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**SITTING DAYS—2003**

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>4, 5, 6, 10, 11, 12, 13</td>
</tr>
<tr>
<td>March</td>
<td>3, 4, 5, 6, 18, 19, 20, 24, 25, 26, 27</td>
</tr>
<tr>
<td>May</td>
<td>13, 14, 15, 26, 27, 28, 29</td>
</tr>
<tr>
<td>June</td>
<td>2, 3, 4, 5, 16, 17, 18, 19, 23, 24, 25, 26</td>
</tr>
<tr>
<td>August</td>
<td>11, 12, 13, 14, 18, 19, 20, 21</td>
</tr>
<tr>
<td>September</td>
<td>8, 9, 10, 11, 15, 16, 17, 18</td>
</tr>
<tr>
<td>October</td>
<td>7, 8, 9, 13, 14, 15, 16</td>
</tr>
<tr>
<td>November</td>
<td>3, 4, 5, 6, 24, 25, 26, 27</td>
</tr>
<tr>
<td>December</td>
<td>1, 2, 3, 4</td>
</tr>
</tbody>
</table>

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- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 729 AM
- **DARWIN**: 102.5 FM
CONTENTS

TUESDAY, 19 AUGUST

Questions Without Notice—
  Taxation: Family Payments ................................................................. 18815
  Howard Government: Trade Policy........................................................... 18816
Distinguished Visitors............................................................................... 18818
Questions Without Notice—
  Taxation: Family Payments .................................................................. 18818
  Taxation: Compliance............................................................................. 18819
  Taxation: Compliance............................................................................. 18820
  Foreign Affairs: China........................................................................... 18821
  Minister for Regional Services, Territories and Local Government............ 18823
  Taxation: Policy.................................................................................. 18823
  Minister for Regional Services, Territories and Local Government............ 18825
  Workplace Relations: Industrial Action...................................................... 18827
  Minister for Regional Services, Territories and Local Government............ 18828
  Health and Ageing: Reforms ................................................................. 18829
  Medicare: Bulk-Billing........................................................................... 18831
  Mining Industry................................................................................... 18831
  Royal Flying Doctor Service.................................................................. 18833
Questions to the Speaker—
  Questions on Notice ............................................................................... 18834
  Mining Industry................................................................................... 18834
Personal Explanations.............................................................................. 18834
Questions to the Speaker—
  Points of Order................................................................................... 18835
Papers........................................................................................................ 18835
Questions to the Speaker—
  Governor-Designate of Tasmania........................................................... 18835
  Governor-Designate of Tasmania........................................................... 18837
  Standing Orders.................................................................................... 18838
  Parliamentary Language......................................................................... 18839
  From Phantom To Force...................................................................... 18839
Personal Explanations.............................................................................. 18839
Questions to the Speaker—
  Standing Orders................................................................................... 18839
Matters of Public Importance—
  Howard Government: Economic Policy.................................................. 18840
  Parliamentary Departments: Proposed Department of Parliamentary Services 18852
  Bills Referred to Main Committee............................................................. 18853
Committees—
  Selection Committee—Report................................................................. 18853
  Family and Community Affairs Committee—Membership...................... 18855
Business—
  Rearrangement.................................................................................... 18855
  Workplace Relations Amendment (Transmission of Business) Bill 2002—
    Consideration of Senate Message............................................................. 18856
  Workplace Relations Amendment (Codifying Contempt Offences) Bill 2003—
    Second Reading.................................................................................. 18860
    Third Reading.................................................................................... 18861
<table>
<thead>
<tr>
<th>Committee/Matter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treaties Committee—Report</td>
<td>18861</td>
</tr>
<tr>
<td>Telstra (Transition to Full Private Ownership) Bill 2003—</td>
<td>18864</td>
</tr>
<tr>
<td>Second Reading</td>
<td></td>
</tr>
<tr>
<td>Adjournment—</td>
<td></td>
</tr>
<tr>
<td>Tasmania: Textile, Clothing and Footwear Workers</td>
<td>18916</td>
</tr>
<tr>
<td>Australian Broadcasting Corporation: Behind the News</td>
<td>18917</td>
</tr>
<tr>
<td>Family Services: Carers</td>
<td>18918</td>
</tr>
<tr>
<td>Tasmania: Textile, Clothing and Footwear Workers</td>
<td>18919</td>
</tr>
<tr>
<td>Civic Values</td>
<td>18919</td>
</tr>
<tr>
<td>Families: Policy</td>
<td>18921</td>
</tr>
<tr>
<td>All Party Parliamentary Group on Population and Development</td>
<td>18922</td>
</tr>
<tr>
<td>Middle East: Israeli-Palestinian Conflict</td>
<td>18923</td>
</tr>
<tr>
<td>Notices</td>
<td>18924</td>
</tr>
<tr>
<td>Solomon islands</td>
<td>18925</td>
</tr>
<tr>
<td>Questions on Notice—</td>
<td></td>
</tr>
<tr>
<td>Australian Securities and Investments Commission—(Question No. 1985)</td>
<td>18960</td>
</tr>
<tr>
<td>Dawson Committee: Boral Case—(Question No. 1986)</td>
<td>18960</td>
</tr>
<tr>
<td>Defence Properties: Sale or Disposal—(Question No. 2052)</td>
<td>18961</td>
</tr>
<tr>
<td>Defence: Javelin Missiles—(Question No. 2060)</td>
<td>18961</td>
</tr>
<tr>
<td>Aviation: Perth International Airport—(Question No. 2085)</td>
<td>18962</td>
</tr>
<tr>
<td>Defence: RAAF Base Pearce—(Question No. 2122)</td>
<td>18963</td>
</tr>
<tr>
<td>Nardell Coal Corporation Pty Ltd—(Question No. 2131)</td>
<td>18963</td>
</tr>
</tbody>
</table>
Tuesday, 19 August 2003
THE SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

