countries around the world.

As I said, everybody took it very seriously. There were some terrific contributions. I made particular friends with one of the people there, the Deputy Speaker of the Nigerian parliament, Chibudom Nwuche. He is a terrific fellow who is extraordinarily concerned about the corruption in his country and how that is in itself constraining the parliament of Nigeria in its aim of legitimacy. There are many Third World countries that have the same problem. The fact is that, if corrupt practices are going on, countries cannot spend that money on health or on education—on looking after their citizens. These genuine members of parliament who have genuine feelings outside the party-political process were there for the purpose of trying to make a difference. I must say that I have an enormous amount of respect for these people. As I said, I happened to be there because I was on my way back from another conference. These people were there because they have an enormous drive to make sure that they do something not only for the cause of a good governance but also to help people in their own countries. They see the insidious way in which corruption is causing problems in their countries.

The conference was divided into three workshop groups which examined the question of corruption from three different perspectives. The first was the role of the individual parliamentarian. This workshop looked at ways to engage the public in the parliamentary process and instil greater confidence in elected representatives by using the media, the community and non-government organisations to demystify the process and alert the community to anticorruption policies and programs. The second was the role of parliament in its oversight capacity. The second regional workshop looked at the capacity of state institutions to check against abuses by other public agencies and branches of government in a similar vein to the recommendations handed down by the joint parliamentary committee on the bill before this House.

The third workshop was about the role of the parliament as an institution operating with integrity. It was this third workshop that I participated in and acted as cochairperson of. We examined the importance of high standards of disclosure and conduct by parliamentarians, and transparency in the parliamentary and electoral process. It was quite interesting to hear the views of people from around the world as to some of their practices. I was very pleased to tell them that we
in Australia have all these conflict of interest provisions for members of parliament, such as statements of pecuniary interests et cetera.

They pointed out that, even in the richest of Western countries, corruption in some form or another is still there. They mentioned, for instance, campaign donations—large contributions, which happen across all our parties in this country. Sometimes these monies are given in the hope that somewhere along the line the particular company—that bank or whoever it is—that donates the money might in a discretionary sense get some sort of a go or might be given some preference. I am not saying that it happens, but a lot of these people who do make these donations sometimes think, ‘If something comes up during the course of the next three years, maybe—just maybe—I might get a position on a board or a statutory authority.’ That is not the way we work in this country. But there are people out there who think that maybe it does not hurt. If that perception, at least, were not in their minds, there probably would be no money at all given to parties of whatever political persuasion across the length and breadth of this country.

The delegates there were extraordinarily good people. I was privileged not only to have the valuable experience of hearing from speakers from across Asia, Africa, Europe, South America and Russia who recounted their experiences and outlined their ambitions for future initiatives in their country to combat corruption but also to have the opportunity to address the conference about the accountability mechanisms and anticorruption measures currently in use in Australia. I think the Swedish and the Norwegian delegates said they had similar mechanisms as well. I had the honour of being elected as a member of the world board of directors of the GOPAC organisation on an interim basis—and I will explain that in a moment—representing Australia, New Zealand and the Pacific region.

Conference delegates are committed to establishing regional chapters of the organisation, establishing interparliamentary networks with the capacity to provide politicians with any material and technical support and to coordinate forums in which political leaders from neighbouring countries can share accounts of their own anticorruption efforts. There are already a number. The Africans, for instance, in whose countries corruption is rife, have a chapter. The Latin Americans have already got a chapter. On the board of directors they are entitled to three delegates from each chapter where their constitution is already registered with the appropriate authority.

The organisation is run from Ottawa with the help of a non-government organisation called the Parliamentary Centre. It is a non-government organisation. This conference, which I suspect was quite expensive to put on, was partially funded by the World Bank Institute. We are talking here about something which is of international importance, something about which Australians cannot say, ‘We don’t need that sort of thing.’ Perhaps we are saying, ‘We don’t have that sort of problem, but we can help others who have got that problem.’ I thought it was something we could subscribe to. I will be trying, if I can, to start a chapter in our region. Regional chapters will be charged with working together with non-government organisations dedicated to the same cause, namely to coordinate anticorruption workshops at a national and regional level; sponsor research and disseminate information on best practices; facilitate general information sharing through the use of web sites, email and other services; and promote the causes of member nations in furtherance of the aims and objectives of the organisation.

I will be working over the coming months to establish a chapter of GOPAC in our region, and will be extending an invitation to all elected representatives in both houses of our parliament and also in New Zealand and Pacific countries. That was the undertaking I gave to the conference. I look forward to working together with members and senators in a bipartisan manner to advance the objectives of this very worthwhile organisation. I will be writing to all my colleagues on both sides of the House and the Senate, and also to the New Zealand parliament, to do the same thing. In many cases, the delegations that went to this conference were actual official parliamentary delegations sent and paid
for by their parliaments. That was the case in almost all the countries, including some of the Indian subcontinent countries as well.

China was there—and I will not make any further comment on that. Japan was there and South Korea was there. It was extraordinary. I did not really think that there were that many parliamentarians around the world, particularly from countries where corruption flourishes, that would be interested. Importantly, GOPAC and its regional chapters are developed along the concept of self-help rather than, ‘Some people have a problem and some have the answers.’ No-one is immune to corruption. There is a role for parliamentarians in all nations to improve standards of accountability and transparency in our public and private institutions. Pooling our resources and knowledge, forging solid relationships amongst parliamentarians within our region, and joining together political leaders with the common goal of being vigilant in the fight against crime and corruption provides us with a wonderful opportunity to work together with our neighbours to promote strategies to ensure better public and corporate governance, to put in place more effective measures to prevent organised crime and to inspire greater public trust and confidence in public agencies and institutions and their activities.

I will very quickly read from the draft of the constitution rules and regulations of a regional chapter—which are, if you like, the model rules. The preamble says:

RECOGNIZING: The supremacy of parliament as the institution to whom a government is answerable and accountable.

AWARE: That corruption poses a grave danger to the well being of all people and to the development of their societies.

ALARMED: That corruption diverts scarce resources from basic human needs and destroys confidence in the integrity of our institutions.

CONCERNED: That it is essential that we develop healthy, balanced relations between the state, civil society and the marketplace and that parliaments be strengthened as effective institutions of accountability in approving the policies and actions of governments.

ACKNOWLEDGING: That corruption can best be controlled by strengthening systems of accountability, transparency and public participation in the governance process.

REALIZING: The great value of parliamentarians coming together to create a proactive strategy, to share information, experience and lessons learned, and to develop initiatives to strengthen parliaments in the fight against corruption.

REITERATING: Our commitment to promote legislation to strengthen society and uphold transparency and accountability by:

- Building the commitment and capacity of parliaments to exercise accountability with particular relation to financial matters
- Sharing information lessons learned and best practices
- Undertaking projects to reduce corruption and promote good governance
- Cooperating with IFIs and organizations in civil society with shared objectives
- Recognizing that the rule of law is paramount in the development of a healthy, free and productive society.

Do hereby resolve to form a regional chapter for Parliamentarians against corruption as a tool for strengthening Parliaments’ effectiveness as the first line in the fight against corruption. Forging strong relations in our region can only serve to strengthen and advance the role of the ACC to investigate and counter the transnational crime envisioned in this bill. I would like to think that, while it sounds a little bit complicated at the beginning, we can get this regional chapter going here in Australia, New Zealand and the Pacific region. I think that parliamentarians from this region sharing information and letting each other know about what is going on and about some of the mechanisms they are taking up in their own parliaments can only serve to help us fight what is an insidious cancer in our society—that is, crime generally and corruption in particular.

I look forward to writing in the not too distant future to all my colleagues to inform them about the organisation. This is not part of the IPU or a friendship society or anything else. If they really believe in trying to help those countries, particularly in the Pacific region where this sort of thing is very prevalent, I would really welcome their getting involved in this. I am only on the board of directors at the moment because I happen
to be the only one there from our region. There are some positions available if you want them. They are not positions you will get anything from but you might get a lot of moral good feeling because it is something worthwhile to belong to. Mr Deputy Speaker, thank you for the opportunity to speak about GOPAC in the context of this bill. Naturally, I support the bill.

Ms JULIE BISHOP (Curtin) (7.09 p.m.)—I rise to speak on the Australian Crime Commission Establishment Bill 2002. There is an old quotation: he who does not prevent a crime when he can, encourages it. The Howard government cannot be so charged, given the innovative and proactive approach it has adopted toward federal law enforcement in Australia. This commitment has included more effective federal policing, with priority accorded to the prevention of illicit drug importation, people smuggling, organised crime, terrorism, cybercrime, money laundering and fraud against the Commonwealth; as well as enhanced intelligence collection, analysis and sharing capabilities; uniform national firearms laws; crime prevention programs; and model uniform national criminal laws.

This commitment on the part of the Commonwealth is most appropriate considering that crime costs the Australian community between $18 billion and $20 billion annually, with the cost of drug offences alone estimated to be at about $2 billion. Such assessments are presently the subject of a House of Representatives committee inquiry, most ably chaired by the member for Mackellar. It is interesting that in the course of that inquiry the committee has been made well aware of the grave concerns about public safety and crime held by many members of the community. We have also had the opportunity to hear contrary evidence from people who maintain that public fear of crime is overstated and mistaken. Of these latter submissions, I am reminded of the words of the then Mayor of Washington DC, Marion Barry, who said, ‘Outside of the killings, Washington has one of the lowest crime rates in the country’.

The great majority of Australians recognise that crime is a priority for governments, federal and state. But if Commonwealth law enforcement is to have real teeth then important structural changes need to be implemented. This is not simply the opinion of the federal government but a unanimous opinion of Australia’s state and territory leaders. During last year’s election campaign, the Prime Minister called for a comprehensive re-evaluation of the National Crime Authority, the NCA. Such a re-evaluation was all the more important in the wake of the September 11 terrorist attacks and the expanded role expected of Australian police in dealing with terrorism.

In order to facilitate a national and genuinely federal framework for law enforcement, a summit was convened in April of Commonwealth, state and territory leaders. The communique produced by the participants at that summit stipulated 23 different initiatives. Included amongst those 23 initiatives—initiatives that were agreed to unanimously—was the establishment of the Australian Crime Commission, the ACC. It is anticipated that the ACC will replace the NCA, a body which has been tasked with countering serious and organised crime over the past eighteen years. The ACC will be better placed to achieve that objective given the anticipated structural reforms. Such reforms include the incorporation of other law enforcement bodies: the Office of Strategic Crime Assessments, the OSCA; and the Australian Bureau of Criminal Investigation, the ABCI.

By way of background, the OSCA, which is a component of the Criminal Justice Division of the Attorney-General’s Department, was established seven years ago. Its duty has been to undertake strategic research into crime trends and threats that might arise in the medium to long term—that is, within five years. The ABCI was established by way of federal-state cooperation in 1981. The bureau facilitates the exchange of information between police services and other law enforcement agencies through analysis, information technology, policy and training, as well as the maintenance of the Australian Criminal Intelligence Database. It is intended that the new ACC, combining the NCA, OSCA and ABCI, will be characterised by
improved criminal intelligence collection and analysis, clearer national criminal intelligence priorities and intelligence led investigations of nationalised crime. In this regard, the ACC will improve upon the crime-fighting capabilities of the component parts. A board consisting of 13 voting members and a non-voting Chief Executive Officer will govern the ACC and determine its policy and direction. The CEO will be responsible for day-to-day agency management.

The chairman of the ACC board will be the Australian Federal Police commissioner, and the other board members will be the eight state and territory police commissioners, the federal director of security, the chair of the Australian Securities and Investments Commission, the head of the Australian Customs Service and the secretary to the Commonwealth Attorney-General’s Department. In addition to the board, the reforms will retain the intergovernmental committee that governed the NCA. That committee will be renamed the Intergovernmental Committee of the Australian Crime Commission and will provide a monitoring and oversight function for the ACC. So too the Joint Statutory Committee on the NCA, which will as a consequence of these reforms become the Joint Statutory Committee on the ACC. In terms of staffing and resources, the ACC will initially maintain the NCA-OSCA-ABCI arrangements with a view to moulding the staffing structure to meet operational requirements that will include an in-house investigative capacity. The commission will be headquartered in Canberra but will retain the current NCA offices around the country.

I have already mentioned the parliamentary Joint Committee on the National Crime Authority, but I would like to use this opportunity to comment favourably on the committee’s findings on this bill garnered in the course of its inquiry and the competent chairmanship of my friend and colleague the member for Cook. The merit of many of the recommendations put forward by the committee has been recognised by the government in its amendments to the original bill. The government has agreed to recommendation 2 of the report, which is to restore the entitlement for the ACC to develop international law enforcement relationships in the same fashion as the NCA. Section 17 of the NCA Act will be reinserted so as to apply to the ACC. Likewise, the government has agreed to recommendation 3, which suggested that the relevant state or states be informed of proposed ACC operations or investigations within their borders. The Commonwealth has agreed to recommendation 4, that the bill explicitly recognise the responsibility of the CEO for overall management of the ACC, with the Minister for Justice and Customs responsible to the parliament and the CEO to appoint task force heads after consultation with the board.

Agreement has also been given to recommendations 6, 8, 11, 13 and 15, which cover staff conditions, integrity and complaints regimes, blanket immunity, part-time examiners and further public review. In-principle agreement will also be accorded to recommendation 5, that the minister must not suspend the CEO unless the minister has consulted the board and that proper conditions apply to termination of a CEO; to recommendation 7, which relates to the role of the Commonwealth Ombudsman; to recommendation 9, with respect to the access to information by the future Joint Statutory Committee on the ACC; and to recommendation 12, which deals with ratification of special operations and investigations. Recommendation 14, related to the exercise of special powers by examiners, has also been agreed to in part.

I would like to conclude by considering two important themes to these reforms. First, I am pleased to note the federalist tenor of the ACC. The level of cooperation achieved between the Commonwealth, the states and the territories at both the April summit and the August discussions is to be applauded, and thanks are due to the Minister for Justice and Customs, Senator Chris Ellison. The structure of the ACC board, the retention of the intergovernmental committee, the amendment in relation to operations within state borders and the retention of the NCA office structure are all indicative of a genuinely federal approach to public policy. Australia is a federation of states joined together by their mutual agreement. This is not an
operation in which the Commonwealth has sought to reduce state sovereignty nor centralise decision making. Instead, the input of all the states and territories is complemented by the administrative improvements built into the ACC. As such, the ACC is a model for cooperative federalism worthy of the name.

Second, the establishment of the ACC recognises the unique and imminent threat of terrorism and the connection of terrorism to other forms of criminality. Back in September, a plot was revealed concerning the attempted purchase with the profits of illicit drug trafficking of Stinger shoulder-fired anti-aircraft missiles by al-Qaeda operatives in Hong Kong. It is alleged that these persons attempted to sell half a tonne of heroin and five tonnes of hashish in California in order to finance the Stingers, which are weapons that could be used to down commercial or military aircraft. The spectre of global money laundering connects terrorists to crime—and not surprisingly, given that an estimated $US860 billion has been laundered in this year alone. While only a small amount of this total is related directly to terrorist funding, the money laundering system makes available to terrorists the means of obscuring the sources of support. As such, the fight against transnational crime by way of agencies such as the ACC is crucial to our broader national security. The bill before us will do much to make Australia a safer place. I commend it to the House.

Mr KERR (Denison) (7.20 p.m.)—The member for Cook and the shadow minister for justice and customs have each spoken in the debate about the constructive work of the committee reviewing the Australian Crime Commission Establishment Bill 2002, and I join with them in recognising the way in which the government has responded to the bulk of those recommendations. I will address some of the specifics in more detail later on, but I should say a little bit about the way in which we were assisted by witnesses who appeared at the public hearings and who made submissions. The circumstances were not particularly auspicious. Although the government had flagged an intention to move in this direction, there was no legislation produced for a substantial period of time. We were then given to understand that, because of intentions to replace the National Crime Authority with the new Australian Crime Commission so that it would be operational before the commencement of next year, we had to operate in a very shortened time frame.

Despite that, we had some exceptionally competent submissions made to us. I single out, with no disrespect to those whom I do not mention, the submission made to us by Mr Bill Coad, who had previously given great service to the Commonwealth, initially as the head of AUSTRAC and later as the Commonwealth official appointed to review Commonwealth law enforcement arrangements during the time in which I was justice minister. I also note the submissions made by Judge Betty King, a former member of the National Crime Authority; Mr Greg Melick, also a former member of the National Crime Authority; and a former chair of the National Crime Authority who gave evidence in a private capacity, Mr John Broome. I should also acknowledge and thank, in particular, Mr Chris Meaney and Mr Simon Overland. Although there were other officials of the Attorney-General’s Department who assisted with the work of the committee, those two carried the greatest weight of those making submissions. I acknowledge too the submission made to the committee by the Australian Law Council, by my former parliamentary and ministerial colleague Michael Lavarch.

All that said, it is a little concerning that at no stage has a fully developed rationale for the changes that have been made been made public by this government. There have been a number of occasions in recent years where the work of the National Crime Authority has been reviewed by the parliamentary Joint Committee on the National Crime Authority. I have served on all of those committee inquiries in recent years, and the tenor of the submissions made both by the government and by private individuals was that the organisation was working broadly well and that the enhanced powers that were conferred upon the organisation in the last parliament were going to give to the National Crime
Authority a substantially enhanced capacity to undertake its important work.

For reasons which still remain obscure, a decision was made to transform that organisation, to reconstruct it in a manner which gave greater emphasis to it being directed by law enforcement officials and to restructure it in a way which gave to a board—constituted largely by state and Commonwealth police commissioners—the management and directing mind of the organisation, rather than to appointees of both the Commonwealth government and of the states who were, in a sense, three royal commissioners exercising both the powers of royal commissioners and the management of the National Crime Authority. That having been agreed by the Commonwealth and state governments, and we being put into a circumstance whereby the government had already advertised for new staff and where the existing organisation was obviously not in a real circumstance able to continue—losing many of its staff because of uncertainty over the future—it would have been irresponsible of us to have approached our task other than to have sought to have found the best accommodation of those large objectives that had been agreed within a very limited period of time.

I think it is a mark of the hard work that was put in by the chair of the committee and by my colleague the member for Maribyrnong, Mr Sercombe, as deputy chair, and the other members who participated in the hearings—a number of whom put themselves to some considerable inconvenience to find the time, in a very compressed framework, to undertake some very serious analysis of this legislation—that the changes that have been agreed by the Commonwealth and state governments, and we being put into a circumstance whereby the government had already advertised for new staff and where the existing organisation was obviously not in a real circumstance able to continue—losing many of its staff because of uncertainty over the future—it would have been irresponsible of us to have approached our task other than to have sought to have found the best accommodation of those large objectives that had been agreed within a very limited period of time.

Might I say, though, that I am still disturbed that the decision around which issues will be the subject of the exercise of the coercive powers will now be made, essentially, by police rather than by ministers. I believe it is one of the fundamental issues that goes to the confidence of the community in the way in which our system of justice operates that, ultimately, there be accountability to parliaments for such decisions. Where royal commissions are established, they are established by an act of the executive, but the executive is in turn responsible to the parliament. It has been hitherto unthinkable that we would confer such powers upon police agencies. To emphasise that point I need do no more than refer to evidence given to both the Legal and Constitutional References Committee and the Joint Committee on the National Crime Authority by the Commissioner of the Australian Federal Police, Mr Mick Keelty, when he testified on 15 March 2001, saying:

The AFP enjoys a close strategic partnership with the NCA.

... ... ...

The AFP believes it is appropriate for the NCA to exist as an independent agency. It is inappropriate for any police organisation to have the special powers conferred upon the NCA.

Later, on 2 April 2001, he repeated that ‘it would not be appropriate to vest those powers into a police agency’.

We in the committee were mindful that we were asked to report on a bill that had been the product of negotiation and compromise at an officer level between the states and the Commonwealth and that those negotiations had occurred within a framework of a heads of agreement entered into by the Prime Minister and the premiers. We took it as given that the outcomes of those negotiations—albeit conducted without public input—should not be interfered with unless there were good reasons to do so. We in the committee were also mindful that any proposal to vest the powers of the kind of a royal commission or those possessed by the National Crime Authority into a body directed by the heads of Australian law enforcement agencies represented a shift not only of emphasis but also of principle.

There is an outstanding issue, which I think remains important—that there ought be a mechanism of accountability for the determination of the scope of the exercise of such coercive powers through ministers ultimately accountable to their respective parliaments. I
understand this issue is still being worked through. There is a broad agreement on a different method from that proposed by those members who participated and added comments. I would hope that mechanism is one which is transparent and gives effect to the broad principle that I am articulating, because I do believe it reflects an important principle, of the kind that was referred to by the member for Bowman—the responsibility of parliamentarians to ensure that they in turn take responsibility for supervising the actions of the executive.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Four-Wheel Drive Vehicles

Mr RIPOLL (Oxley) (7.30 p.m.)—The humble four-wheel drive vehicle has come in for a lot of bashing in recent months. There is no limit to those who will line up to give the four-wheel drives a kick in the bumper and no limit to the denigration heaped on the drivers of this said ‘pox on society’. I cannot recall such hysteria since the George W. Bush speech on the war on terror: ‘we’ll flush them out’, ‘we’ll get them’, ‘down every burrow’. If it sounds like war, it is because it is.

But is all this criticism fair or are they just fair game? There have been some very high-profile critics who want these vehicles banned and who have said things about the drivers that cannot be repeated in this chamber. One of these critics is former Prime Minister Paul Keating, just to name one. The most infamous four-wheel drive hater says that all four-wheel drives should be banned, taxed out of reach and purged from city roads completely. But whatever is said, the reality is that ordinary Australians still regard the humble four-wheel drive as a part of their lives and a part of our culture. Statistics show that sales of four-wheel drives have soared and are still growing, making up over 22 per cent of total vehicle sales.

Gone are the days when only farmers and outback folk owned four-wheel drives. Today the owners of four-wheel drives are mums and dads who need extra seats for a big family or to pick up their kids’ school-friends, people who want to go fishing and exploring, retired couples who want a vehicle that is big enough to take them all around Australia towing a caravan or boat, and families who want to spend the odd weekend at Fraser Island or Moreton Island—if you are from my area. They are also tradesmen and workers, who have four-wheel drives for use on construction sites and for towing heavy trailers. They are ordinary people who cannot afford more than one vehicle but want a practical motor car. There is a whole range of different people, including the Toorak tractor drivers in their $100,000-plus Range Rovers and the yuppies who never go off-road.

Whoever drives these cars, and for whatever reason, the fact is that obviously they are legal and completely meet Australian safety standards; in fact many of them exceed these standards. According to national road toll figures, four-wheel drives have been involved in 12 per cent of all road fatalities. This is a tragedy, of course, and that number needs to be reduced. It is also an increase from previous years. However, if you compare the increase in the number of four-wheel drives and kilometres travelled, it is on par with statistics for other vehicles. The national road toll is not high because of four-wheel drives; it is high because people have accidents. The main factors known to be involved in causing deaths on our roads are driver fatigue; drink-driving, which is responsible for the majority of fatalities; road conditions or driving contrary to road conditions; inexperienced and young drivers—those most at risk; speeding; and road rage. There are many other factors, such as very poor roads and very dangerous black spot areas; and country roads remain high-risk areas. But nowhere does the four-wheel drive turn up as the reason for and cause of road fatalities—simply because it is not the culprit.

There are many types of four-wheel drive vehicles, including very small two-seater types that weigh less and are smaller than most compact cars. There are four-wheel drive vehicles such as the Subaru WRX or
Honda CRV, a sedan and a sports hatch respectively. Then there are those growing in popularity, such as the Hyundai, the Mitsubishi and other makes of four-wheel drive medium sized wagons that are no larger than the average Commodore or Falcon. Not all four-wheel drives are very large, gas-guzzling monsters, as portrayed by some. Many of the large Toyota and Nissan four-wheel drives are also LPG converted to save on fuel costs and reduce pollution, something that the government should seriously consider encouraging—along with a high ethanol content; that would be a great idea as well.

Four-wheel drives are here, and they are here to stay. We cannot ban them from city roads any more than we can ban red, two-door cars with fluffy dice swinging from the rear-vision mirror. So let's just cut the rubbish and get on with the serious issues, like reducing the incidence of drink-driving, speeding, road rage and so on, and improving our road networks and public transport systems. No one type of vehicle is the scourge of society. It seems that we in the city have just grown intolerant of the yuppie who has traded in his BMW for a Range Rover—ironically, now of course you can buy a four-wheel drive BMW. So that takes care of that. The four-wheel drive yuppie is a symbol of wealth and modern society that most of us do not like, but this is no reason to condemn all four-wheel drives and their owners. So no matter the size, type and safety of the vehicle, do not allow the four-wheel drive to stand alone in the car yard of obscenity. Come on; give the four-wheel drive a chance. It is not some evil, nasty toy of the bourgeois imperialist; it is just a car—that is all it is. And let's not make excuses for our bad drivers, our bad roads, our road ragers and our drink-drivers. They are the culprits, not the humble four-wheel drive.

Science Meets Parliament Day

Research and Development: Business Expenditure

Mr NAIRN (Eden-Monaro) (7.35 p.m.)—This morning I was able to speak in the Main Committee briefly on a number of matters, including the Science Meets Parliament Day that has been occurring today. It started last night with a reception. Quite a number of our scientists from right across the country have been meeting with individual parliamentarians today to talk about scientific issues. I have been very impressed by the sorts of areas that they have been discussing. I know that some 130 of our colleagues spent some time with scientists during the day, which I think is terrific.

I was also talking in the Main Committee about the current inquiry that the committee that I chair is conducting into business investment—or the lack thereof, I should say—in research and development. That committee is doing its work, conducting its hearings and will continue to do so into early next year. I found it surprising that, with that sort of inquiry happening, a couple of weeks ago the Labor Party brought down a discussion paper on research and development.

When you read through the discussion paper, the thing that absolutely stands out like a sore thumb is that the people within the Labor Party who prepared that paper clearly have not even spoken to the Labor Party members on my committee. If they had, they probably would have structured it very differently. They would have addressed many other issues and would not have made some of the statements that they did—because there is substantial evidence which has already been provided and is on the public record. Clearly they had not even bothered to look at the nearly 80 submissions put forward to that particular inquiry. In fact, the real issue with respect to research and development at the moment is private investment. Public investment in research and development is actually quite high: we stand at about sixth out of the 24 OECD countries, so we are well above the average. As far as private investment goes, we are down at around 17th or 18th out of 24. So that is the real issue, and it is the issue being addressed in this inquiry.

The ALP’s paper on research and development addressed only four paragraphs out of its 38 pages to the issue of private investment in research and development, which is really where the focus should be. They have put out a discussion paper which rambles on. Most of the 38 pages consist of a whole heap of motherhood statements which we would
all agree with—we all want to see more research and development and we all want to see better science and engineering training and those sorts of things. But they spent only four paragraphs dealing with the real issue which needs to be addressed: helping to improve private sector investment in R&D.

The ALP’s paper goes on about a supposed drop-off in research and development investment from public funds, but it is interesting to look at the figures quoted—and I know that people often get sick of statistics—about the percentage of GDP invested by government. A really interesting figure which I think highlights much better than anything else what is being done in this area is the percentage of government outlays. In 1994-95 the percentage of Commonwealth outlays in research and development was 2.33 per cent. In 2000-01 the percentage of Commonwealth outlays on research and development had risen to 2.53 per cent. That is quite significant, and it is a figure that you do not see quoted—particularly by our friends opposite. The other interesting thing is that people tend to forget about the contribution from the states and territories. In 1994-95 the states and territories spent a little over one per cent—about 1.03 per cent, I think, off the top of my head—of their total outlays on research and development. In 2000-01 that had reduced to 0.96 per cent. So the states and territories really are not doing their bit, but they ought to be. They have a significant role to play. Those are just some of the issues that have been raised. It is a shame that the ALP did all this work and produced a 38-page report which did not address the real issues.

Foreign Affairs: Timor Gap Treaty

Mr SNOWDON (Lingiari) (7.40 p.m.)—I rise tonight to discuss the issue of the Timor Sea Treaty between the government of Australia and the government of Timor L’Este and the issue of gas production out of the Timor Gap. Firstly, I want to applaud the Joint Standing Committee on Treaties for its recent recommendation, released on Monday, that the federal government ratify the treaty between the two nations. The advice from the committee was:

...that the Government of Australia (should) use its best endeavours ... to conclude the International Unitisation Agreement for the Greater Sunrise fields on or before the date on which the Timor Sea Treaty is ratified and in any event before 31 December 2002 as this would serve the best interests of both nations.

This is very important. I cannot overestimate how important it is that the government heeds this advice. It is important to the Northern Territory, it is important to Australia and it is exceptionally important for the future of our newest neighbour: Timor L’Este.

Sadly, the weight of the investments and hopes tied to this treaty seems, apparently, to be lost on the government. It appears unconcerned that, by its failure to agree to terms with the East Timorese, it is putting at risk the $6 billion that Phillips Petroleum are ready to invest in the Bayu-Undan venture. It seems unconcerned that the creation of 1,200 construction jobs in Darwin and 400 ongoing jobs as a result of this development may not come to fruition. It seems unconcerned that the opportunities presented by bringing the Greater Sunrise gas onshore—in the estimates given by the Northern Territory government it would mean an additional 4,400 jobs and a net wealth increase to Australia of $1 billion per year—could also be lost.

Indeed, as a result of its requirement that the unitisation agreement covering this gas field be signed first, the government’s current stubbornness may lead to all Timor Sea opportunities disappearing completely. Phillips have contracts now. If they cannot guarantee delivery on these contracts shortly, these opportunities for Australia will fade in a matter of months as their customers go elsewhere. What is the government doing? In my view, it has decided to play politics and, in doing so, it is playing with the future livelihoods of so many. On Monday, the Portuguese news agency Lusa reported on an interview with East Timorese Prime Minister Mari Alkatiri. It said:

“Australia is using Timor L’Este’s vulnerability as one of the world’s poorest nations to gain leverage in negotiations on the carving up of the oil resource in the Timor Sea,” Timor L’Este’s Prime Minister said today.
The report continued, quoting Mr Alkatiri. It said:

Alkatiri said, “Dili is still committed to ratifying the Timor Gap treaty and concluding the Greater Sunrise unitisation agreement by December 31.”

However, delays in wrapping up both pending deals were due to, in Mr Alkatiri’s words, ‘obstacles we have encountered on Australia’s part’.

It is an outrage that this government has chosen to engage in bluster and heavy-handedness and, as a result, put the development of Northern Australia and of Timor L’Este at risk. As a matter of urgency, the Prime Minister should be taking immediate action to see that the unitisation agreement is signed off on and agreed to. This should be happening now. This government has to make a decision: it has to decide whether it will take the chance of leaving this resource in the ground.

I know that Mr Alkatiri is committed to the treaty. I believe that he has already asked for the Prime Minister’s personal intervention in this matter and has invited him to visit Dili to fix the problem. But I understand that the Prime Minister’s response was that Mr Alkatiri would have to come here. I regard that as fairly churlish. It is well past the time for officials to be dealing with this process. The Prime Minister should request that his ministers, including the Minister for Foreign Affairs, go to East Timor as a matter of urgency to resolve this impasse with Prime Minister Alkatiri.

I will also raise a point about the Sunrise gas fields. In the next few weeks, decisions will be made as to whether or not the joint venture partners are prepared to bring this gas onshore with the enormous benefits to the Territory and Australia that I have enumerated. But the government needs to make it very clear to these joint venture partners that floating LNG is not the answer for Australia. Why should we be exporting jobs to the United States or anywhere else in the world? If this resource is to be developed, it should be developed by bringing the gas onshore, value-adding in Australia, and creating jobs and industry opportunities for Australian citizens. Yet there is a clear potential, if the government does not send the right signals, for this joint venture proposal to decide on a floating LNG plant, thus exporting those jobs elsewhere. Australia’s national interest is served by bringing the gas onshore, and the government should look at all its options. (Time expired)

**Australia Post**

Mr DUTTON (Dickson) (7.45 p.m.)—I rise tonight to speak to an issue that is of great importance to the people of Dickson. Prior to the 2001 election, I campaigned for about eight months full-time. I tried to identify local issues that were of importance to the people of Dickson because Dickson, prior to that, in the period from 1998 to 2001, had experienced a time of Labor incumbency in which very little was done on local issues. One such issue which arose was that of the Strathpine post office, which Australia Post proposed to close following the opening of the Westfield post office some short distance away and the opening of the Warner post office several kilometres from this site.

Right from the start, I made a firm commitment to the people of Dickson to be on their side and to fight for the post office to remain open. I take up that cause today because I am still committed to seeing the post office remain open. As part of that process, earlier this year I tabled in the parliament a petition which included 1,835-odd signatures. Those people were committed to seeing the Strathpine post office remain open. As part of my representations on behalf of the local residents, I have met on a number of occasions with the minister, Senator Alston, and put very clearly the position that we want to see the Strathpine post office remain open. The minister, I must say, has been very helpful. He has made representations to the corporatised body Australia Post and made every effort, as we all have, to see the post office remain open.

This issue was raised in the House last night by the member for Werriwa, who had visited my electorate and had identified the fact that I had fought hard for the post office to remain open. I thank him for his support. I thank him for the fact that he has not engaged in the local politics of the Labor Party.
We have seen two of the state local members, Bonny Barry, the member for Aspley, and Linda Lavarch, the member for Kurwongbah, engage in a partisan political debate in which they are supportive, I hope, of the post office remaining open but have decided to politicise the matter, despite the fact that they have never made any representations to me or in fact to the minister responsible for this area of concern. Not once have they made any representation on the behalf of their constituents or raised the issue with me. I find that of concern because our overriding consideration has been to represent the people of Dickson on this very important issue. It has not been one of politicisation. I say to those two state members: take notice of the direction that the member for Werriwa has taken on this issue—it is not very often that I would say that—and that is not to politicise it. He has supported my stance, as I said, and I thank him for that.

I will continue in the ensuing weeks to make further representations to the minister, and I have also spoken to the Prime Minister on the issue because I see it as an important issue, crucial to the area of Strathpine. It is coupled with the fact that the Pine River Shire Council has just completed a project costing in excess of $1 million to streetscape the area of Strathpine and the northern end of the Gympie Road strip, which is part of a revitalisation process to rejuvenate that end of the commercial strip of Strathpine in the electorate of Dickson. I commend the Pine River Shire Council for its initiative. I commend those developers who at the moment are looking at refurbishing certain buildings, construction sites, and commercial and light industrial sites at that end of the strip. In addition to that, if we can retain the post office in its current state, it will very much revitalise that end of the commercial strip. I think that is what the small business operators of Dickson are concerned with, and I think it is what the pensioners and those people who reside in the immediate area of the Strathpine post office are after as well. I just want tonight to confirm my absolute dedication to retaining the post office in its current site. At the end of the day, Australia Post has to make the decision. (Time expired)

**Lowe Electorate: Work for the Dole**

**Mr MURPHY (Lowe) (7.50 p.m.)—** During question time yesterday, the Minister for Employment Services brazenly orchestrated a dorothy dixer regarding the government’s Work for the Dole program. Predictably, the minister’s answer was not about providing any useful information to the House but instead was a naked, cheap political stunt designed to denigrate and misrepresent selected members of the opposition and to denigrate and misrepresent local, decent, hardworking and honourable ALP mayors in my electorate of Lowe. In my case, the minister apparently trawled through *Hansard* to selectively find a line of text from a speech I made in July 1999, almost 3½ years ago, in which I was critical of the government’s Work for the Dole scheme.

After question time yesterday—as you will doubtless recall, Mr Speaker—I immediately made a personal explanation exhorting the minister to read the totality of my speech. Whatever the arguments for or against Work for the Dole, I believe any activity tied to welfare payments will never be embraced by Australians as a substitute for real training, real jobs and real opportunities—opportunities that every Australian parent hopes for for their children. Unfortunately, Australians are stuck with a government that refuses to adequately invest in education and training in order to help create the opportunities all young Australians deserve. Australians are stuck with a government full of ministers who think childish stunts substitute for real action.

While some personal point scoring at times can be easily ignored, I cannot ignore the dishonesty of the Minister for Employment Services and his disgraceful attack on, and misrepresentation of, two councils in my electorate of Lowe. During his miserable performance in question time yesterday, the minister was selective in not informing the House that the graffiti programs were an initiative of both Burwood and Strathfield councils as well as involving Work for the Dole crews. The minister referred to council newsletters describing their graffiti fighting program and then launched a disgraceful
attack on both Burwood and Strathfield councils, saying:

But guess what? It was not the councils doing this; it was not council money. In fact, it was Work for the Dole programs.

The truth is that notwithstanding any—

Mrs Gallus—I raise a point of order, Mr Speaker. It is my understanding that an attack of this nature on another member of the House should not continue in this way and should be made through the proper forms of the House.

The Speaker—I thank the member for Hindmarsh. There is nothing the member for Lowe has said in reference to another member that I would have found normally offensive by precedent. However, there is the matter, which I was raising with the Clerk, as to whether or not it is appropriate for the question to be revisited. I will allow the member to continue.

Mr Murphy—I have further information—

The Speaker—New information would be helpful.

Mr Murphy—Yes—to defend Burwood and Strathfield councils.

The Speaker—The member for Lowe has the call. I have just indicated there is some uncertainty about whether he ought to be revisiting the question.