QUESTIONS WITHOUT NOTICE

Taxation: Family Payments

Mr SWAN (2.01 p.m.)—My question is directed to the Minister for Family and Community Services. Minister, why do your family payment rules allow 15 millionaire families to get family tax benefit payments of up to $4,300 per child per year but strip an average of $850 from the tax returns of 650,000 families struggling on modest incomes? Minister, isn’t one of the reasons high-wealth families can receive these payments the fact that you allow people who negatively gear shares to artificially reduce their income? Minister, when are you going to fix the family payment system and end the double standard?

Mr ANTHONY—I thank the member for Lilley for my promotion. The Minister for Family and Community Services is Amanda Vanstone. Just for the benefit of the member for Lilley, I am the Minister for Children and Youth Affairs. I must admit that Wayne is back. I am surprised. He has resurrected himself and, emerging from the train crash, he has come back to his standard stock phrase.

Mr Crean interjecting—

Mr ANTHONY—I have to look round. I am not quite sure whether you are still Leader of the Opposition.

The SPEAKER—The minister will come to the question.

Mr ANTHONY—Thank you, Mr Speaker. The stock standard response from the member for Lilley is to try and scare the Australian public, particularly about the issue of the family tax benefit. I want to reiterate to the parliament that when the family tax benefit was introduced—we collapsed about 12 payments into three—in the year 2000 it went to two million families—to 3½ million children. In that particular year we increased payments by over 20 per cent. That means that the average Australian family is now getting around $4,700 from family tax benefit part A and, if they are receiving family tax benefit part B, about $1,900. Therefore, the average Australian family is getting around $6,600 from the federal government through the family tax benefit. We have a policy that you should receive what you are entitled to—not more, not less. It is reconciled every year through the taxation system.

In the last few days the member for Lilley has been trying to rehabilitate himself, ducking and weaving wherever he can find a camera or a microphone. He may be Swan by name but we know he is called ‘the rooster’ over there by his colleagues. We know over on this side he is just a big chicken—a little chicken.

But to address the question, the inference he is making is that people who are receiving the family tax benefit and who earn over $100,000 are rorting the system. One of the main reasons why people earning over $100,000 receive the family tax benefit is that they have about four or six children. Are you saying that we should be disadvantaging large families? Is the member for Lilley suggesting that the families in his electorate who are receiving income—perhaps both parents are working—of around $100,000 should be denied the family tax benefit even though they have children under the age of two and between the ages of 18 and 24?

Now the member for Lilley wants to try and promote the issue that we have a number of people on higher incomes who should not be entitled to this benefit. Clearly, if people on very high incomes are not entitled to it they will have to repay it. We went and had a
bit of a look at what the member for Lilley has been saying just recently—ducing and weaving, trying to make himself relevant again.

Mr Swan—you’re the duck!

Mr Anthony—I am not a little chicken like you over there. There are a lot of roosters over there, aren’t there?

The Speaker—Minister!

Mr Anthony—I am sorry, Mr Speaker. We are getting overly enthusiastic here. We went back and we had a bit of a look at these cases.

Mr Albanese—he’s laying an egg!

Mr Anthony—You are really relevant, aren’t you, Mr Badgerys? We decided to look at the income levels, and rightly so. If people on very high incomes are receiving the family tax benefit then they should not be. People earning between $400,000 and $1 million should clearly not be receiving the family tax benefit, but we found that a third of those on very high incomes were getting the family tax benefit because of CDA saved cases—carer disability allowance cases. That was done back in 1992-93. Who was in government then?

A third of those cases were families who have been receiving the family tax benefit because they had disabled children. Isn’t it interesting? Last week, you found it quite fashionable to beat up on people receiving carer allowance and now you are saying it should be taken away from them because you grandfathered a lot of these people—one third of them. That is hypocritical.

The second point is that we have gone back and had a look at these individuals—Senator Amanda Vanstone has. Half receive income tested FTBA and have debts raised against them. They will have to pay it back. There are 14 cases out of about 60 which we are further investigating to ensure that those individuals who—

Mr Swan—Mr Speaker, I rise on a point of order on relevance.

The Speaker—No, the member for Lilley will resume his seat. Has the minister concluded his answer?

Mr Anthony—Yes, thank you, Mr Speaker.

Howard Government: Trade Policy

Mr Somlyay (2.07 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House how this government’s trade policy is working to strengthen economic relations with our regional neighbours? How do initiatives within the region fit our overall trade agenda?

Mr Vaile—I thank the honourable member for Fairfax for his question. Obviously the member for Fairfax takes a great deal of interest in these matters given the number of small to medium size enterprises that are operating out of his electorate and exporting particularly within our region and into South-East Asia and the markets in North Asia.

The government’s trade policy is working extremely well in strengthening our economic relations within the region. In fact, I had a meeting over lunch today with representatives from the ASEAN countries with whom we have a very strong trading relationship. They were the first organisation that we negotiated an economic relationship with in the current form of trade policy where we have a very strong focus on the WTO and the multilateral system. We believe that meaningful reform in the global trade negotiations is very important for Australian jobs and the Australian economy. We are in the middle of that exercise at the moment and pursuing that in the WTO, and of course the meeting in Cancun in Mexico in a
couple of weeks time is going to be crucial to that.

We have also been negotiating and pursuing bilateral agreements with a number of countries, the first of which was the CEP agreement—the closer economic partnership agreement—that we negotiated, signed off and put into place with the 10 ASEAN countries in their AFTA grouping. As I said, I had lunch with representatives of those countries today, and we are having a meeting in a couple of weeks time—the annual dialogue between Australia, New Zealand and the 10 ASEAN countries—which will take place in Cambodia.

A part of that policy pursuit has been to negotiate free trade agreements with other countries that are willing to move at the same pace as Australia, where opportunities are going to be provided faster—better opportunities, deeper opportunities—for Australian exporters. It is no secret that we have now concluded the free trade agreement with Singapore. We are on track with the free trade agreement negotiations with Thailand, to be concluded in October this year. Of course, there are also the all-important negotiations with the United States of America, which we are targeting to conclude by the end of this year. Those negotiations are the first that we have embarked upon for 20 years in this country—since we concluded the CER agreement in 1983. That has been recognised as the best and purest free trade agreement in existence in the world.