Mr Murphy—Okay. Both Burwood and Strathfield councils have allocated $30,000 and $57,000 respectively in order to fight graffiti through their joint program. Former mayor of Burwood John Faker moved a mayoral minute on 26 March this year which was carried unanimously. The resolution was that the council trial a 12-month graffiti removal and abatement program, that an amount of $30,000 be provided for the program and that the council actively pursue additional funding from the state government. In addition, Strathfield Council has allocated $57,000 for their graffiti program and received a $5,500 grant from the Carr government’s ‘Beat graffiti’ program. The fact that this program will utilise a Work for the Dole crew does not justify the minister saying—and I quote his words again:

It was not the councils doing this; it was not council money.

The Minister for Employment Services has misled the parliament. Whatever led him to make that disgraceful attack, the only certainty is that he needs to apologise. Burwood Council, Strathfield Council and the council staff who have worked hard to make this program possible deserve an apology. If the minister has any decency he will also immediately apologise not only to the former mayor of Burwood, Councillor John Faker, and the Mayor of Strathfield, Councillor Virginia Judge, for this outrageous slur, but also to the Liberal Party councillors and independent councillors on those councils and to the ratepayers and residents of Burwood and Strathfield local government areas.

Australians are sick and tired of cheap point scoring and personal attacks by politicians like Minister Brough. They hate arrogant politicians and ministers who behave in this way and who have no business being in the parliament. Australians will relish the next opportunity to get rid of Minister Brough and his ilk. I seek leave to table the Burwood mayoral minute of John Faker, from 26 March this year, and also a memorandum that I received today from Strathfield Council’s Director of Operations, David Backhouse, which outlines clearly that council’s graffiti program and the contributions by those councils. (Time expired)

Leave not granted.

Mr Lloyd—In recent years Australia Post has produced some marvellous stamp editions commemorating many events. I wrote to Australia Post recently seeking the commemoration of the
60th anniversary of Operation Jaywick which occurs in September 2003. I wrote on behalf of Mr Horrie Young, who is one of the three survivors from that very important operation in World War II. He had asked me whether Australia Post would consider issuing a commemorative stamp for the 60th anniversary of this very important wartime operation. To my horror and disappointment, Australia Post have written back to say that they only recognise anniversaries of 50 years or multiples of 50 years and, as such, would not be recognising the 60th anniversary of Operation Jaywick.

Operation Jaywick, which departed from Broken Bay on the Central Coast, has the distinction of being the longest seaborne commando attack on any enemy forces of any Allied thrust during World War II. The Krait is credited with being directly involved in the destruction of more enemy ships in a single engagement than any other Australian naval vessel. The raid, on the nights of 26 and 27 September 1943, resulted in seven enemy merchant ships being sunk. It was a very important mission.

I was disappointed in Australia Post’s response, but I was very angry when, the week after they had rejected this request, they issued a commemorative series to honour the ‘Champions of the turf’—five racehorses: Wakeful, Rising Fast, Manikato, Might and Power, and Sunline. I know the racing industry is a very important industry and lots of people enjoy horseracing. These are fine horses and leaders in the field, and it is wonderful that Australia Post is commemorating them.

But I ask Australia Post to reconsider their decision about Operation Jaywick. The sad reality is that there are only three survivors of this magnificent operation, and if they are asked to wait until the next major anniversary it is likely that none of them will be here to see the commemorative stamps. So I want to use the opportunity I have in the short time available to me here tonight to highlight my concerns and to make a plea to Australia Post. They are an independent organisation and make their own decisions as far as commercial matters are concerned, but I ask them to reconsider their refusal to issue a commemorative stamp in recognition of the 60th anniversary of Operation Jaywick. It is an important part of our history. I think most Australians would applaud a decision to have a commemorative stamp in honour of those very brave veterans who fought for our country in Operation Jaywick.

The SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Downer to present a bill for an act to amend the Charter of the United Nations Act 1945, and for related purposes.

Mr Tuckey to move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 11 November 2002, namely: Construction of flagpoles, signage and bollards at Reconciliation Place and sun shading structures at Commonwealth Place.
The DEPUTY SPEAKER (Mr Jenkins) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Lalor Electorate: General Practitioners

Ms GILLARD (Lalor) (9.40 a.m.)—I rise to speak about a matter of real concern in my electorate, which is the difficulty that my constituents have—particularly the constituents in the Wyndham area—in accessing medical services. There are two reasons for this. Wyndham is an outer urban area in Melbourne. It is an urban growth corridor; therefore, it is home to a lot of young couples and young families with young children living in new housing estates.

We know from the statistics that there is an insufficient number—a shortage—of doctors practising in the Wyndham area. That shortage replicates the shortage in much of rural and regional Australia. When we deal with these health care issues, it is very important to note that many of the significant issues in rural and regional Australia are shared by outer urban areas. Often the problems of those outer urban areas are not recognised because it is blithely assumed that anybody in a metropolitan area has good access to services. In my electorate, it is not true. The shortage means that people can wait for two to three weeks for a doctor’s appointment. It means that there are not sufficient female medical practitioners available, which causes real pressure and stress.

The shortage of doctors—the raw lack of numbers—is exacerbated by the increasing reduction in bulk-billing. We know that, nationally, bulk-billing is on a radical decline. This is causing major problems, and it is a major problem for the future of Medicare. Over the last 12 months, there has been the biggest ever drop in GP bulk-billing since the introduction of Medicare. The rate in bulk-billing by GPs has been in serious decline and has fallen 6.7 per cent since the election of this government, and the cost of seeing a doctor who does not bulk-bill has increased by some 44 per cent. Ultimately, there are not enough doctors and not enough bulk-billing for the people in my electorate. This means that they present at the Werribee Mercy Hospital for treatment in outpatients because they cannot see a doctor, which exacerbates the hospital’s problems.

The Bracks Labor government is doing what it can to address these issues. It has funded the development of an integrated community health service in Wyndham to alleviate these pressures, but it is time that the Howard government delivered on its budget promise to make a difference to doctor numbers in outer metropolitan areas that are experiencing shortages such as my electorate is. We saw grand promises in the budget, but we have not seen any delivery on the ground. The situation is critical, and the Howard government now needs to act. It is not sufficient to rely on the state government to cover up for this government’s failures.

Banking Services

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (9.43 a.m.)—It is sometimes said that what does not kill you makes you stronger. In the forging of Australia’s character, I suspect that our pioneering response to this vast and inhospitable continent and the heroism of our soldiers in combat in the First World War shaped the nation’s character. For the suburb of Telopea, in my electorate, it is also true that what does not kill you makes you stronger. It is a community which has had plenty
of hardship. It has a large proportion of low-income families. It has suffered high unemployment, and it is not well serviced by transport links, the result being that some of the major commercial drawcards in its strip shopping centre began to fall away. The Commonwealth Bank left Telopea. I know that my colleague the member for Eden-Monaro and many members in suburban seats are conscious of cuts to banks in regional centres. When the Commonwealth Bank left Telopea, Australia Post continued the mail service. But then Australia Post announced the closure of its office in Telopea.

The community rose up as one in a determined resistance, even though at no time in history had Australia Post been rolled on an announced closure of a post office. The success of that campaign conducted over almost a year—the absolute determination of that community not to take no for an answer—saw a victory in Telopea which produced such community spirit that it was resolved to commemorate the victory with an annual festival. It was first called the Telopea Festival and then this year the Telopea Waratah Festival, because ‘telopea’ means ‘waratah’. The communities of Dundas, Dundas Valley and Telopea banded together and put together a fantastic committee. I am going to read the membership not just to acknowledge their individual contributions but to give an indication of the breadth of support: Susan Salt, Telopea Hair Studio; Chris Petropoulos, Trade Print; Lyn McLaine and Owen Phillipse, Dundas Area Neighbourhood Centre; Frank Renner, FDS Community; Chris Ford and Jenny George, the magnificent leaders at Telopea Public School; Joyce Robinson, who is at home in bed with pneumonia—she was the original chair; Steve Wieczorek, Carlingford-Dundas Lions Club; Tony Walker and Royce Coyte, Parramatta City Council; Chris Hall, my own staff member, who did a fabulous job; Amanda Daly; Amanda Lloyd; Michael Maughan, the new licensee of the Telopea Post Office; Joe Dennis, Daryll Hazell and Steven Tan. These people are heroes. Telopea is stronger for this challenge and the community provides an emblem and an example to other communities struggling around Australia.

Tourism: Seal Rocks

Mr KELVIN THOMSON (Wills) (1.46 a.m.)—Yesterday in question time the Minister for Small Business and Tourism, Joe Hockey, attacked the Victorian government over the demise of the Seal Rocks venture on Phillip Island in Victoria. He complained that the Victorian government had opposed the second stage of the Seal Rocks project. I quote for his benefit and that of other members from the Australian Heritage Commission report on this project of March 1997:

Stage One of the project may have significant adverse effects on the values of adjacent national estate places. It is apparent that the proposed building will have serious visual impacts and the expected increase in visitor numbers has the potential to degrade nearby environmentally sensitive areas. Of even greater concern is Stage Two, which would involve the excavation of a two kilometre long tunnel beneath the sea floor and construction of an offshore observation tower near Seal Rocks. This proposal has a high probability of degrading cultural, geological and marine values as well as disturbing the seal and penguin communities in both the short and the long term.

The federal government’s own Heritage Commission said that. No wonder the government has been so keen on nobbling the commission, appointing well-known Liberals to head it up. The present chair is, indeed, a factional colleague of the tourism minister in the New South Wales Liberal wets. The minister’s dorothy dixer yesterday displayed contempt for the environment, which the Liberal Party shows all too frequently these days, and contempt for the
tourism industry. The second stage of the Seal Rocks proposal would have damaged the penguin and seal colonies—a classic case of killing off the goose that laid the golden egg.

The minister also displays an abject lack of concern about the cosy deals for mates, which were the hallmark of the Kennett years. He had the nerve yesterday to talk about corrupt acts. The promoter of this venture, Mr Ken Armstrong, was an enthusiastic Kennett supporter, and both the special deal he got from former Premier Kennett and his conduct ever since must be understood in that vein. The tourism minister’s outburst yesterday shows that the Liberal Party has learnt nothing from, and is completely unrepentant about, the excesses and cosy deals which characterised the Kennett years. If they expect the people Victoria to trust them again and to believe that they have changed, they should be apologising to the people of Victoria for entering into such a disgraceful contract. It is a privatisation time bomb, apparently, and this matter is still a matter of some legal doubt. It is apparently an open-ended agreement to use the public purse to guarantee the success of Mr Armstrong’s venture. It is a ‘heads we win, tails you lose’ disgrace which could cost Victorian taxpayers anything up to $60 million. They should shut down the absurd legislative council inquiry, which they have established in an endeavour to hide their guilt over this debacle.

Science Meets Parliament Day

Mr NAIRN (Eden-Monaro) (9.50 a.m.)—Today I would like to congratulate the Federation of Australian Scientific and Technological Societies for their initiative—Science Meets Parliament Day, which is on today. This is the fourth year that they have carried it out. They were here yesterday, and held a reception late yesterday afternoon. Today they will be meeting members of parliament. I hope that as many members of parliament as possible are making their time available to meet with our scientists, some of whom have come from right across the country. Science Meets Parliament Day is a great way to raise the awareness of the great science that is carried out in Australia. Certainly since I have been in this place I have been working to raise the awareness of the science, innovation and technology that we have in Australia. FASTS, the Federation of Australian Scientific and Technological Societies, do an excellent job in that respect.

We have to raise the level of understanding in our community of our great achievements in science. If I walked around the streets today and mentioned names like Dawn Fraser, Herb Elliott, Ian Thorpe or Betty Cuthbert, everybody would know who they are. They are great heroes in Australia—great sporting heroes. But if I talked about William Bragg, Lawrence Bragg, Howard Florey, Macfarlane Burnet, John Eccles, John Cornforth or Peter Doherty, how many people would say that they are great Australian heroes? And they are great Australian heroes. They are all Nobel Prize winners in science—the greatest award anybody could achieve. They are not household names, unfortunately, but they are real gold medal performers in Australia. In that sense Australia boxes well above its weight compared to the rest of the world. We have to talk a lot more about that in our primary schools, our high schools and our universities. Our wonderful achievements in science go back to 1915, when William and Lawrence Bragg became the first Australians to win a Nobel Prize for physics. People should recognise those achievements.

The Howard government has recognised our achievements in science in many ways. One of those was implementing the Standing Committee on Science and Innovation, which I am pleased to chair and which is currently conducting an excellent inquiry into research and de-
velopment. I was a bit concerned when the ALP finally put something out about this area. Obviously it did not talk with the members on that committee about what was happening. Although business investment is not as high as it should be, it only devoted about four paragraphs of a 38-page document to it. I do not think that is a real achievement. The ALP needs to learn a lot more about science.

**International Day for the Eradication of Poverty**

Mr ANDREN (Calare) (9.52 a.m.)—On Thursday, 17 October I joined a group of my parliamentary colleagues from both this House and the Senate to accept a petition from 142 organisations around Australia to mark International Day for the Eradication of Poverty. This petition, which I have here, specifically addresses poverty in Australia and calls for the value of all pensions and benefits to be brought up to at least 25 per cent of total male average weekly earnings, as is the case for the single pension. It also calls for the establishment of a royal commission into poverty in Australia, with the aim of determining an adequate standard of living for all people and making recommendations as to how poverty in Australia can be eradicated.

Many—perhaps most—Australians might ask how this country can possibly experience poverty. According to the National Coalition Against Poverty, the Minister for Family and Community Services has effectively said that poverty in Australia is not something Australians need to be concerned about. When asked what it would do to promote the International Day for the Eradication of Poverty, the minister’s office informed the coalition that the issues raised fall within the portfolio responsibility of AusAid—in other words, poverty is a foreign problem. But poverty is here, and it is real. Poverty is a product of any society where the unfortunate fall by the wayside. It is particularly stark in countries that have little or no welfare support. It is an absolute tragedy in many Third World countries, and particularly so in South America.

Accept it or not, poverty is within our society and it is getting worse. In my own electorate, the Orange Anglicare Organisation distributes about 80 food parcels a month within the city, and the call for such aid is on the increase. In Bathurst the Sisters of St Joseph no-interest loan scheme is battling to maintain a $150 a month Commonwealth dispensation on transaction fees for the poor to repay loans through Centrepay. Surely we can afford such a tiny subsidy for such a hugely successful scheme that helps to ward off poverty.

The National Coalition Against Poverty has released an international scorecard using World Bank data to show the poorest five per cent share of national income. Australia does not come out well, with only Brazil, South Africa and the United States regarded as more unequal than Australia. Almost 700,000 children in Australia are growing up in families where no adult has a job. In somewhere between 12 and 20 per cent of households, the adult or adults are seriously underemployed in the rapidly emerging casualised workplace. New jobs are more often going to families where one adult already has a job. The gap between the well-off and those in or near poverty is ever widening. Our fair go reputation is under severe challenge. I present this petition of almost 20,000 signatures to the House and seek to table it.

The DEPUTY SPEAKER (Mr Jenkins)—The petition is presented under standing order 117.

*The petition read as follows—*
To the Honourable Speaker and members of the House of Representatives assembled in Parliament

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

That the Australian community recognises that the right to ‘an adequate standard of living’ is a basic human right of all people that Governments have a duty to promote, protect, respect and fulfil and not remove this right from anyone as a punitive measure. The right to an adequate standard of living includes food, clothing, housing, healthcare and education.

The community notes that it has been over 25 years since the Henderson Commission of Inquiry into Poverty. The citizens of Australia are still waiting for the Government to act upon some of the recommendations of that Inquiry, including the establishment of an official Poverty Line measurement.

Your petitioners therefore ask the House to:

1. As an immediate step all pensions and benefits be brought up to at least 25% of male total average weekly earnings as is the case for the single pension.
2. Establish a Royal Commission into poverty in Australia with the aim of developing measures to determine an adequate standard of living for all people and to make recommendations as to how poverty in Australia can be eradicated.

from 19,327 citizens

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.55 a.m.)—I am particularly pleased to be able stand in the parliament this morning to announce the very successful official opening of the Sunshine Coast Family Care After Hours Medical Service by the Minister for Health and Ageing, Senator the Hon. Kay Patterson, only a few days ago. Last October, I was able to announce that the federal government had allocated $270,000 towards the establishment of this service, which will provide an incredible service for local people. It will mean that when they do need after-hours medical services they will be able to see a doctor. A home-visiting service has also been implemented.

The clinic is based at the Sunshine Coast Private Hospital run by the Uniting Church. It will see patients from 6.30 p.m. until 10.30 p.m. weeknights, 1.30 p.m. to 10.30 p.m. on Saturdays, and 8.30 a.m. to 10.30 p.m. on Sundays. Those visiting times might in fact change, but the wonderful thing is that the federal government has allocated money to this program which has been able to attract the support of virtually all of the general medical practitioners in the Nambour, Caloundra and Maroochydore areas. These communities are now covered by after-hours primary medical care services.

The project was opened ahead of schedule. The project also has come in well below budget and the project will continue well beyond the period for which funding was granted. It was excellent to see Senator Patterson on the Sunshine Coast. She is a person who is handling a very difficult portfolio well and, representing as I do one of the fastest-growing areas in Australia, I know it is always beneficial for senior cabinet ministers to travel to areas which are growing and where there is a great need for increased infrastructure. In fact, over the next few years the population of the Sunshine Coast will grow to well over 500,000.

I want to quote briefly from a letter to the minister from Mr Stuart Tait, Chairman of Family Care Medical Services of Brisbane. He says:
I also believe that your departmental officers have been exemplary in implementing the Government’s policy and are to be congratulated on what to date has been a very thorough and vigorous policy review, and ‘on the ground service’ improvement process.

Mr Tait has said that the service is of great benefit to the local community. He also points out that the service has been provided as a result of the government’s energetic and progressive policies in this crucial area of health policy.

**The DEPUTY SPEAKER (Mr Jenkins)**—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

**MIGRATION LEGISLATION AMENDMENT (MIGRATION ADVICE INDUSTRY) BILL 2002**

**Second Reading**

Debate resumed from 16 October, on motion by Mr Hardgrave:

That this bill be now read a second time.

**Mr LAURIE FERGUSON (Reid)** (9.59 a.m.)—The Migration Legislation Amendment (Migration Advice Industry) Bill 2002, which is before the Main Committee this morning, seeks to remove the current sunset clause from the Migration Act 1958 in relation to the Migration Agents Registration Authority, otherwise known as MARA. The effect of the amendment is to enable its operations to continue beyond 21 March 2003. The opposition supports the bill without amendment. This is the second bill on the migration advice industry that has been before the parliament this year. Earlier, we passed amendments which allowed MARA to continue to investigate complaints against agents who voluntarily deregister themselves, to increase the maximum allowable registration charge for commercial agents, and to exempt from the regulatory system some in-house activity by employers for their staff.