But this policy pursuit has been criticised by some commentators. Obviously the government has refuted those arguments and has continued to point to the advantages and the benefits that will flow from these negotiations. A couple of former Hawke advisers—namely, Ross Garnaut and Craig Emerson—have been very vocal in their opposition to the bilateral negotiations that we have been engaged in. They have been saying that these negotiations with the United States will cause our North Asian trading partners to pull away from the relationship with Australia. Those arguments that they have been putting forward are plainly wrong.

Following Singapore and Thailand, China is now seriously considering an FTA study with Australia. Following the Prime Minister’s visit to Beijing yesterday it was announced that we wanted to pursue this, and the Chinese have agreed, as part of the economic framework agreement that we are currently negotiating. It should be recognised that China is one of our fastest growing markets, particularly in North Asia. I have been saying for at least the last couple of years that Australia has an enormous opportunity to take advantage of the opportunities presented in terms of resourcing the industrialisation of China, and we have to continue to refine that relationship.

As I say, we are focusing on the multilateral agenda and at the same time expanding the bilateral negotiations within our region and outside our region.

Mr Kelvin Thomson interjecting—

The SPEAKER—Order! The member for Wills!

Mr VAILE—And it is not damaging our relationships within our region within East Asia.

Mr Kelvin Thomson interjecting—

The SPEAKER—Is the member for Wills aware of the fact that this is the second time I have drawn his attention to his obligations?

Mr VAILE—As I laid down the challenge yesterday, I lay down the challenge again today to the Leader of the Opposition to get the whole labour movement—the Australian Labor Party and the union movement—behind these moves in relation to both the
current negotiations and those in prospect because they are in the national interest.

DISTINGUISHED VISITORS

The SPEAKER (2.13 p.m.)—I inform the House that we have present in the gallery this afternoon members of the 20th delegation from the American Council of Young Political Leaders. On behalf of the House I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Taxation: Family Payments

Mr SWAN (2.13 p.m.)—My question is directed to the Minister representing the Minister for Family and Community Services.

An opposition member—Poorly!

Mr SWAN—Yes, poorly. Can the minister confirm that the government has no mechanism in place to verify foreign income of any of the 18,000 families with incomes in excess of $100,000 a year, including 15 millionaire families it has been paying family tax benefit A? Minister, why are struggling families and children with disabilities the target of endless checks while high rollers are paid on the basis of an honour system? Minister, when are you going to stop—

The SPEAKER—Order! Member for Lilley—

Mr SWAN—high-wealth families from getting these payments by negatively gearing shares to artificially reduce their income?

The SPEAKER—I interrupted the member for Lilley only to point out that the use of ‘you’ and ‘your’ is undesirable in questions.

Mr ANTHONY—I thank the member for Lilley for his second question, which is all part of his rehabilitation. What a comeback! In his question the member for Lilley again made the inference that, if you are earning over $100,000, you should not be entitled to the family tax benefit. You said that in your question a few moments ago. I am surprised that the member for Lilley has got it in for Australian families, with four or more children, earning a high income. He is stating, either implicitly or not implicitly, that they should not be receiving the family tax benefit. I explained in my previous question, and I am happy to go through it again for the member for Lilley, that if you are receiving the family tax benefit and you are not entitled to it then you have to repay it; it is a very simple principle.

Mr Swan—Mr Speaker, I rise on a point of order on relevance. The question was about the verification of foreign income.

The SPEAKER—The minister was asked a question about people whose income has exceeded $100,000 and about the sources of that income. He is responding.

Mr ANTHONY—The innuendo is that all people earning over $100,000 are receiving foreign income. The majority of people earning over $100,000 are receiving family tax benefits because they have large families or are receiving these benefits because they have been grandfathered through the CDA saved cases. Of course there is a very high proportion who will have to pay it back. Under the old ALP system, there would have been 500,000 families in the 2001-02 tax year who would not have received a top-up. Under this particular system, if people overestimate their income then they receive a top-up payment. They would never have received this under the old system. We have put in place a number of measures over the last 12 months to give families the choice to try and more accurately ascertain their income at reconciliation, whether this is splitting family tax benefit part B or family benefit part A or whether it is from childcare benefits.
As far as those people who might be receiving foreign income go, if they are paying tax in other jurisdictions then it obviously comes down to a ruling by the tax office. There are a few cases which I know Senator Vanstone is investigating. The central point which I want to stress is a quote by Mike Seccombe in the Sydney Morning Herald—it is important to quote this to the parliament because it underlines the member for Lilley’s engagement on this topic—which I would like to share with all members of the House.

I am sure there are many people in the Labor Party who would agree with this:

If there is one example of anything that is wrong with the modern Labor Party it is Wayne Swan. I mean anodyne, unimaginative, poll driven. I mean he is a shocker.

He is a shocker because he is scaring the vast majority of Australians.

**Taxation: Compliance**

**Mr BILLSON** (2.18 p.m.)—My question is to the Treasurer. Would the Treasurer advise the House what action the Australian Taxation Office has taken to crack down on the cash economy? Is the Treasurer aware of any alternative tax policies?

**Mr COSTELLO**—I thank the honourable member for Dunkley for his question. I can inform him that yesterday the Commissioner of Taxation released the tax office compliance program for 2003-04. This year the tax office will undertake over 70,000 compliance reviews to deal with businesses operating in the cash economy, which will be 25,000 more than last year. More than 30,000 businesses can expect to be visited by 660 tax officers specialising in the cash economy, and there will be another 2,400 officers in the field enforcing compliance generally. In his press release when he announced this yesterday the commissioner said:

... industries to be scrutinised include restaurants, cafes, takeaways, taxis, hairdressers—

**Mr Latham**—About time.

**Mr COSTELLO**—The member for Werriwa said, ‘About time.’ It is about time that we look at the taxi industry in Sydney. They have a lot of bad debts. There are people who get intoxicated, get into taxis and do not pay their bills. It is hard to believe, but it is true. The commissioner continued:

... hairdressers, cleaning services, scrap metal dealers, computer retailers ...

As the commissioner noted in his press release yesterday, the ANAO audited the performance of the tax office in relation to the cash economy and found that there had been a compliance dividend of $3.5 billion over three years of additional tax raised because of the new tax system. Let me say that again: the new tax system, as found by an ANAO audit, has produced a compliance dividend of $3.5 billion in excess of what the government said would be the case when it brought the new tax system into effect from 1 July 2000.

In addition to that, the Commissioner of Taxation notes in his release—and I will table this release—that the tools which were introduced with the new tax system have given him additional measures to be used to clamp down on the cash economy. He notes that the Australian business number, which has to be quoted for suppliers, has raised over $127 million in payments withheld. He also notes that the new tax system provides real-time information and gives the ability to crossmatch income tax and GST information. From the government’s point of view, those tools should be used in relation to the cash economy—and they are powerful tools, which the tax commissioner notes. This increased program comes about because not in this year’s budget but in last year’s budget the government allocated an extra $1.5 bil-
lion over four years to employ more inspectors to lift the number of businesses to be visited and compliance reviews. That was a decision which the government put in place in the May 2002 budget and which is now starting to pay dividends.

I want to finish by correcting one thing. The member for Werriwa has falsely claimed today that the tax commissioner has estimated the black economy at 15 per cent of GDP. This is what he did: he walked up to a group of cameras and he said, 'The tax commissioner, Mr Carmody, has estimated the black economy has blown out to 15 per cent of GDP.' As usual, that was false and a verballing of the tax commissioner.

Opposition members interjecting—

Mr COSTELLO—Yes, a verballing of the tax commissioner.

Government members interjecting—

Mr Latham interjecting—

Mr COSTELLO—I will tell you what he said—the member for Werriwa said, 'What did he say?' He went on The World Today and he said:

I understand it has been claimed by Mr Latham that I have confirmed a figure of the black economy of 15 per cent of GDP. I’ve done no such thing. I place no weight at all in the sort of macro analysis that produces that sort of figure, and with good reason.