As I will detail later, the government has recently foreshadowed that further legislative changes will be introduced at a later date. Initially, we should retrace the history of efforts to regulate the migration advice industry over the past decade. While migration agents have been active for many years, their activities have become more prominent over the last 10 years or so. In part, this reflects major reforms to the migration program which commenced in 1989. These reforms codified program requirements, reduced but did not totally eliminate the scope for ministerial discretion and thereby intervention, and required visa applicants to submit higher quality applications with greater supporting documentation. Obviously, all those things would encourage people to utilise agents and advisers to supposedly enhance their chances of winning their cases.

In 1992, concern about the level of complaints regarding the industry prompted the then Labor government to establish the Migration Agents Registration Scheme or MARS. As part of this change, it became an offence for anyone other than a MARS registered agent to provide immigration advice as defined in the act. This requirement applied equally to non-fee charging agents employed by non-profit migrant welfare agencies as it did to commercial agents. MARS reflected Labor’s continuing strong view that regulation of this industry is necessary to protect both consumers and taxpayers. We believe that an unregulated industry would leave vulnerable consumers open to exploitation at the hands of unscrupulous operators.
Few visa applicants are themselves expert in the paperwork requirements of DIMIA. Rightly or wrongly, applicants are open to the suggestion that they need the assistance of someone with purported expertise to produce the best outcome. We have all heard of agents claiming to have connections with the system that can allegedly be utilised for the clients’ benefit. Obviously, the key fundamental problem in this field is that people arrive in this country with very little knowledge of our culture, our laws or our systems and they are in communities that are subjected to strong advertising campaigns by agents. They are introduced to agents by other members of their community who themselves know very little about migration. These agents attend social functions in ethnic communities, religious groups etcetera. One has to question whether there is as much knowledge of the product on the part of the consumer as there is in other markets in this country. There is a very real problem of market failure. It is a situation in which people are extremely vulnerable, and that is why Labor takes a very strong position and questions any kind of self-regulation.

Labor’s second concern is with the integrity of the migration program itself and that it might be at risk if unscrupulous agents are allowed to stay in business. For most of the past decade, the coalition has been unenthusiastic about such a stance. In part, this reflects its deregulatory approach towards its power base in the business sector. We see evidence of that across a range of portfolios. Within a few weeks of coming to office in March 1996, the Howard government initiated a review of MARS. The terms of reference included the need for advice on ‘the prospects for enhancement of self-regulation’—a coalition commitment at the election. It suits the government that its review expressed some criticism of both the cost of MARS and its procedures. This is not to argue that these criticisms were without foundation; we have to recognise that the procedures of government agencies can always be improved.

In response, the government decided to move in stages towards a system of voluntary self-regulation—something which the opposition continues to question and oppose. In order to get rid of MARS, the government cut a deal in the Senate in December 1997 with the Democrats and Senator Harradine to establish a new regulator. That arrangement involved the industry’s professional association, the Migration Institute of Australia, assuming the role of regulator under the business name of the Migration Agents Regulatory Authority. At the same time, a standard knowledge test was proposed for all new applicants for registration—non-fee charging as well as commercial—and continuing professional development requirements were imposed in order to obtain annual reregistration. This is the current system and it is best described as a system of statutory self-regulation because registration is compulsory and the parliament still sets the framework parameters within which the MIA-MARA operates.

It is significant that in his media release of 4 December 1997 announcing the deal with the Democrats and Senator Harradine, Minister Ruddock said clearly:

The statutory self-regulation will be re-examined within two years of its implementation with a view to the industry moving to voluntary self-regulation.

This is the background to the current bill. To Minister Ruddock and the government, MARA was only ever seen as a temporary holding operation while they set about building parliamentary support for their real agenda, namely complete voluntary self-regulation of migration agents by the agents themselves. Given the vulnerability and lack of local knowledge that I have earlier indicated amongst the claimants, this is a recipe for blatant exploitation and for clogging up our immigration system with rampant time-buying applications that lack merit.
MARA commenced operations on 21 March 1998 and was originally scheduled to go out of existence in March 2000. It was given a three-year extension of time in August 1999, when the government decided the industry was still ‘not ready’ for voluntary self-regulation. The act was then amended to extend until March 2003 the sunset clause applying to MARA. This is the clause that the current bill seeks to repeal—and I emphasise to repeal, not amend.

To develop policy options for the period beyond the sunset clause, the government established an external reference group in September 2001 to review how the system of statutory self-regulation was operating. The group had four members, and was chaired by Ian Spicer, a former chief executive of the Australian Chamber of Commerce. Its report was delivered to Minister Hardgrave on 26 July and was released to the public two months later following consideration by the government. The thrust of the Spicer report is expressed in the following two paragraphs:

1.3.3 ... the Review found that the industry was not ready for full self-regulation—not one submission suggested that it was—and that statutory self-regulation should be continued … the overall view is that the activities of the unscrupulous few, as well as the need to continue to raise professional standards across the board, are at the heart of this finding. In addition, the MIA is performing its task with measurable improvements in its own service delivery and in levels of professionalism within the industry, although all agree that much is still to be done in that regard.

1.3.4 Against this, an important finding of this Review is that in the interests of providing the MIA with the level of long-term surety it needs as the regulator, the current statutory self-regulation arrangements should no longer be subject to a sunset clause, but should be extended and reviewed again after the industry has achieved key milestones.

This bill reflects the government’s acceptance of both these key findings. It removes the current sunset clause, allowing the operations of MARA to continue on an indefinite basis. This appears to reflect the views of relevant stakeholder groups.

I would emphasise, however, that the Spicer review did not simply recommend a continuation of the status quo. It put forward 27 recommendations designed to strengthen consumer protection measures, further raise professional standards and improve the operations of MARA. Minister Hardgrave has said that the government accepts all the recommendations and will implement them ‘in due course’. For its part, the opposition intends to keep the government to this commitment and to prod it to act sooner rather than later.

I turn now to some of the key enhancements advocated by the review after its investigation and its interaction with the industry. In terms of consumer protection, it recommended:

- Allowing organisations to lodge complaints with MARA about the activities of registered agents,
- Additional sanctions to be available to MARA, such as to require an agent to only practise under professional supervision,
- Exploration of options to require agents to hold professional indemnity insurance at a specified level (thus providing greater recourse to consumers in cases of professional negligence),
- Prohibiting agents who have been sanctioned from circumventing decisions of MARA by portraying themselves as consultants to, or employers of, another registered agent,
- Granting MARA access to the client files of inactive agents, and requiring them to return original documents to clients,
- Allowing MARA to publish details of all agents who have been sanctioned, including those who have been cautioned (and can thus continue to operate),
I do not think anyone would dispute the rationality of those suggestions.

In terms of professional standards, the review recommended a strengthening of the sound knowledge requirements for initial registration as an agent, a strengthening of the continuing professional development requirements for renewal of registration, making renewal subject to a fit and proper person test and that consideration be given to the recognition of specialist expertise and significant experience as an agent.

In terms of the operations of MARA itself and its efficiency, the recommendations were: the inclusion of community representatives in MARA’s decision making processes; the development of a MARA client service charter specifying service standards and responsibilities; and the streamlining of MARA procedures and practices to enable proper public access to the MARA secretariat, especially regarding complaints and registration inquiries. On the front of integrity of the migration program, the suggestions were: increased monitoring of agents, the sanctioning of those who lodge high numbers of vexatious, unfounded or incomplete applications—that is a reality we are all aware of as members—and DIMIA giving greater priority to the detection and prosecution of unregistered practice.

Rather than traverse totally what the Spicer report says about all those matters, I would like to refer to an article in the Melbourne Herald Sun of 1 November headed ‘Probe on banned lawyer’. I do so because the events referred to, if true, highlight the vital importance of stamping out unscrupulous practice in this crucial field. The article refers to a Melbourne law firm, Law Partners, and its managing partner, James Malcolm Woods. In May this year, the Victorian Legal Ombudsman withdrew for eight years Woods’s practising certificate as a lawyer and deregistered the firm after complaints about its handling of an application for a business migration visa by two Chinese citizens. MARA is also, subject to his appeal to the AAT, in the process of cancelling Mr Woods’s registration as a migration agent.

According to that newspaper report, the Chinese applicants were advised that their application would be assisted if they started a company in Australia. Apart from the two Chinese businessmen themselves, the resulting company involved Law Partner Investments, of which the lawyer and migration agent, Mr Woods, was apparently himself a director. The company proceeded to buy a sandwich bar at an inflated price. The end result for the Chinese applicants was that they each lost $135,000 on the ill-fated company and neither managed to obtain a visa to migrate to Australia. That is indicative of some of the expertise in the industry.

Disturbing as that sequence of events is, the Herald Sun has cast doubt on whether both Mr Woods and his firm have really ceased to practise. Another law firm, the conveniently titled Lex Partners, now occupies the premises formerly occupied by Law Partners. In late October, the Internet web site of Lex Partners allegedly listed our friend Mr Woods as its managing director and accredited migration specialist. That page has since been taken down and Mr Woods told the Herald Sun that the inclusion of his name on this site was an error. It appears that both MARA and the Victorian Legal Ombudsman are now investigating the status of Mr Woods. This highlights the necessity of maintaining a vigilant regulatory system and of speedily implementing the consumer protection measures contained in the Spicer report.

I note that on 25 September Minister Hardgrave issued a media release saying:
The government will be acting upon all the recommendations in the report. Apart from the single amendment provided in this bill, however, the government has not committed itself to a timetable for the implementation of the remaining recommendations. I note that many of the recommendations do not require legislative changes. The government should be able to proceed with a speedy implementation of these if it so chooses. It will have no-one else to blame but itself if follow-up action is sporadic, as has happened to date. Other recommendations do require legislative action and thus depend on Minister Hardgrave’s ability to persuade his ministerial colleagues to give them sufficient priority in the government’s legislative agenda. In his second reading speech he merely said:

I plan to introduce further legislation in due course to implement other key amendments.

That was hardly reassuring. The opposition have cooperated with the government to ensure that sensible legislative improvements to MARA can be put in place without undue delay. Our track record in that regard is clear. The ball is now firmly in the government’s court in relation to the recommendations of the Spicer report. For the sake of consumers and the integrity of the migration program, the government now needs to get on with the job. If it fails to do so, the opposition will ensure that it is accountable to the Australian community.

Equally, we remain opposed to the continuing push for voluntary self-regulation. I note that Minister Hardgrave has at no stage totally ruled out that agenda. His second reading speech was very carefully worded in that regard, saying:

The review concluded that the migration advice industry will not be ready for voluntary self-regulation by March 2003. The government has accepted this recommendation.

Taken together with Minister Ruddock’s earlier comments, those words clearly give the government room to reconsider its position if it thinks it can secure majority Senate support for voluntary self-regulation at a later date.

As I have indicated earlier, this industry is peculiar by virtue of the nature of its client base, the realities of people’s desperation to stay in this country, and the fact that they are often totally unaware of the system and do not know its procedures. As someone who represents an electorate with a high percentage of people of non-English speaking background, I believe that the level of problems in this industry is far higher than complaints to MARA suggest. Realistically, we know that a large number of complaints do not hit MARA, because there is complicity on both sides. The claimant—the person who wants to stay here—is desperate. Although they come to your office later and say that they were forced to do this or that by the migration agent, they were really part of the conspiracy. But that does not deny the reality of its presence in the industry. Clearly, the opposition will facilitate, as far as possible, the continuing regulation and oversight of this industry, which are crucial not only to the claimants’ financial situations but also—more importantly, in my view—to the legitimacy of the Australian migration system and to a reduction in the number of vexatious, ill-advised applications.

Mr HATTON (Blaxland) (10.17 a.m.)—I follow the shadow minister, the honourable member for Reid, and support the comments he has made on the Migration Legislation Amendment (Migration Advice Industry) Bill 2002. A large part of that support comes out of the experience we have shared over a long period. Our electorates—the electorate of Reid and the electorate of Blaxland—abut each other and they are both immigration impact zones. We have a lot of migrants living in our areas; in fact, our areas were built through the postwar
migrant experience. We have also had continuing migrant intakes in the sixties, seventies, eighties and nineties. We have had extremely large intakes—in the case of the member for Reid, from the Turkish community—and one-quarter of my electorate is now of either Arabic or Vietnamese origin. That concentration has built up since the mid-1970s, when the Fraser government drafted more than 14,000 people out of the war in Lebanon and into Australia. Many of those people settled in the electorate of Blaxland. The migration of many people from Vietnam also occurred during that period.

That changed the mix in Blaxland from 30 to 40 different nationalities dispersed in terms of their impact to an increasing concentration and preponderance of two of those groups of people. The Vietnamese have been in my electorate at least since I started dealing with immigration cases on 2 January 1985. I have dealt with them ever since. When you deal with matters in the electorate office, they are overwhelmingly immigration matters. Since then we have been through a period where the Vietnamese community had virtually no ability to get people out of their country of origin. We know that the reason for that was the war and its aftermath, the control that the Vietnamese government maintained on egress from Vietnam and the lengths it went to to ensure that gold bullion and dollars flowed into Vietnam to build it up economically. The recipients of that money, which was from their working families in Australia, America and elsewhere, remained locked up in Vietnam and were not allowed to leave, so that the money would continue to flow.

As a result of the work of the previous Labor government, the doors were finally cracked open to allow parents, siblings and family members—in this case particularly direct family members and, for direct family reunion, wives and children—to join their relatives in Australia. The Vietnamese community in Bankstown and the other suburbs in the electorate of Blaxland have worked extremely hard to become a vital part of the community and to continue to support members of their families who are still in Vietnam and who are living in difficult conditions. Conditions have improved there. Over the last number of years the situation has normalised and we have thankfully reached the position where people can travel backwards and forwards, but people in the Vietnamese community have particular needs because of their language difficulties. This is the case with the more recent group of people, those from the Chinese influx, where there is a need for people with native language abilities, either Vietnamese, Chinese or the smaller groups such as Cambodian, Lao or Korean. They need someone versed in their own language who has the ability to utilise knowledge about the immigration system to provide them with advice.

By and large it has been my experience that the best advice offered to people is that offered free of charge. Advice has been offered free of charge by the department in the kits that they have put out and in the general advice that has been given. This advice has broadly been given by the government and has been offered in the offices of almost every federal member of parliament for certainly the postwar years but also running back to 1901. It is important that the free-of-charge services should be unencumbered in the way in which they are carried out. It is important that constituents can rely on the fact that they can go to the office of a member of parliament and that the member concerned can have direct contact with the department of immigration and utilise the translation services provided by the department in order to assist them with their immigration needs and concerns at no cost to them. Our constituents do not
need to pay $500, $1,000, $2,000, $3,000 or $4,000 with the expectation that that will open the door to Australia.

The fundamental thing any member of parliament has to do—this is what I had to do as an electorate officer for 11½ years in an office where the office holder was the Treasurer and then the Prime Minister, when all of a sudden we had 17 million constituents—is deal with people who think that because he is the main man the door should always be open. They tried, in some way, to create an association with Blaxland by saying, ‘Aunt Sally lived there’ or that they had moved there recently but had not got on the roll, that it was just taking a bit of time. We got some interesting situations. Part of our task was to simply explain to people what the law was and the capacity of the law, that it would be nice if they understood the law and abided by it, and that it was our task not only to make the laws but also to enforce them. Part of the enforcement and part of the legislation is the advice and information mechanism.

There is nothing more draining for any member of parliament than to sit between half an hour and two hours blindly banging your head against the table trying to convince people that they should be honest; that it might be reasonable and rational to work out that, if there is a points system that demands 95 or 100 points, someone with 40 is not going to make it; that they will not make it just by wishing and hoping; that they will not make it, except by trying to use illegal means. The worst thing is when they say, ‘We have heard that you can do this or that.’ We have to say, ‘I am sorry; what you are contemplating is illegal. We do not countenance you if you do it.’

It is generally thought that that is not a nice thing to do—that basically a member of parliament should just butter up those who wander into his office, tell them all the things they want to hear and let them wander away thinking how wonderful that member is and then, four years down the track—oh, gee, they’ve failed in their immigration application. They failed on the basis of the advice they got from that member’s office. They expected to succeed because they paid $2,000 to an immigration agent and he told them they were going to get there. And then the immigration agent says, ‘Well, as you’ve come to me before seeing your member of parliament, why don’t you now go along to him and get him to do some work for you?’

The general approach we have had to take in the office, both since I have been a member and when I was working as a staffer previously, is to take into account the department’s difficulty here, the government’s difficulty. That is, if you have two or three centres of advice to an individual, it is a bit difficult for departmental people to deal with three different people on one case. It is a question of properly allocating resources, properly undertaking the job. So the advice we have to give is, ‘If you’ve already got a lawyer, if you’ve already put your $1,500 on an immigration lawyer’s table, thank you very much, the department has told us that they’d like to deal with that lawyer. If you’ve paid the same kind of money or more to an immigration agent and you have done that knowingly, you’ll have to do it.’

On one occasion somebody threatened to sue me and an immigration agent because I had given advice contrary to that of the agent; I regarded the advice that he had given as dodgy advice. However, he rang me up and said, ‘Well, this is what the case is; go a step further and I’ll see you in court.’ And I said, ‘Okay, pal, why don’t you go for it?’

Mr Hardgrave—Why don’t you go to MARA?
Mr HATTON—This is pre MARA. Based on my experience, it is reasonable for me to say that people have core problems that need to be addressed sensibly and, as part of doing that, in the interests of our constituents and the people they are trying to get to Australia, we need to be openly honest and truthful. If on the assessment of what their situation is they have not got a hope in hell of being successful, the only proper advice you should give is, ‘Do not put an application in. This will fail. Here lies grief for you and your family.’ We know that people’s lives have been utterly ruined because of the cultural pressures put on them by their family and peers and the expectation by those hoping to come to this country that they can just bludgeon their way into Australia by putting pressure on their family and trying to get the family to put pressure on the system.

We need to continue to be strong and to understand that it is important to deal with our constituents in such a way that they get a chance to understand that proper processes exist and that they can, for no cost, put a case together that should succeed. If, however, they choose to use the services of an immigration lawyer or a migration agent—and we are dealing here not with business migration cases but the normal run of cases—the fundamental thing they need to understand is this: most cases fail. In the four years of the Keating government, there were 1½ million applications, of which 70,000 got up. It was the lowest immigration intake to Australia postwar; no government has ever had lower. This government has recently increased the intake to over 100,000; without making too much of it to the public, we have dramatically increased the numbers being taken in. However, it is still the case that we are only roughly at about 10 per cent to 15 per cent of intake. That means that perhaps 85 per cent to 90 per cent of the people who pay their money on the line are not going to get a result; they will not make it into Australia and they will not satisfy the demands they are putting forward.