The OECD has referred to that sort of analysis as being only good to produce spectacularly high measures, but with no sound scientific base.

I think the tax commissioner is owed an apology from the member for Werriwa today.

Mr Latham—I seek leave to table the statement by Mr Carmody on National Nine News last night, when he said—

Leave not granted.

**Taxation: Compliance**

Mr LATHAM (2.24 p.m.)—My question is to the Treasurer. I refer him to his statement in July 2000 when he introduced the GST and said:

... the days of easily operating in the black economy are ... coming to an end.

Treasurer, why did the tax commissioner, Mr Carmody, tell National Nine News last night that the black economy was running at up to 15 per cent of GDP—that is more than $100 billion? Is the Treasurer also aware that in the first three months of this year the 400 GST field officers in Queensland undertook just 700 compliance investigations—less than one investigation per officer per month? Treasurer, far from coming to an end, aren’t the days of operating in the black economy just getting easier and easier day by day?

Mr COSTELLO—I have just read out what the Commissioner of Taxation said at 12 o’clock today on The World Today, Tuesday, 19 August 2003:

... it has been claimed by Mr Latham that I have confirmed a figure of the black economy of 15 per cent of GDP. I’ve done no such thing.

The member for Werriwa, not content last week with attempting to slur the chairman of ASIC, was out there today misrepresenting the tax commissioner, who very directly repudiated the claim of the member for Werriwa at 12 o’clock today on The World Today. The tax commissioner—and I table this media release—says that the ANAO has found a:

... compliance dividend of $3.5 billion over three years of additional tax estimated to be raised as a result of the New Tax System ...

Not only does the commissioner say he has raised $3.5 billion, but the ANAO has done a compliance report and confirmed it. What did the government say? The government estimated that there would be a dividend from the black economy of $2 billion to $3 billion. A figure of $3.5 billion is what the tax commissioner estimates, and the ANAO confirms it.
In addition to that, what does the tax commissioner say his tools are going to be as he lifts the pressure on the cash economy? There is the Australian business number, which has a withholding system if you do not have a number—which has already raised $127 million—and there are real-time efforts to match GST returns to the cash economy. Of course, if Labor had had their way, there would be no Australian business number. Labor opposed this tax system. If Labor had had their way, there would be no GST to get real-time matching. So it is a little rich, is it not, for the Australian Labor Party to now come along and say, ‘You should be more active in enforcing the GST’?

Opposition members interjecting—

Mr COSTELLO—‘That’s right,’ they say—a GST which they said should never be introduced. I should not say that, because it is not entirely true to say that the member for Werriwa said a GST should never be introduced. He has had a position on practically every policy, like a child in a lolly shop—you know: ‘I’ll have one of them and one of them and one of them and one of them.’ Writing in the Australian Left Review in September 1990, the member for Werriwa said—and I ask people to listen to this carefully; this is a statement—

Mr Latham interjecting—

Mr COSTELLO—As it turns out, I was the member for Higgins in 1990. As it turns out, I was actually in this place. Writing in September 1990, the would-be economic spokesman of the Labor Party said:

The federal government should shed part of its funding role for basic services by encouraging the states to raise income and consumption taxes.

Income taxes! Not only did he want a state GST; he wanted a state income tax. Of course, that was the point at which the Liberal Party was putting forward Fightback for the 1993 election. The moment Fightback was put forward and it became Liberal policy to have a GST, the member for Werriwa, having been a supporter of a GST, then became an opponent of it and, as we now know, advocated instead of the GST the PET—the progressive expenditure tax; another one of the tax policies of the member for Werriwa. I have to say that going through the policies of the member for Werriwa is just a mine of unbearable riches. It never comes to an end. We have been anti-GST, pro-GST and pro state GST. Today we want an enforceable federal GST. In 1998 we had the progressive expenditure tax. I await with great interest—and I say to the backbench of the Labor Party: wait for the progressive expenditure tax, because you ain’t seen nothing yet!