What we have here is a lot of money being paid to migration agents covered by this bill—covered by the extension of their guided self-regulation. You cannot actually trust this lot to self-regulate. That is what the Spicer review said. That is what was said in 1996: ‘We’ll try and clean this crowd up.’ In 1996 the government said, ‘We think they should actually regulate themselves.’ Why did a coalition government think that? They thought that because they have always thought it. They thought that because they actually gave some advice to themselves which said, ‘This is the way you should think.’ With the National Commission of Audit, the bottom line is that the government should provide no direct services at all to any individual in Australia.

What also goes with that is that the government should not be regulating anything; this government believes in a free market economy. If you gave a free market economy, fully unfettered, for the migration agents of Australia to operate in, we know what would happen, because we have seen what happens at overseas postings: they are outside the door of one overseas posting after another. One of the recommendations here is that there should, in fact, be an extension to overseas, to the people dealing overseas and acting as migration agents. That is a very important thing to happen; that kind of tightening and regulation is enormously significant because we have had case after case after case of people wandering through our doors and saying, ‘This is what our experience was overseas.’ Either outside the door, or sometimes inside, there have been severe irregularities.

We know that the knowledge base of people when they make an application is variable. We know that their hope is great and their knowledge is extremely variable, but we also know that...
the industry relies upon giving people an expectation that they will succeed. We need to actually put the hammer on to the industry, for them to be more reasonable and sensible and for them to stop wasting their time—not to just take the money and have people run through the system and then get knocked over.

I do not share the government’s stated hope in 1996, restated through the Spicer review, that in the end this lot can be trusted to totally self-regulate. I would not trust them at all. And there is a very simple reason: the nature of the business. If 85 to 90 per cent of your clients are not going to succeed, are you honestly going to say to people: ‘There’s the door. You may as well walk out of it because you may as well not put an application in.’ That is what they honestly should do. But that also means that 85 to 90 per cent of their income is going to walk out the door as well. So there is a natural pressure on their part to say, ‘How do we move forward and how do we act? Will we really knock other people over the head—

A division having been called in the House of Representatives—

Sitting suspended from 10.32 a.m. to 10.46 a.m.

Mr HATTON—I was saying that you could not trust a lot of migration agents as far as you could throw them. That statement is based on past experience of them as a job lot. Self-regulation is not a good thing to do. So far, despite its inclinations, the government has not gone that far. We have a statutory regulation. The claws are still into this industry, striking deeper to keep it under control. By the very nature of the industry, that is what you have to continue to do. I note that this is a holding action; this is an extension of the existing situation to cover the current situation, but the minister has indicated that there will be future legislation to encompass the series of recommendations which were brought down by the Spicer committee. As part of the key findings of that committee, at paragraph 1.3.2 it says:

... regulatory arrangements as they now stand are yet to reach their full potential in terms of consumer protection and professionalism within the industry.

I concur utterly with those points. We generally take the position—as was taken by the shadow minister—that, given the nature of this industry, we are not going to get to a point where we can let this crowd loose in the paddock. As with broadcasters, tow truck drivers and a whole range of people, there is a place for government to regulate and to be a part of the process.

This is an industry whose core is people services, information exchange, knowledge exchange, letting people know what regulation is about, discussing it with them and telling them whether they can or cannot do things. Obviously it is a government business—the business of whether or not you get into Australia, whether or not you protect your borders and whether you have strong control over your immigration program—so it needs government regulation and government control. I am a firm believer in that.

I come from an immigration impact zone—one that has been so since the postwar period—and I believe that the dumbest thing that could be done was to take away the Bankstown immigration office, because the Bankstown immigration office was embedded in a community which used its services. A couple of years ago, that office was knocked on the head. Then they knocked the Bankstown taxation office on the head as well. Some 640 people used to work there and now there are zero. Some 115 or 120 people worked for the department of immigration at Bankstown—including the people who ran around catching people who were
in Australia illegally, the enforcement crowd, which is another part of what we have to do in the immigration area. Those people were close to the community. People have been forced to go to Rockdale, Parramatta or Sydney. I am reasonably reliably informed that Rockdale might be headed for the knackery as well.

What situation are we left with? Those people who are most dependent on advice, most dependent on having things explained to them, most dependent because of their lack of means on having somewhere readily accessible to them, have had it denied to them by this government—not this minister but this government. In having that denied to them, it is much harder for them to have it explained to them as to whether or not they are likely to succeed. It is much harder, therefore, for the government to deal with the further raft of cases brought through migration agents that should probably have been stopped in the first place, and could readily have been stopped. Now the one-stop local shop is the local federal member of parliament. This is a part-way readjustment of what is happening. There are other findings that both I and the shadow minister agree with, but our fundamental position is that this is not an industry that should be left unshackled in the future. This is government business. There has to be government regulation, government control and government responsibility.

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs) (10.51 a.m.)—in reply—I want to thank the member for Reid, who is not here now, for his contribution to this debate on the Migration Legislation Amendment (Migration Advice Industry) Bill 2002 and, in particular, the member for Blaxland, who I think made a very fine speech, although in two parts. From the point of view of experience he made a number of observations which I would like to reflect upon, but I want to state a couple of formal things about this bill in the time I have available.

First, the current provisions of the Migration Act relating to the statutory self-regulation of the migration advice industry are subject to a sunset clause. This clause, as it stands, effectively terminates the statutory scheme on 21 March 2003. The purpose of this bill is to remove this sunset clause, which will ensure that the industry continues to be regulated under the current statutory framework. The Migration Institute of Australia, appointed as the Migration Agents Registration Authority, the MARA, will continue in its role as industry regulator. This is consistent with the findings of the recent 2001-02 review of statutory self-regulation of the migration advice industry. The amendment made by this bill will ensure that ongoing consumer projection is provided to vulnerable clients and will enable the industry regulator to continue to improve the effectiveness of the migration advice industry.

I do plan to introduce legislation to implement other key recommendations of the review, as has been said this morning in the contributions from both opposition speakers, in due course. Given the government’s program of legislative requirements, this will happen through the course of the next calendar year. These particular items of legislation will further strengthen the integrity of the migration advice industry and ensure that migration agents comply with their professional and ethical obligations.

In summary, this bill will ensure that the current statutory self-regulation provisions of the Migration Act continue to regulate the migration advice industry. All of that said, it is worth restating some of the history of why we have come to where we are today and to reflect briefly upon a couple of the comments made. It is important to note that, as a department, the Department of Immigration and Multicultural and Indigenous Affairs is not in the migration
advice industry; we are in the migration processing industry. One of the principles is that the department cannot be an adviser on as well as a judge of people’s applications. It is important, as the member for Blaxland said, that those who do seek advice get good, reliable advice, and that they do not waste their time and their money—and, I must also submit, taxpayers’ time and money—in putting forward applications which are doomed to fail.

The member for Blaxland was cruel but fair in his observations, but his perhaps excessive generalisation needs to be tempered by the fact that most migration agents are reliable, reasonable and ethical in their conduct. Within the 2,700 people who make up the migration advice industry there is not a great lurching mass of people out there preying on the unsuspecting. If anybody has substantial information to the contrary, my advice is to present that to the MARA. That is their task. As the minister who is now responsible for the migration advice industry, I am determined that the MARA do their work and do it in a hard and fast way, but having full respect for the processes of inquiry and discussion and so forth. It is critical that the Migration Agents Regulatory Authority act on behalf of consumers in dealing with migration industry members who are doing the wrong thing; otherwise it would be understandable for the member for Blaxland and others to come into this place and to again raise matters of concern. It is also incumbent upon us as members of parliament and, indeed, on members of the public to come forward with complaints which have substance. It is impossible for the MARA to act on matters unless they have something to go on.

The member for Blaxland’s observation that many would feel intimidated by making a complaint is a reasonable one. I would like to officially state again a number of principles. Firstly, people do not have to use a migration agent to access my department’s services. They can make applications off their own bat. They can fill in forms and provide all the documentation with an honest, up-front assessment of what they are applying for. If anybody, in applying for a visa of any form, does not provide all the information or withholds some information which then comes to light, it will automatically cruel their chances and will not place them in good stead as far as their dealings with the department are concerned.

Consumer protection is a government priority. Another core principle is that, if people want to seek professional migration advice, they must deal with a registered migration agent. I sometimes think a lot of the complaints that we hear about are not about those who set themselves up in a backyard shop or as a consultant to a consultant’s consultant and perhaps offer bad advice and take money for it, which is simply not permissible under the scheme of things. They are liable to prosecution and my department will pursue them. But, again, I need to know about them. I need the specific examples.

It is right that the government pursues the ambition of industry self-regulation. It is a reasonable ambition to have in that the migration advice industry is continuing to mature and to gain experience. It is critical that the MARA understand that their role in the development of the industry and its reputation is most crucial. Since the Migration Institute of Australia have taken over the job of industry regulator, membership has increased to 37 per cent of agents as at March this year. It was 24 per cent in 1999. However, they have to work harder to get better coverage. They really do have to make sure that the industry understands that, as a whole, it suffers each and every time a member of parliament paints pictures of the sort we have seen this morning.
Some potential benchmarks have been suggested by the Office of Regulatory Review. The likelihood of self-regulatory industry schemes being successful is increased when there is adequate coverage of the industry concerned, when there is a viable industry association and a cohesive industry with like-minded motivated participants committed to achieving the goals. There is evidence that voluntary self-regulation can work with effective sanctions and incentives, with cost advantage from tailor-made solutions and with less formal mechanisms and quick complaints handling and redress mechanisms. That is why I said I want the MARA to work hard and fast. They need to get the credibility as an organisation that this industry deserves and that consumers rightly expect; otherwise, it undermines the efforts of the government to get an industry self-regulation model working and the reasonable ambition of people such as the member for Blaxland, the member for Reid and me to ensure that consumers are adequately protected and that, by using a registered migration agent, they gain an advantage.

The member for Reid asked through his contribution about the timetable for further legislation with regard to Ian Spicer’s review given that I have committed to the implementation of all recommendations of that review. I state again that the government’s legislative program, the number of understandable priorities that have confronted the government over the last few months, simple physical access to chamber time and so forth have prevented a lot of the flow. I do not want to suggest to the House otherwise. We are very determined to move on this through the early part of next year. We will see some results, some continuation of what we have been doing in this regard. The reason this matter was brought to the chamber today was the fact that the sunset clause impacts on 21 March next year and we need to deal with that.

What we are achieving—and I thank the opposition for their support on this matter, for their enthusiasm in seeking more progress on these important matters of consumer protection—through this is to put pressure on the MARA to keep up with its growth, its experience gathering and its efforts to date to understand that we want it to succeed as an organisation which is out there to ensure this industry gets a better reputation than it has. I must say that, on closer inspection, the bad reputation that many people talk about as far as migration advice is concerned in fact is not sustained. If that is wrong, then again we need consumers, members of parliament and others who are interested to bring forward tangible proof of problems. The challenge will be to the MARA to act to gain the reputation that the industry should enjoy, while keeping in mind the critical fact that when a consumer goes to a registered migration agent they should get satisfaction. Also, my department should not have to be in the business of processing vexatious claims which are time wasting for everybody and downright debilitating to the psyche of many vulnerable people who have an aspiration to migrate or to have a family member migrate to Australia. I commend this legislation to the chamber.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 19 September, on motion by Mr Slipper:

That this bill be now read a second time.
Mr COX (Kingston) (11.02 a.m.)—The focus of the International Tax Agreements Amendment Bill (No. 2) 2002 is to amend the International Tax Agreements Act 1953 to give amendments to our double tax agreements with Canada and Malaysia the force of law in Australia. As international tax agreements are subject to bilateral and international negotiation, it is not our general practice to oppose or amend legislation on these sorts of agreements. The Joint Standing Committee on Treaties supports the protocols amending the Canadian convention and the Malaysian agreement. Labor will support the bill. Today I will briefly outline the changes to the DTA with Canada and Malaysia and also touch on the importance of a sound international tax system for Australia’s growth.

Australia’s original double tax agreement with Canada was signed in May 1980. Clearly, it was time for the agreement to be updated. The main change to this DTA is to reduce withholding taxes. For example, a withholding tax on certain nonportfolio dividends—that is, those which are fully franked in the case of dividends flowing from Australia to Canada—will be limited to a maximum rate of five per cent. Currently, the double tax convention rate is 15 per cent. The branch profits tax rate limit will be reduced from 15 per cent to five per cent. Australia does not impose a branch profits tax, although Canada does. As such, this change is a win for Australian companies. The interest withholding tax rate limitation will be reduced from the current treaty rate of 15 per cent to Australia’s usual treaty and domestic rate of 10 per cent.

The Malaysian protocol amends the Australia-Malaysia double tax agreement. It was signed on 28 July 2002. The amendments close a major tax loophole in relation to companies based in Labuan. Under the existing law, companies based in Labuan are able to take advantage of Malaysia’s double tax treaty with Australia. Labuan companies are set up to invest in Australia and, as a result of the treaty, are protected from capital gains tax liabilities and may obtain lower withholding tax rates. The treaty was originally signed in 1980, a decade before Labuan was given a special tax status. Some countries, such as the Netherlands, have already amended their treaties with Malaysia to close that loophole.

The other significant change relates to tax sparing. Tax sparing is simply a system where tax forgone is credited as if actually paid under Australia’s foreign tax credit system. The rationale for tax sparing is that, without special provisions that recognise such an incentive, it would be negated to the extent that the tax forgone by the source country would be collected by the resident country. Tax sparing arrangements have been a feature of the Malaysian agreement since its inception in 1984. The tax sparing arrangements were extended until 1987 and then again to 1992. Malaysia approached Australia to extend the regime until 2003. Australia agreed to extend the tax sparing regime in relation to certain designated development incentives provided by Malaysia on the basis that it will permanently expire in 2003.

The bill also amends the International Tax Agreements Act to ensure that interest that is currently not subject to tax in Australia does not become taxable in Australia as a result of changes to the US convention. In relation to the US agreement, I would like to note the concern of the Joint Standing Committee on Treaties about the recent renegotiations of Australia’s DTA with the US. The committee recommended against the treaty on the basis that the committee was not provided with enough information. This is an extraordinary turn of events. It necessitated a frantic last-minute round of negotiations with the Treasurer’s office and the department, as a result of which further information was provided to the committee and ap-
approval was finally given. Perhaps the member for Curtin, who has entered the chamber, will elaborate on that. This is a question of governance in the interest of public accountability. It is important that parliamentary committees are provided with the information they require.

In relation to the Canadian-Malaysian DTAs, Treasury and the ATO provided additional information to the joint standing committee. However, it is worth noting that during the hearings themselves there were concerns raised about the amount of material that was classified as confidential. There is a careful balancing required between withholding information, especially in light of global security concerns, and the parliament’s right to information in the public interest. We need to be vigilant in keeping that balance. I recall that the previous chairman of the treaties committee had equal difficulty with the government over its rather high-handed activities in relation to the treaties committee. A lot of the rhetoric of the government in terms of putting more accountability and responsibility back onto the parliament in relation to treaties is probably so much waffle.

Before concluding, I will comment on Australia and our international tax regime. The Treasury discussion paper reviewing Australia’s international tax regime is a preliminary but important step in analysing where Australia currently is and where we want to go in terms of our place in the world economy. The fluidity of capital and people throughout the world increasingly intertwines Australia’s economy with the economies of the rest of the world. Australia has the potential to become a financial hub for Asia. The advantages of becoming a business and financial centre should not be underestimated. By encouraging investment in Australian companies, by encouraging businesses to set up their regional headquarters in Australia and by attracting and retaining highly skilled personnel, we are building Australia’s future. Australia’s future depends on our making structural reforms now. The future viability of our economy, the future availability of jobs and the future provision of social services are all dependent on our making these structural reforms. Reform is not easy. Reform is even harder when there are no immediate benefits. Reform is harder still when it is unpopular. But Labor are not shy of reform; we are the party of reform.

The first step that we need to take is to ensure that we do not discourage foreign investment in Australia. The second step we need to take is to ensure that we do not hinder Australian companies from growing and investing overseas. These are the two sides of the same coin. Let us move beyond the old, tired arguments about keeping Arnotts Australian owned. Let us widen the debate; let us talk about what is in Australia’s best interests. It is in Australia’s best interests for our companies to grow and expand offshore. It is not only an attractive option but also a necessary outcome if Australian businesses are going to grow and prosper. Today’s economy has changed. There is a Starbucks on every street corner in capital cities; there is a McDonalds on every highway from Glenelg to Gatton. Foreign companies are competing on our turf; it is time we allowed our companies to compete on theirs. We need to see more companies making it on the world stage. Australians are renowned for their willingness to have a go. Our tax system should facilitate this.

Ms JULIE BISHOP (Curtin) (11.11 a.m.)—I rise to speak on the International Tax Agreements Amendment Bill (No. 2) 2002. In debate on the International Tax Agreements Amendment Bill (No. 1) earlier this year, I noted there are few more misrepresented aspects of economic policy than international cooperation on double taxation. Double tax agreements are aimed at avoiding the double taxation of income when the income in question has been
earned in one country by a person resident in another country. Such circumstances are increasingly common in our more globalised economic environment. Australians, both firms and individuals, increasingly derive their incomes from activities carried out overseas, and vice versa. As a consequence, Australia has over 40 international agreements in place, including important agreements with our closest economic and diplomatic partners.

By avoiding the double taxation of the same income, international agreements help minimise the avoidance and evasion of taxation. As I stated to the Main Committee during the earlier debate, this is an important point: double taxation agreements are entered into by Australia because it is in Australia’s national interest to do so. Income subject to double taxation agreements includes profits, dividends, interest and royalties, and the agreements outline the particular taxation treatment of such income, including the particular country’s laws by which the income is to be taxed.

The original 1953 Income Tax (International Agreements) Act provides for the overruling of relevant provisions of the 1936 and 1997 income tax assessment acts where double tax agreements are entered into by the Australian government. The parliament retains the right, nevertheless, to legislate for specific laws to override particular double tax agreements. In short, double tax agreements clarify the taxation of international income between nations, thereby preventing the double taxation that can stymie international economic relations and retard national economic development. These agreements, by sharing taxation information between national governments, also work to minimise cross-border taxation evasion and avoidance.

Of course, the parliament does have an important role to play in ensuring that particular agreements entered into by Australia meet these objectives, and it is the Joint Standing Committee on Treaties that stands watch in this regard. It is a shame the member for Kingston did not remain for this part of my speech, because it was somewhat amusing to hear him criticise the government for the government’s accountability on treaties. It was the Howard government that established the Joint Standing Committee on Treaties, thus democratising the whole treaty process. Obviously the member for Kingston does not remember the days when Labor was in power.

Mr Slipper—Tell us about the Keating government.

Ms JULIE BISHOP—There was not a Joint Standing Committee on Treaties and treaties were not subject to parliamentary scrutiny. We recall the appalling situation where the Prime Minister of the day, Keating, was signing agreements with one of our near neighbours that not even his own cabinet knew about. After coming into government in 1996, the Howard government established this very transparent, very accountable and most democratic way of dealing with treaties. By subjecting agreements to close public scrutiny, the committee ensures that the national interest is paramount.

A good example of the watchdog role played by the committee, and which the member for Kingston referred to, was in June. The committee had cause to request Treasury and the Australian Taxation Office to put in further evidence in relation to the amendment of the Australia-US tax agreement. In the initial stages of the committee inquiry, the evidence presented by these two agencies was considered insufficient, given the gravity of the treaty in question and the importance of the relationship between Canberra and Washington. This was not a reflection on the changes in question, but the attention accorded to this particular treaty by the two
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agencies in the context of the JSCOT inquiry. The committee did not recommend against ratification; rather it sought more information before it was in a position to recommend ratification.

Mr Slipper—A world of difference.

Ms JULIE BISHOP—Indeed. It was very pleasing, following the initial report, that the ATO and Treasury took most seriously the information requirements of the committee and provided the evidence that had been sought, and the committee was, of course, able to recommend that that treaty be ratified. The relationship between the ATO and Treasury and the Joint Standing Committee on Treaties is very good.

The bill before the House today includes reference to the wider taxation relationship between Australia and the United States. A technical amendment to the 1953 act will ensure that interest paid by Australian residents to the US through a fixed place of business—a ‘permanent establishment’—located in a third country does not become taxable in Australia as a result of recent amendments to the treaty. The need for amendment has arisen as an unintended consequence of the other, more substantial revisions to the Australia-US treaty. There is no expected financial impact on the Commonwealth related to this aspect of the bill.

The more substantive provisions of the International Tax Agreements Amendment Bill (No. 2) 2002 relate to Australia’s treaty arrangements with Canada and Malaysia. It is often said that familial relations can be simultaneously the most stressful and the most fulfilling. It is appropriate then to consider the Canberra-Ottawa and Canberra-Kuala Lumpur relationships through this kinship perspective. Consider that which we all share: an abiding commitment to federalism as a political value, a constitutional monarchy, bicameralism, an export orientation and membership of the Commonwealth of Nations.

Given how close we are, it is not surprising that there have been hiccups, stresses and frustrations, as amongst a set of siblings. As an aside, there is a similarity in the manner in which Malaysia and Singapore relate, and there is no doubt that Prime Minister Mahathir Mohamad enjoys the opportunity to tangle with the Australian press. In August Prime Minister Mahathir accused two ‘rich nations’—as it eventuated, Singapore and Australia—of unduly attracting foreign investment away from Malaysia; ironically, at the same moment Australia and Malaysia were signing a new defence accord. Before that, there was the row over the ABC melodrama Embassy, tensions over Australian criminals prosecuted in Malaysia, particularly those convicted of the capital crime of drug smuggling, and the ‘recalcitrant’ episode at the 1993 APEC meeting in Seattle. I mention these in light of recent public debate; these spats occurred regardless of the particular occupants of the treasury bench.

Yet, beneath the public ripostes, the Australia-Malaysia relationship is sturdy and intimate. At the macroeconomic level Australian merchandise trade with Malaysia is worth over $2.5 billion in exports, principally copper, aluminium, dairy goods and coal—

Mr Slipper—Lots of students, too.

Ms JULIE BISHOP—I am coming to that, Parliamentary Secretary. We have over $3.8 billion in merchandise imports, including computer hardware, petroleum, telecommunications and furniture. Our trade in services is also significant: $810 million in exports and $858 million in imports. Malaysia is Australia’s third-largest trading partner within ASEAN and our...
12th largest overall, and these circumstances are closely related to the work of the bilateral joint trade committee and the 1998 trade agreement.

Over 20,000 Malaysians are presently accessing Australian education services, both here and at home. Astonishingly, over 200,000 Malaysians are alumni of Australian educational institutions. This educational relationship is based on the December 1998 framework agreement on the recognition of academic qualifications.

The relationship of peoples is also very close. Last year 220,000 Australians visited Malaysia, and many Australians are engaged in long-term employment there. Approximately 150,000 Malaysian tourists visit our shores every year. The list goes on. Both countries are bound by the 1971 Five Power Defence Arrangement, which also includes Britain, New Zealand and Singapore. I have already mentioned the recent signing of the 2002 defence accord.

The Royal Australian Air Force regularly utilises the air facility at Butterworth in the north of Malaysia, where there are 50 permanent Australian personnel, and the Australian Army closely cooperates with its Malaysian counterpart in jungle warfare training under the broader banner of the Malaysia-Australia Joint Defence Program. In recent years the relationship has grown stronger with increased cooperation in international policing, particularly in relation to countering drug trafficking and people-smuggling.

At a business level, there is the Malaysia-Australia Business Council, now 16 years old, and the Malaysia-Australia Dialogue, established in 1995. So too there are the Australia-Malaysia Cultural Foundation and the Malaysian Australian Alumni Council. Both Australia and Malaysia are members of the Indian Ocean Rim Association for Regional Cooperation, a 19-member organisation founded in 1997 to facilitate intraregional trade and investment. This grouping is of particular importance to the state of Western Australia, given that our state’s companies export goods worth $5.2 billion annually to customers around the Indian Ocean, as against a comparable national figure for merchandise exports of $20.7 billion.

So the relationship between our two countries, while sometimes testing and sometimes mutually exasperating, is always mutually rewarding. This relationship will be deepened by the relevant provisions to this bill. Under the amendments to the Australia-Malaysia double taxation treaty the existing tax-sparing concessions—a form of overseas aid in which Australia agrees to restore the tax effectiveness of incentives offered by another country for investment in that country—will be extended until 30 June 2003 and amended to reflect changes to Malaysia’s tax code.

The bill will also ensure that persons benefiting from investment in the Laoban offshore financial centre established by the Malaysian government will be excluded from the benefits accorded by the double tax agreement. The treaty is updated to meet the standards of present Australian treaty practice. The definition of ‘royalty’ used in the treaty is expanded to account for modern communication methods: payments by satellite, cable and optic fibre as well as spectrum licence payments. New arrangements are instituted with regard to transfer pricing, and a sweep-up clause is included to deal with source country taxation not otherwise provided for in the treaty terms.

While our relationship with Ottawa is not nearly so contentious as with Kuala Lumpur, there are still hiccups along the way. Recently, our two nations have been at odds on the most appropriate way of dealing with the issue of the feared climate change, and questions of mul-
tilateralism and unilateralism more generally. Nevertheless, the ties are deep, historic and productive. Australian exports to Canada, including beef, wine, nickel, shipping and medicine, total almost $2 billion a year. Service exports constitute a further $445 million. In return, Australians buy over $1.5 billion worth of Canadian goods each year, such as motor engines, meat, telecommunications equipment and aircraft, with an additional $417 million in services. This leaves Australia with a trade surplus over Canada of some $300 million annually. Australia constitutes Canada’s 14th most important export destination and 15th most important source of imports.

Australia’s non-economic ties with Canada are closer still. Australians and Canadians have stood side by side on battlefields through the past century; today, it is our joint intelligence gathering, our close alliances with the UK and the USA, our defence force coordination and our counterterrorism cooperation that bring us together. The spirit of kinship is found in a forum like the Cairns Group, where we are fighting the liberal battle for freer global trade. It is hoped that, one day, we will join in a direct free trade agreement such as that which Canada already enjoys with its North American neighbours and with Chile, Israel and Costa Rica.

In the interim, the provisions of this bill will serve both our national interests very well by assisting trade and investment flows. The bill cuts the dividend withholding tax paid on non-portfolio dividends—that is, dividends paid to companies with at least 10 per cent of the voting power in the firm—from 15 per cent to five per cent. It cuts the Canadian branch profits tax from 15 per cent to five per cent. It cuts the withholding tax applied by Australia from the present 15 per cent to the more usual 10 per cent. It expands the definition of royalty, in line with the arrangements already outlined in the Malaysian provisions. It revises the disposal of property provisions so as to protect Australian rights to tax income or capital gains from property disposed of in Australia, particularly real property owned through corporate or other entities. It ensures that double taxation will not be applied where a resident of Australia departs to become a resident of Canada and their assets are subject to capital gains tax, and vice versa. Finally, it removes the threshold for taxing the employment income of short-term visitors. Both the Malaysian and the Canadian provisions are expected to have minimal impact on Australian revenue, and I heartily commend this bill to the chamber.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.24 a.m.)—in reply—I thank the honourable members for Curtin and Kingston for their contributions to the debate on the International Tax Agreements Amendment Bill (No. 2) 2002. I also want to applaud the conversion of the member for Curtin to the important principle of constitutional monarchy.

The DEPUTY SPEAKER (Mr Lindsay)—The parliamentary secretary will restrict himself to the debate.

Mr SLIPPER—The government is firmly committed to a strong network of tax treaties, particularly with our major trading and investment partners. The member for Curtin, in her usual erudite manner, has outlined the history of the relationship between Malaysia and Canada, and also alluded to the situation with the United States. The government is pleased to receive the support of the opposition with respect to this bill. I suppose we can be thankful that in Australia there is broad acceptance of the importance of these sorts of international tax agreements.
The member for Kingston referred in his contribution to the information supplied to the Joint Standing Committee on Treaties. The Treasury has met with the committee to discuss information that can be given to better inform the decision making process. In an ideal world it would be great if everything could be provided, but life is the art of the attainable and indeed, therefore, an appropriate balance has to be struck. There is no methodology that has international acceptance in terms of quantifying the benefit of double tax agreements. Nevertheless, the Treasury has undertaken to supply more of the contextual data that surrounds the treaty process. As a matter of caution, though, we ought to be aware that at the time of the treaties committee review the treaty will not have been ratified in the other country, so for practical reasons there would therefore have to be a limit to the amount of sensitive information that can be provided.

The member for Curtin in her speech outlined how we now have much improved treaty processes in this country creating a situation of openness and transparency, avoiding the situation such as occurred during the Keating years when the people of Australia were actually deceived. We were not even told about the treaty that was entered into by the then Prime Minister with the Indonesians. Even taking it a step further, I gather, the then Prime Minister did not inform his cabinet, as I think the member for Curtin outlined in her contribution to this debate.

The member for Kingston said that laws should not discourage Australia from becoming a regional centre. I suspect that everyone would agree with that laudable sentiment. I do welcome the support of the opposition for this direction. Quite frankly, Mr Deputy Speaker, you would be aware that this is what the government is trying to achieve with the international review, the measures providing relief for temporary residents and this program of treaty reviews. So it is heartening at times to see some glimmer of commonsense emerging from those who have been condemned by the Australian people to sit opposite.

Tax treaties help to facilitate bilateral investment by relieving double taxation of income, profits and gains. In doing so, they provide investors with a degree of certainty. Tax treaties also help to protect the revenue by targeting international tax avoidance and evasion. This bill contains amendments to our treaties with two important trading partners—Malaysia and Canada—which update the treaties to reflect modern treaty and trading practices. There is also, as has been mentioned previously, the technical amendment with respect to the United States. I have to say that one upside of the resounding Republican success at the recent elections will mean, now that the Senate majority position returns to the Republicans, that hopefully that will give an even stronger impetus to the free trade agreement with the United States which will provide tremendous benefits to our local economy here, as well as, in my view, to the United States.

This bill provides further proof of the commitment of the Howard government to making sure that Australia’s international tax arrangements do not detract from Australia as a preferred business location, while protecting revenue and the integrity of the Australian tax system. The Canadian protocol will benefit Australian investors in Canada by reducing dividend and withholding tax, and the Canadian branch profits tax. It will encourage short-term movements of skilled personnel by removing the existing exemption for remuneration not exceeding specified monetary limits. It will also create certainty in the tax treatment of capital gains and provide relief from double taxation on certain capital gains of departing residents.
The second amending protocol to the Malaysian treaty will lock in a zero withholding tax rate on franked dividends paid by Australian companies to Malaysian companies where the shareholding is 10 per cent or more and on dividends paid by Malaysian companies to Australian residents. It will also exclude persons who benefit from the Labuan—Malaysia’s international offshore financial centre—from the benefits of the DTA.

The bill will also make it clear that Australia will not seek to tax interest which is not currently subject to tax but which may become taxable in Australia as a result of the legislation which implemented the protocol to the US treaty, the International Tax Agreements Amendment Act (No. 1) 2002. This is one of the many pieces of legislation that enjoy the support of both sides of the House. I commend the bill to the chamber.

Question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

BROADCASTING LEGISLATION AMENDMENT BILL (No. 2) 2002
Second Reading

Debate resumed from 23 October, on motion by Mr McGauran:
That this bill be now read a second time.

Mr HATTON (Blaxland) (11.31 a.m.)—Because of the conjunction of events, I am leading in this case for the opposition, purely because the shadow minister is in fact in the House speaking on the telecommunications competition bill at this very time. However, the thrust of my arguments will follow the core thrust of the arguments to be put by the shadow minister. I have been briefed by him and have accepted his recommendations in terms of the approach to be taken to this bill and am in accordance with his general view in regard to this.

The Broadcasting Legislation Amendment Bill (No. 2) 2002 does a specific job. It is a tune-up done after a decade of operation of community television within Australia. The tune-up job we see before us in this bill is stipulated in three different schedules to the bill. The third schedule to the bill goes to the question of the 1942 Broadcasting Act, the way in which it was amended in the transitional act which was brought in in 1992 and the question of the operation of subsection 128 of that transitional act and the subparagraphs 1, 2 and 3. In there, you have two questions that are dealt with. One is a question of political advertising and whether there should be paid political advertising and the second is the question of free election broadcasts.

In regard to this particular section, I would like some elucidation from the minister or the minister’s representatives as to the effect of what is happening here. When you go to the bill itself, you find that it says that all that is going to happen is that we will have section 28(1) of the 1992 transitional act repealed, thank you very much, and subsections 2 and 3 will be repealed as well.

If we go to find out what those actually deal with, I have broadly outlined them. It is a question of part IIID of the 1942 act, which prohibited political advertisements during election periods and provided for free election broadcast time. In 1992, when the transitional bill was brought in, there was a High Court case, Australian Capital Television v. the Commonwealth. The effect of that case was that the High Court held that part IIID of the 1942 act and
therefore section 128 parts 1 to 3 were in fact invalid. If that was the case in 1992, 10 years on in this specific bill we are having this matter dealt with. The explanatory memorandum does not actually explain much. It does not go much further than the bill does in terms of it saying it would be repealed. Essentially, that is what it does.

So what effect do we have here? We know that since 1992 there have been some general unpaid advertisements during election period which have been done on a free basis. That has continued in some places. The question of free-to-air television has been dealt with and it has taken into account changes because of that High Court thing. But is it the case, then, that in the community television area this has not been specifically prohibited and that it is going to be specifically prohibited by this repeal? Have the ABC and the commercial television units been dealt with differently over the past 10 years to community television? Is it the case that we have not had a change because nobody has actually been looking here? It would be useful to know, because from what I have found out so far, I cannot tell. I would appreciate it if we could get that advice from the minister or from his departmental advisers.

The first two sections of this bill—schedule 1 and schedule 2—are a case of having a look at what is happening in this area after a decade and doing a bit of a tune-up. In schedule 1 there is a provision for new licensing arrangements for community television services. Schedule 2 deals with not only improving licensing arrangements but doing that in a number of different ways. There was a review into this area after the operation of this very new entity. There have been community broadcasts in the radio area for some considerable period of time. I remember that throughout the late 1980s there was a series of applications for community broadcasts in the radio area. Naturally, that was more readily accessible to most community groups because of the relatively low cost of entering into that area. It costs a hell of a lot less to set up a broadcast facility in radio than it does in TV. However, that was done and it was successfully overseen by the Australian Broadcasting Authority. A number of licences were issued and there have been continuing reviews of those licences and of the operation of community broadcasting.

Within Sydney, and in particular within my electorate of Blaxland, community broadcasting has been a very important facility. Blaxland is an electorate which grew postwar. The electorate started in 1949. Bankstown is the core of the electorate of Blaxland. The city of Bankstown covers the electorates of Blaxland and Banks. They make up the majority of it—there is a little bit on the side in Strathfield and Canterbury. If you walked around the streets of Bankstown in 1949—and my elder brother was being wheeled around the streets of Bankstown by my parents then—you would see that it was a very small, closed rural community. It may seem extraordinarily strange to say that in the dead centre of the middle of Sydney you could find a rural community. The reality was that Bankstown’s population then was about 2,000 to 5,000.

The municipality was established in the late 1800s. In 1921, when the *Torch* newspaper was established and put out its first edition, right in the middle of the front page was an advertisement for my grandfather’s shop—as with most newspapers in those days, the advertisements triumphed and covered most of the front page. At that stage my grandfather was running a greengrocers shop right in the middle of Bankstown. He did not have too many customers because there were not very many people there then, but the business did reasonably well and prospered. The family changed the nature of what they were doing and,
as the area changed, their business changed. There was a change in Bankstown as a result of the war. The Villawood area was developed substantially as a munitions area. The first part of the industrialisation of the area also developed very strongly. After the development of Bankstown airport as the key centre of activity, there was a post World War II migration boom. Bankstown was built on diversity. It was built by people from 40 different countries. They needed to learn not only English—which they learnt in the factories from other people who did not speak English very well—but a better way to ease themselves into the community.

It took us a long time to learn that, if you gave people broadcast licences in radio and/or TV, that could facilitate them integrating and becoming part of a community more readily. Account had to be taken of the fact that people did not have English as their first language—their native language was embedded in them. Also embedded in them was their cultural traditions. When they lobbed into Bankstown, Australia and went to look for a job at what was then Pacific Dunlop—which is now long gone—on the corner of Chapel Road, they did not have a full understanding of the way Australian society operated. They did not understand that certain services and other things were available to them. So one of the mechanisms that can be used with people who do not have a native command of the language but who struggle to gain some command of it is the operation of not-for-profit community radio and TV. This can be used as a vehicle to provide people with information about what governments do—what local councils, state governments and federal governments do—and what programs we have that they as constituents can access to enrich their lives and those of their family.

Community TV was set up in 1992 and it is appropriate to observe how well it is run. We know that recently a major change has been made in Channel 31. It served a tremendously good purpose in allowing different ethnic communities, particularly those of recent migrants, to use it as a channel to effectively communicate with people. But a lot of money is needed to do that, and in this area you need paid advertisements to do it. But also we must kept in mind that, if you are providing community radio, as this bill seeks to do, you need to ensure that it is not grabbed by someone else. With the particular reach of community TV, as with the reach of community radio, we have tended to say that we do not need to have everything completely overlaying each other. Also we do not need to have someone taking control of this.

With the new licensing regulations, we have some new arrangements in place. Things are a bit tighter because the review that was done indicated that they should be made a bit tighter—and that is covered in schedule 1. In schedule 2, one of the more important things is the fact that, in order for this to work more effectively, paid advertisements can go from five minutes an hour to seven minutes an hour, being an increase of two minutes. Some people think that more than three or four minutes or even one minute is too much in commercial television. The maximum is five, and sometimes it seems a hell of a lot longer. I actually think it is better if they have it all in one job lot and then have the program run fully. Here you can run paid advertisements for seven minutes, but specific provisions ensure that one individual or one company just does not take the lot. An example given is that this will prohibit the sale of more than two hours of air time in any day to an individual business which operates for profit or as part of a profit-making enterprise, unless it assists education or learning.

You would have to ask why a business would buy two hours of time and grab that to themselves. If you are dealing with a narrowly focused community facility and looking at a niche audience, focusing in on them because they are of one ethnic background, it would be fairly
reasonable to assume that you can flog a lot of product to them within those two hours. Also you could, because of your economic power, take away the ability of other parts of the community to service that particular ethnic community with a broader range of programming.

One of things we need to take into account is not only the way people practise but also how they might practise—and this is put forward in all good faith. We could find for-profit companies saying, ‘There’s a way out here. We’ll put forward a program that assists education and learning. Arent we good? But, in putting forward a program which assists education and learning, we’ll do a fair bit of the other stuff as well.’ Probably in the commercial television area the best recent example of that is the series of ads that was presented as an advice service to consumers about a range of products and what wonderful things they were. The company behind that argued that they were providing a community service—but it was a blatant flogging of products. The people who put the marketing campaign together said, ‘There’s a slot here where we can do it at a lower rate—so it will cost less—and we can get away with that because we are providing community information. Therefore, this won’t be regarded as advertising and the commercial television stations won’t have to count that within their five minutes. They’ll be able to get over what the regulated top is.’

This bill will need to be followed by the regulators, looking for areas where people may seek to grab all of that time, aggregate that to themselves and use a ruse to get through the education and learning stuff. Further, it prohibits the sale of more than eight hours of air time in any day in aggregate to businesses which operate for profit or as part of profit making enterprises and prohibits the sale of more than eight hours of air time in any day to a particular person. Last time I looked, there were no more than 24 hours in a day, although we would often like to have more.

This is a very reasonable provision. The fact is that there should not be a dominance or a monopoly of the use of this community TV facility by one person, one group or one entity. The facility should be, by its very nature, open to as diverse a group as possible and should provide a range of services so that it does not get grabbed by one group and used for profit. The key underlying problem is the profitability of these stations. If stations cannot act profitably—and that is why there has been a provision to change from five to seven—they will be under pressure to be effectively bought, and to be bought in such a way that people will use a series of ruses to say, ‘We’ll be able to support you; we’ll be able to keep you going; you can be reliant upon us as long as you run in this way.’ They are looking for people to support them.

It is very important that entities, whether they are single businesses or individuals with a drum to beat, do not, because of their economic power, abrogate the openness that should have been provided from 1992 on through community television or the openness that must exist if this is to work effectively. This is an area where the Australian Broadcasting Authority and the regulatory impact they have are very important. You need to balance the nature of the community interest and the not for profit nature of these entities against the fact that they need to be viable.

In order to ensure that this legislation will operate in that way, one of the provisions that we are dealing with, going to all three of the prohibitions that I have just dealt with—the two-hour prohibition and the two eight-hour prohibitions—is to tie that up with the question of what happens in the future in terms of analog TV. In 2007, we will have a new game. It will
all be digital. On 31 December 2006, analog will cease—or is supposed to cease; we will see what happens when we get to the end of 2006. For the community area, this bill specifically provides that there should be a review. We know the high cost of translating to digital for the commercials, the ABC and SBS. We know that this time it is not appropriate for these small not for profit groups to try to change over to digital. We are saying, ‘Until the end of 2006, your situation is okay, but this needs to be reconsidered.’ Hopefully, by the end of 2006, the cost of making the changeover will have dramatically decreased. Alternatively, what we as a parliament will have to do in reconsidering this is extend the ability of these television stations to service the community through an extension of the licence to use the analog areas that they have available to them. The bill allows for that.

The ability to extend it has been allowed by disallowable instrument in order to deal with that very situation, and the government of the day will decide, closer to the time, whether it should continue. The government will do one of two things: it will determine to extend that analog service for a particular period—one would guess it would be a three- or five-year period—with a review at the end of that period and encourage changeover to digital; or it may decide to put a particular package together to assist the digitisation of this service. If that is done, analog areas currently being used would be freed up for other purposes.

In summary, schedule 3 of the bill deals with the question of political advertising. Schedule 1 deals with the fact that, as a result of the review, there need to be new regulatory mechanisms under the aegis of the ABA to deal with this 10-year-old entity. Schedule 2 puts in place the necessary changes so that there is protection for the community and for the people who utilise the services of community television—those who provide it and those who use it—to make sure that this works as well in the future as it has in the last 10 years. (Time expired)

Mr LINDSAY (Herbert) (11.51 a.m.)—I come to the debate on the Broadcasting Legislation Amendment Bill (No. 2) 2002 with some small experience in the broadcasting industry. In 1967, some 35 years ago—before the member for Curtin was born—I joined this industry on the television side. And have I seen some changes in that time in how television has been presented to viewers in Australia! Many of the changes, in my view, have not moved the country forward and that has been quite a difficulty in regional Australia. You will see where I link this to the debate in a moment. I have seen where solus markets have existed for commercial television stations. Along came the aggregated market and I saw what that did to the industry. Then along came the metropolitan central control rooms, which basically took over everything, and now we are seeing struggling community television stations trying to plug some holes that currently are not being satisfied by mainstream broadcasters.

Quite some years ago when community radio came along, it struggled in relation to how it might fund itself and how it might continue to exist. All sorts of mechanisms were used in community radio to make sure that the stations remained on the air. A lot of volunteer work was done and there were a lot of donations in cash and in kind to keep community radio stations on the air. There have been significant changes in how sponsorship—as it was called—or pseudo commercialism has come to community radio. With that experience in mind, the government has been concerned that it should be very clear what the position is in relation to commercial sponsorship on community television stations. That is a very prudent thing to do. It is very important to bring certainty to community television broadcasters. Also, on the other side, it protects the interests of the mainstream commercial stations.
Over the years, I have been a fierce advocate of free-to-air television. I have been very concerned by the proliferation of the channels available to viewers. That has been further enhanced with the arrival of the digital age. The questions I keep asking are: who is going to be watching all of these channels; where is interesting program material going to be sourced; and, how do the stations providing the service remain viable?

First and foremost, I believe that the government should at all costs protect the free-to-air commercial television stations so that they may continue to provide a certain and ongoing program and service to the viewers of Australia. Costs continue to rise; the viewing public demands more and more; things become more sophisticated, and there is the move to digital. It all has to be paid for somehow or other. The revenue of the existing free-to-airs has to be protected. That is part of what this bill that we are considering today is about—to make sure that it is very clear how community television stations might raise some sponsorship money and how they might not intrude upon the commercial processes of the free-to-air television stations. It will still be very difficult.

Currently I believe there are six community television stations operating in Australia. They are providing services of interest to viewers that the current mainstream services are not providing. It is an extraordinarily costly process to put a television station on the air, even with a lot of voluntary labour. The costs of the equipment alone and what might be faced down the track in the conversion to digital are quite daunting. I take my hat off to these little community groups that get together and put out a community television service for the right reasons. It takes an enormous effort to do it.

I welcome the certainty that this bill will bring to the community television service industry. I know that it will be well received. I do observe, though, in relation to the proliferation of services, that currently in Townsville, the capital city of northern Australia, we do have more than 12 radio stations. I really do not know who listens to them all. We have five television stations, although we do not have a community television station. I think we all have to be mindful of the fact that too much competition is not necessarily good for the industry or for viewers. There are some very colourful words which have described the kind of programming that we see these days. The words are not parliamentary so cannot be repeated, but I think you all know what I mean. The way programming has gone is not particularly good for the country.

I am pleased to see that the government has responded very positively to facing up to these problems. I am certainly pleased that there seems to be bipartisan support for this legislation. I do wish the community television services well in the country in the services that they provide. I would certainly like to indicate my support for this legislation today.

Mr TANNER (Melbourne) (11.58 a.m.)—The Broadcasting Legislation Amendment Bill (No. 2) 2002 is supported by the opposition. It amends the Broadcasting Services Act 1992, the Radiocommunications Act 1992 and the Broadcasting Services (Transitional Provisions and Consequential Amendments) Act 1992. It provides for new and significantly improved licensing arrangements for community television stations and repeals some of the remaining provisions of the Broadcasting Act 1942 dealing with political advertisements that the High Court held invalid in 1992.

The bill is a worthwhile piece of legislation which improves the licensing arrangements for community television that until now have been seriously inadequate. We have six community
television stations broadcasting on Channel 31 across Australia, mostly in the capital cities, although there is one in Lismore. Until now, these stations have only had annual analog licences. That of course is a totally inadequate basis for anybody organising a significant activity of this kind that requires ongoing planning, substantial amounts of financing and commitments on the part of programmers and supporters across the community.

It is a very important step forward for community TV stations to get the licensing certainty that is entailed by five-year licences rather than the annual licences which have previously been provided. Those annual licences were technically trial licences. It is fair to say—and I am pleased to see the government implicitly acknowledges this—that community television has now established a niche in our broadcasting sector that should continue. It contributes significantly to the overall broadcasting sector and provides opportunities for programming, activities and indeed volunteers to develop skills which will not be carried or conducted by the major TV stations—particularly the commercial TV stations, but even the national broadcasters, the ABC and SBS.

The legislation also alters the arrangements with respect to sponsorships that apply to community TV stations and ensures that the fundraising capacities of community TV stations are slightly increased—and I applaud that. There are also some new restrictions on the sale of air time to profit-making third parties. They are of course designed to ensure that the community TV stations remain community TV stations and do not infringe on the commercial television sector and develop a de facto commercial broadcasting aspect to their activities. The new legislation in effect locks in the nonprofit and community nature of community television. The licensees are required to be nonprofit companies limited by guarantee. They will also be required not to operate in the same manner as commercial television stations.

The bill is supported by the Community Broadcasting Association of Australia which, I think rightly, sees the legislation as a means of providing greater certainty for the emerging community television sector. Labor has a similar view. This is a long overdue but much welcomed change to ensure that community television broadcasting is placed on a firm and sound footing.

I would just like to conclude with some observations about the other part of the legislation dealing with political advertisements; matters which were held invalid by the High Court in 1992. I understand the government taking this action; we do not oppose this action. This High Court decision set a new low for judicial adventurism in Australia when it failed to rule as valid restrictions on political advertising that were designed to minimise the impact of commercial forces on the political process to ensure that large companies cannot in effect buy the favours of political parties through the funding of ever-increasing enormous broadcasting advertising bills.

It was very unfortunate that the High Court chose to strike down this legislation. The legislation was ultimately about protecting the integrity of the political process and, on what I consider to be spurious and judicially highly adventurous grounds, the High Court found an implied right of freedom of speech in the Constitution, which in itself is a good thing, but then found that this right extended to the right of very large corporations to donate large sums of money to political parties, with those parties using those resources to buy substantial amounts of advertising time on television and radio.
Inevitably, the never-ending search for corporate donations has been driven by the increasing demand for broadcasting advertisements in election periods. In many other countries, this process is either banned or seriously curtailed. In Britain, for example, the only political advertising on television that is allowed during an election campaign are the five-minute party political broadcasts that are specifically organised and scheduled in accordance with the individual party’s level of support within the electorate.

It was unfortunate that the High Court chose to strike down that legislation. The result of that decision is in part reflected in the legislation before us today and I do not criticise the government for doing that, by any means. But, ultimately, this is an issue that is significant for our democracy. We are nowhere near as badly off as the United States, where finally some action has recently been taken to rein in the appalling process whereby vast amounts of money are spent on the political process, overwhelmingly from major corporate donors and interest groups which are donating in order to secure influence. This very important attempt on the part of the former Labor government to seriously limit that process is important to the future of our democracy and the political process in this country. It is unfortunate that the High Court struck that legislation down.

There are other ways of dealing with these problems, but it is not easy. Although corporate donations—quite substantial donations—tend to favour the conservatives, they are made to all political parties. All political parties should have a serious think about this issue because in the longer term if we end up like the United States the impact on the genuineness of our democracy from that pattern of activity will be serious. I do not think it is a huge problem now; it is a significant problem. But if we get to a point where the pattern that has developed over the past 10 or 15 years continues to accelerate and we end up in a situation like that in the United States, that would be seriously detrimental to the integrity of our democracy.

As I indicated at the outset, the opposition supports the legislation and commends the government for taking appropriate action to guarantee the future for community television.

Ms JULIE BISHOP (Curtin) (12.06 p.m.)—I rise this afternoon to support the Broadcasting Legislation Amendment Bill (No. 2) 2002. This gives me the opportunity to draw the parliament’s attention to the work of Access 31, Perth’s own community television station and to illustrate the significant and diverse contribution that community television can make to Australian broadcasting.

It has been my pleasure to support Access 31 and to appear on a number of Access 31’s programs since the station began broadcasting on 18 June 1999. Those programs have included my good friend and sparring partner Gerry Gannon’s weekly news magazine WA News Week, which broadcasts on Wednesday evenings. Gerry and I used to do a relief shift on Radio 6PR over a few years. That is the extent of my media credentials. Another program, Sweet and Sour, is on Tuesday evening. This is an advice column cum panel discussion. It is a sort of Beauty and the Beast meets Dear Abby; hopefully none of the viewers took any of our advice.

Based at the Mount Lawley campus of Edith Cowan University, Access 31 provides the people of Perth with a free-to-air television channel that exhibits sometimes quirky, sometimes profound programming, including programming that meets special needs. What is particularly impressive about Access 31 is its level of local production and support of local talent—a level which would outstrip its mainstream competitors.
As well as **WA News Week** and **Sweet and Sour** there is **Flicktease**, Tuesday night’s film review show; the **Locker Room** on Thursday nights, which showcases local Perth sport, including soccer, basketball, football, netball and cricket; **Balls ‘n’ all**, which showcases a more off-the-wall approach to sport and recreation across our city; Tuesday night’s **Pol Air Six One**, a reality TV show about the air wing of the Western Australian Police Service; and **Auto Motor Sport**, which caters for the revheads in Perth. They also tune into **Cruizin’**. There are youth shows, such as **Youth Scope**, the songwriters’ show **Wax Lyrical**; and **Eyes on Perth**, a program that acts as a community bulletin board.

There are also many shows that are cult favourites for Perth households: the **British Soccer Show**, which is appropriately sponsored by the British Sausage Company or the live trotting spectacular of **Friday Night Live**. Programs such as **Tele Latina**, **Visions of Islam** and **Jaam e Iran** cater for individual ethnic communities, while Edith Cowan University and local TAFEs take advantage of the station to produce televised educational courses.

Programming is undoubtedly unusual, whether it be televised indoor cricket super league or a TAFE course on reflexology, but there is a vibe associated with the station that generates local interest. Perhaps this is not surprising, given that the station is staffed by volunteers both in front of and behind the cameras. The benefits of the station to the local community are clear. Access 31 showcases local stories, talents and events. It allows members of the community to be part of the broadcasting industry, and allows for training and work experience. It allows local businesses access to low-cost advertising, celebrates Perth’s unique community and keeps the commercial broadcasters—and, for that matter, our local ABC station—on their toes. While Access 31 is the most accomplished community television station in the country—which is not surprising, given the unique isolation of our city—other enterprises generate similar benefits in Melbourne, through Channel 31, and in Adelaide, with ACE TV.

These stations first grew out of the broadcasting trials coordinated by the Australian Broadcasting Authority, which began in 1994 using the vacant channel 31 frequency across the country. In June this year a statutory review of community television was tabled in this parliament. As the minister indicated in his second reading speech on this bill, the CTV trials have demonstrated that community television can make an important contribution to broadcasting in Australia. With distinct service values and enthusiasm, community broadcasters can diversify the broadcasting on offer to Australian television viewers and simultaneously give young people interested in the industry the opportunity to experience the cutting edge of broadcasting.

Given this demonstrated value, the federal government has moved to secure the place of community broadcasting by introducing the reforms before the House—reforms that will provide new licensing arrangements for the broadcasters and improve existing arrangements. The bill will also repeal the remaining provisions of the Broadcasting Act dealing with political advertisements that the High Court has held to be invalid. The new licensing arrangements will reinforce the not-for-profit nature of community television by stating explicitly that community broadcasting licences are issued for community service purposes and are not intended to be part of a profit-making enterprise. They will also articulate this parliament’s intention that these licences be differentiated from those issued to commercial broadcasters. Nonetheless, the financial viability of community broadcasting will be protected by an increase in allowable advertising from five minutes per hour to seven minutes per hour and the
regulatory clarification of air time sales, including a restriction on the amount of air time that can be resold to companies.

These changes are very important, considering the financial vulnerabilities of the sector. High capital and operating costs and the temporary nature of the existing licences accentuate the inability of managers to plan for the long term. As the minister explained, these difficulties are compounded by the future consideration of digital transmission requirements. Contrary to some assertions, this bill clearly demarcates between community and commercial broadcasting; it is by no means a backdoor entry to additional commercial licences. Rather, this bill’s provisions will guarantee both the viability and the particularity of CTV. Under the provisions of the bill, the ABA will be able to exercise greater discretion in reviewing community broadcasting licences. The requirement that licensees be limited liability companies will improve corporate governance within the community broadcasting sector. The reforms will also ensure that CTV licensees will be more secure in their spectrum access than they were under the conditions of the trial period, as they include an extension of the maximum licence term to five years.

Other provisions in the bill include the exclusion of community television services in remote Indigenous communities from the definition of a CTV licence, given the more limited resources of these licensees, and the removal of the requirement that the ABA determine particular standards in relation to children’s programming. Overall, the bill introduces new provisions governing CTV services to assist in supporting and creating a viable future for the community television sector. Given the experience in Perth with Access 31, the community television sector has much to offer the Australian community.

There has obviously been mixed success elsewhere since the trial services began in 1994, but the measures that this bill proposes will certainly improve arrangements for community broadcasting licensing generally. It was in 1992 that the then government asked the Australian Broadcasting Authority to conduct a trial of community television using that vacant sixth television channel, which was known as channel 31. It is not surprising that community television had acted for some time on such a trial basis and that there has been such mixed success. But, without doubt, the trial did show that CTV has a valuable role and that the services it can provide help to meet local information and entertainment needs in a communications environment that, quite frankly, is not only increasingly national but increasingly global.

For a rather unique community like Perth, which has its own cultural and artistic base, a service like Access 31 offers valuable support. Of particular interest in that regard is Perth’s unique and rapidly growing film, music and drama industry. Quite frankly, until the launch of Access 31, very few of Western Australia’s creative achievements were portrayed on local television screens, so, as I said earlier, one of the greatest advantages of Access 31 has been this capacity to incorporate such a diverse range of programming using local talent and local production. It has the capacity to incorporate sport, education, training, arts and children’s programs and many other local areas of programming that can all coexist within the same community educational television service.

The introduction of Access 31 was an important juncture in shaping the future of Australian broadcasting. Because it is reserved specifically to showcase local performances and present programs of local relevance, Access 31 has fulfilled what I would say was a growing void in local content on free-to-air television. The benefits I listed earlier from the establish-
ment of a free-to-air television access service for the Perth metropolitan area will increase. Without doubt, it complements existing services, enhances variety and diversity and provides unique access opportunity for Western Australians. Importantly, it provides the opportunity to extend the service into regional Western Australia through the state government’s Westlink service. Having been locally owned and operated, it gives greater access opportunities to locally produced programs.

The reforms contained in this bill are clearly in the interests of community broadcasters and the audiences they serve and they recognise the particular needs of both non-commercial broadcasters and commercial broadcasters. I note that the minister is here—what a surprise! That is going to cut me short, obviously.

Mr McGauran—No, continue, please.

Ms JULIE BISHOP—No, I think he is about to cut me very short. I commend the bill to the House.

Mr McGauran (Gippsland—Minister for Science) (12.20 p.m.)—in reply—I am very glad to participate at the conclusion of this debate on the Broadcasting Legislation Amendment Bill (No. 2) 2001. I wish to thank members for their studied and considered contributions. It is always refreshing for a minister when debate is conducted in such a balanced and considered way, free of some of the antics that the opposition is so well known for in the chamber itself. I thank members for their cooperation in allowing the legislation to be debated in this way and in this place—even though there are a number of different individual contributions from members of the Labor Party which the government, while politely hearing out, cannot be enticed in any way to endorse let alone support.

Mr Neville—They supported you.

Mr McGauran—They supported us to a point, but they made a few cheap shots on the way through.

Mr Tanner—I supported you.

Mr McGauran—But then you clawed it back a little.

Mr Tanner—What?

Mr McGauran—I am just assuming you did, because I have never known the member for Melbourne not to give with one hand and take with the other in terms of political capital.

Mr Tanner—I supported you.

Mr McGauran—it would seem I owe the member for Melbourne an apology, which I freely give if I have misrepresented him. I will check the Hansard—

Ms Julie Bishop—He was most complimentary about you.

Mr McGauran—He was most complimentary about the government. This is a very important and timely piece of legislation which is going to help create a viable future for the community television sector. The CTV, as we call it in abbreviated form, has faced uncertain prospects since it began in 1994 as a trial service. Most people in urban centres get to enjoy community television to a certain point. In Melbourne, when I have had the opportunity to view it, you seem to see more of the fish swimming around in a fish tank, which is the filler for Channel 31, than programs. But that is only because of the constraints which all commu-
Community television stations face in terms of sufficient funding for programming around the clock. They do a very good job with the funds available. They are creative and inventive on a very limited budget and have a wider appeal within the community than many assume.

There has been some attempt to quantify the level of community interest by way of viewing statistics in community television, but nothing that I suspect you could entirely rely upon. Anecdotally, people in the community support community television and are viewing it in greater numbers than may first appear to be the case. But it is not a uniform story of success. There have been mixed results in different cities with different stations—much like any venture in communications, whether it be electronic or print. Pressures have also been applied to community television as a result of short-term licensing arrangements.

This legislation is important because it will provide certainty to the sector in the provision of access to spectrum until the end of 2006 for analog transmission and in the establishment of new community broadcasting licences for television. We want to support community television and build on its successes. The new regime aims to help the sector provide a valuable role in meeting local information, education and entertainment needs, be an outlet for innovative and niche programming and provide opportunities for enthusiastic volunteers to train in television, production, maintenance, presenting and management.

The new CTV framework will balance the need for CTV licensees to raise revenues while ensuring, very importantly, that CTV operates still as a not-for-profit service and remains community focused. There has been a lot of public and private consultation and we have always sought practical solutions to the impediments to community television. The bill before the chamber very much reflects that consultation and that attitude.

The member for Blaxland asked: why is the government making this legislation now; is it directly related to community television? I can assure the member for Blaxland that these provisions have been invalid since a High Court ruling in 1992 and schedule 3—in regard to political advertisements—is intended only to remove these invalid provisions; it is not directly related to community television. In effect, it is simply a cleaning up of the statute books. Perhaps I should explain that—I assumed an inside knowledge that a reader of *Hansard* who is not directly listening to this debate will not have. Schedule 3 repeals certain provisions of part 3D of the Broadcasting Act 1992 which prohibited political advertisements during election periods and provided for free election broadcast time. That part was held to be invalid by the High Court in Australian Capital Television v. the Commonwealth in 1992. That is why the member for Blaxland wanted to make sure that the Broadcasting Legislation Amendment Bill (No. 2) 2002 was supportive of CTV. I am anxious to reassure him that we wanted to remove any invalid provisions following on from that High Court ruling in 1992. It is not directly related to community television; it is just cleaning up the statute books. I thank the opposition for what I have now learnt is a wholehearted endorsement of the government’s legislation.

Mr Neville—from the shadow minister himself.

Mr McGauran—the shadow minister paid the government that compliment. While we are naturally pleased to receive the support of the opposition, we wish in turn to thank and congratulate the community television sector for their help, assistance and guidance in fram-
ing this legislation for the betterment of their operations and the community they serve. I commend the bill to the House.

Question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

*Main Committee adjourned at 12.28 p.m.*
QUESTIONs ON NOTICE

The following answers to questions were circulated:

Employment: Working Hours

(Question No. 974)

Mr McClelland asked the Minister for Employment and Workplace Relations, upon notice on, 14 October 2002:

Further to the answer to question No. 782 (Hansard, 16 September 2002, page 6321), will he arrange for his department to conduct research into the proportion of the employees that are working unpaid overtime.

Mr Abbott—The answer to the honourable member’s question is as follows:

The department regularly monitors developments in the labour market including changes in workplace conditions, hours of work and unpaid overtime. The department’s analysis of unpaid overtime is based upon the ABS Working Arrangements Survey (Cat No.6342.0). It presents comprehensive data on paid and unpaid overtime, and other kinds of compensation for overtime including time-off-in-lieu, salary packaging and other arrangements, broken down by occupation. The survey has been conducted three times, beginning in 1993, and is based on a random sample of over 25,000 households. This information was examined during the preparation of the Government’s submission to the Australian Industrial Relations Commission for the Reasonable Hours Test Case. Considering that the level of unpaid overtime has been declining over the past five years, the Government does not see the need to commission further in depth work on this matter.

Transport: Fuel

(Question No. 987)

Mr Kelvin Thomson asked the Minister for Industry, Tourism and Resources, upon notice, on 14 October 2002:

(1) Would it be possible to phase out petrol powered cars by 2020.
(2) Is the Government undertaking any research or taking any action seeking to phase out petrol powered cars.

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

(1) The Government has no plans to phase out conventional petrol fuelled cars by 2020. But there is a range of support measures, including through excise exemptions, bounties and grants, for a range of vehicle fuel alternatives such as LPG, compressed natural gas, methanol, ethanol, biodiesel and liquid fuels derived from shale and natural gas as well as hydrogen and fuel cell technologies.

The Australian automotive industry contributes substantially to our economy and is highly geared towards the manufacture of petrol fuelled vehicles. The industry employs about 50,000 people, produces around 350,000 motor vehicles each year and has a gross annual turnover of around $17 billion. The 2001 Motor Vehicle Census showed that of the 9.8 million registered passenger vehicles on Australian roads, 95 percent run on petrol.

(2) The Government provided substantial support to the construction and show-casing of the aXcess Low Emission Vehicle. This concept car uses innovative hybrid-electric technologies developed by the CSIRO.

In 2001, fuel efficiency labelling became mandatory for all new passenger motor vehicles marketed in Australia to enable consumers to make more informed purchasing decisions. This may help make fuel efficient vehicles, such as hybrids, more attractive in the showroom.

In addition, the Government is contributing to the development of high efficiency solid oxide fuel cells, through its stake in Ceramic Fuel Cells Limited. The company is also a recipient of a Government-funded R&D Start Grant totalling $15 million.

Immigration and Multicultural and Indigenous Affairs: Consultancy Services

(Question No. 1012)

Mr McMullan asked the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 16 October 2002:

Mr Ruddock—The answer to the honourable member’s question is as follows:

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<td>Australian Chamber of Commerce</td>
<td>nil</td>
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<td>326.00</td>
</tr>
<tr>
<td>and Industry</td>
<td></td>
<td></td>
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<td>The Australian Industry Group</td>
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<td>nil</td>
<td>32,768.40</td>
</tr>
<tr>
<td>National Farmer’s Federation</td>
<td>nil</td>
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</tr>
<tr>
<td>Business Council of Australia</td>
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</tbody>
</table>


Fuel: Liquefied Natural Gas

(Question No. 1023)

Mr Fitzgibbon asked the Minister for Industry, Tourism and Resources, upon notice, on 17 October 2002:

(1) Further to the answer to part (11) of question No. 851 (Hansard, 23 September 2002, page 6814), has he received advice on whether the price effect is expected to be upward or downward; if so, what is the advice.

(2) Further to the answer to part (13) of question No. 851, is it a fact that the Chinese have secured exclusive shipping rights; if so, have Australian venture partners agreed to provide training for Chinese crews.

(3) Have the Chinese customers of Australian liquefied natural gas been given equity in the North-West Shelf venture.

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

(1) Yes. The price effect will depend on future commercial negotiations.

(2) No.

(3) No. The China National Offshore Oil Corporation has purchased equity in certain North West Shelf petroleum fields.

Australasian Fire Authorities Council

(Question No. 1026)

Mr Latham asked the Minister for Industry, Tourism and Resources, upon notice, on 17 October 2002:

On what occasions and with what outcomes has the Australasian Fire Authorities Council met since his answer to question No. 148 (Hansard, 14 March 2002, page 1453).

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

Since my answer to question No. 148, the Australasian Fire Authorities Council (AFAC) has met twice in April 2002 and September 2002.

I am advised that AFAC has considered the issue of compatibility of equipment and has rolled this into a larger project, with the express intent of improving mutual aid.
AFAC is developing a National Aerial Firefighting Strategy on behalf of the Department of Transport and Regional Services. The strategy, which continues to be developed, reflects AFAC’s concern to formalise and improve mutual aid arrangements among fire agencies throughout Australia and the region.

Issues raised by agencies after the 2001/02 fires will be addressed as part of the continuing mutual aid coordination project.

AFAC is a dynamic organisation. It deals with issues which are current for all of the fire agencies, and where the agencies recognise that a common approach is appropriate.

I am advised that, since my answer to Question No. 148, several of AFAC’s working forums have convened. The Australian Fire Authorities Council itself, which is the peak forum made up of the heads of all member agencies, meets twice yearly. Additionally, there are regular meetings of the office holders group. Most of the actual development work on issues is done through strategy groups. For example, the Operations Strategy Group, which is a committee of the Commissioners and Chief Officers of the various fire services, and their equivalent officers within the land management agency members of AFAC, meets twice yearly. Additionally, there are various working groups and special project teams which report to the strategy groups and which meet periodically.

**Employment and Workplace Relations**

*(Question No. 1048)*

Mr Martin Ferguson asked the Minister for Employment and Workplace Relations, upon notice, on 22 October 2002:

1. With respect to the Minister’s Department and each agency for which the Minister is responsible, what is the total number of (a) male and (b) female staff.

2. In the Minister’s Department and each agency, how many (a) male and (b) female staff are members of the Commonwealth Superannuation Scheme and how many of each gender have elected to pay additional superannuation contributions.

3. In the Minister’s Department and each agency, how many (a) male and (b) female staff are members of the Public Sector Superannuation Scheme and how many of each gender have elected to pay (i) additional and (ii) reduced superannuation contributions.

4. In the Minister’s Department and each agency, how many (a) male and (b) female staff have any other form of superannuation.

Mr Abbott—the answer to the honourable member’s question is as follows:

In order to protect the privacy of individuals, the data from the Defence Force Remuneration Tribunal and Equal Opportunity for Women in the Workplace Agency has been included with that of the Department of Employment and Workplace Relations. In response to Question 4, employees may elect to have membership of other superannuation schemes, without providing details to their respective Department or Agency.

The figures for DEWR, EOWA and DFRT as at 25 October 2002 are:

1. Total employees - 2006
   (a) 961 males (b) 1045 females

2. Members of the Commonwealth Superannuation Scheme - 419
   (a) 259 males (56 of whom pay additional contributions)
   (b) 160 females (42 of whom pay additional contributions)

3. Members of the Public Sector Superannuation Scheme - 1474
   (a) 657 males of whom - (i) 225 pay additional contributions (ii) 151 pay reduced contributions
   (b) 817 females of whom - (i) 238 pay additional contributions (ii) 219 pay reduced contributions

4. Members of other superannuation schemes (as far as DEWR and Agencies are aware) - 114
   (a) 46 males
   (b) 68 females

The figures for the Australian Industrial Registry as at 30 September 2002 are:

1. Total employees - 207
(a) 79 males  (b) 128 females

(2) Members of the Commonwealth Superannuation Scheme - 29
   (a) 20 males  (3 of whom pay additional contributions)
   (b) 9 females  (2 of whom pay additional contributions)

(3) Members of the Public Sector Superannuation Scheme - 153
   (a) 54 males of whom - (i) 13 pay additional contributions (ii) 18 pay reduced contributions
   (b) 99 females of whom - (i) 23 pay additional contributions (ii) 35 pay reduced contributions

(4) Members of other superannuation schemes - (as far as the Registry is aware) - 27
   (a) 6 males
   (b) 21 females

The figures for Comcare as at 30 September 2002 are:

(1) Total employees - 336
   (a) 139 males  (b) 197 females

(2) Members of the Commonwealth Superannuation Scheme - 36
   (a) 24 males  (4 of whom pay additional contributions)
   (b) 12 females  (5 of whom pay additional contributions)

(3) Members of the Public Sector Superannuation Scheme - 265
   (a) 98 males of whom - (i) 29 pay additional contributions (ii) 33 pay reduced contributions
   (b) 167 females of whom - (i) 37 pay additional contributions (ii) 56 pay reduced contributions

(4) Members of other superannuation schemes - (as far as Comcare is aware) - 35
   (a) 17 males
   (b) 18 females

The figures for the National Occupational Health and Safety Commission as at 25 October 2002 are:

(1) Total employees - 87
   (a) 42 males  (b) 45 females

(2) Members of the Commonwealth Superannuation Scheme - 16
   (a) 9 males  (1 of whom pays additional contributions)
   (b) 7 females  (1 of whom pays additional contributions)

(3) Members of the Public Sector Superannuation Scheme - 65
   (a) 27 males of whom - (i) 7 pay additional contributions (ii) 3 pay reduced contributions
   (b) 38 females of whom - (i) 9 pay additional contributions (ii) 12 pay reduced contributions

(4) Members of other superannuation schemes - (as far as the Commission is aware) - 6
   (a) 6 males
   (b) 0 females

The figures for the Office of the Employment Advocate as at 2002 are:

(1) Total employees - 108
   (a) 47 males  (b) 61 females

(2) Members of the Commonwealth Superannuation Scheme - 6
   (a) 2 males  (none of whom pay additional contributions)
   (b) 4 females  (1 of whom pays additional contributions)

(3) Members of the Public Sector Superannuation Scheme - 97
   (a) 44 males of whom - (i) 9 pay additional contributions (ii) 14 pay reduced contributions
   (b) 53 females of whom - (i) 6 pay additional contributions (ii) 28 pay reduced contributions

(4) Members of other superannuation schemes - (as far as the Office is aware) - 5
   (a) 1 male
Mr Martin Ferguson asked the Minister for Industry, Tourism and Resources, upon notice, on 22 October 2002:

1. With respect to the Minister’s Department and each agency for which the Minister is responsible, what is the total number of (a) male and (b) female staff.

2. In the Minister’s Department and each agency, how many (a) male and (b) female staff are members of the Commonwealth Superannuation Scheme and how many of each gender have elected to pay additional superannuation contributions.

3. In the Minister’s Department and each agency, how many (a) male and (b) female staff are members of the Public Sector Superannuation Scheme and how many of each gender have elected to pay (i) additional and (ii) reduced superannuation contributions.

4. In the Minister’s Department and each agency, how many (a) male and (b) female staff have any other form of superannuation.

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

1. (a) and (b) Total number of staff as at 30 October 2002.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry, Tourism &amp; Resources</td>
<td>794</td>
<td>695</td>
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<td>- Australia</td>
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<tr>
<td>- Overseas</td>
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<tr>
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<td>Geoscience Australia</td>
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<tr>
<td>National Standards Commission</td>
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</table>

2. (a) and (b) Total numbers of CSS members and how many pay additional contributions as at 30 October 2002.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Additional Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
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<tr>
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<td>National Standards Commission</td>
<td>7</td>
</tr>
</tbody>
</table>

3. (a) & (b) (i) & (ii) Total numbers of PSS members and how many pay additional or reduced contributions as at 30 October 2002.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Additional Contributions</th>
<th>Reduced Contributions</th>
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</thead>
<tbody>
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<td>Female</td>
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<td>IP Australia</td>
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<tr>
<td>Geoscience Australia</td>
<td>226</td>
<td>121</td>
</tr>
<tr>
<td>National Standards Commission</td>
<td>15</td>
<td>8</td>
</tr>
</tbody>
</table>
(a) & (b) Total number of staff with other forms of superannuation as at 30 October 2002.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Staff Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Industry, Tourism &amp; Resources</td>
<td>13</td>
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<tr>
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<td>Geoscience Australia</td>
<td>15</td>
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<tr>
<td>National Standards Commission</td>
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**Australia-China Gas Technology Partnership Fund**

*(Question No. 1061)*

Mr Fitzgibbon asked the Minister for Industry, Tourism and Resources, upon notice, on 22 October 2002:

1. Has a $25 million Australia-China Technology Partnership Fund been established.
2. What type of training will the Chinese gas workers receive through workshops and training exchanges.
3. Will Chinese nationals be given training to work on and operate the tankers that will be used to transport liquefied natural gas from the North West Shelf to China.

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

1. Yes. My media release of 18/10/02 refers.
2. It will cover the gas production-to-consumption chain, as per my media release of 18/10/02.
3. The details of specific Partnership Fund training courses are yet to be decided.