Mr Latham—The Treasurer has been tabling documents. I seek leave to table the transcript of Mr Carmody’s interview on National Nine News last night, where he says there are various estimates—

The SPEAKER—Whether or not the Treasurer tables documents has no bearing on whether anyone else should table documents. Is leave granted for the member for Werriwa to table a document?

Leave not granted.

Foreign Affairs: China

Mr HAWKER (2.31 p.m.)—My question is to the Minister for Foreign Affairs. I ask the minister: would he inform the House of recent developments in Australia’s bilateral relationship with China, and how important are these developments in the context of Australia’s economic and security interests in the Asian region? Is the minister aware of any alternatives?

Mr DOWNER—First, I thank the honourable member for Wannon for his question and for the interest he shows in these issues—in this case, in Australia’s relationship
with Asia. It is only from this side of the House that I get questions about our relationship with Asia. The Prime Minister has just completed his fourth visit to China. One of the observations the Chinese made was that this is the largest number of visits to China by any serving Australian Prime Minister. As has been the case with his previous visits to China, it has been a very great success. I am very pleased that President Hu Jintao, during the visit of the Prime Minister, made it clear that he, President Hu Jintao, will be visiting Australia later this year. This of course will be the second visit by a Chinese President to Australia; the first visit was by President Jiang Zemin in September 1999. Again, it was no coincidence that this was during the term of the Howard government. There is no doubt that the Chinese government—and I think, more broadly, many key people in China—assess the relationship with Australia as being a very important and very strategic relationship.

As the Minister for Trade has pointed out, the Prime Minister’s visit did include very successful discussions about a comprehensive bilateral framework agreement on trade and investment, and I think the future is very bright for our economic relationship with China. But our bilateral relationship with China is of course one of our key overall relationships with Asia. I do not think anyone in this House who knows anything about Asia would underestimate the enormous historic importance of the rise of the Chinese economy and the rise of China’s strategic influence. Obviously, a good relationship between Australia and China is very substantially not just in the economic interests of Australians but in the strategic interests of Australians. During the Prime Minister’s visit he was also able to discuss the issue of North Korea, which has been a major preoccupation for the region, including this government, and to thank the Chinese leaders for the role they have played in helping to piece together the six-party talks about which I was asked yesterday.

The honourable member for Wannon asked whether there were any alternative views. The answer to that is: there are a lot of alternative views. There are those who say that we are too bombastic on the issue of North Korea. There are those who say that we use Rambo rhetoric. There are those who say that we are too soft on North Korea—that we are too soft on security issues. But the extraordinary thing about this is that if you take all of those views they are expressed by just one person, and that is the member for Griffith. The member for Griffith, who is accusing the government of being engaged in Rambo rhetoric on North Korea, said in January that North Korea had done some ‘mad things’ in the past and they were capable of ‘mad things’ in the future. He went on, during January, to talk about how North Korea had missiles that were capable of reaching Australia. Now he accuses the government of Rambo rhetoric as he himself goes soft and takes the soft line on North Korea.

The member for Griffith, who is the opposition spokesman on foreign affairs, has all positions on all issues—except in one case. He has one constant position, and his one constant position is in front of a microphone. When the member for Wannon, who I understand is very fond of the member for Griffith; I understand there is a real bond there—Mr Latham—Mr Speaker, I raise a point of order on relevance: it is very hard to see how this is at all relevant to the question.

The SPEAKER—There is no point of order. The minister will conclude his answer.

Mr DOWNER—The member for Werriwa, at a caucus briefing, apparently said in response to some questions about the mem-
member for Griffith going to Baghdad: ‘I am sure he will supply his itinerary so interviews can be coordinated.’ Apparently in saying this—according to the press—he sneered. He sneered at the member for Griffith.

Government members interjecting—

**Mr DOWNER**—I know. How bad is that, Mr Speaker? To the member for Griffith, two words of advice: say less.

**Minister for Regional Services, Territories and Local Government**

**Mr GAVAN O’CONNOR** (2.37 p.m.)—My question is to the Minister for Regional Services, Territories and Local Government. Does the minister recall writing, on his ministerial letterhead, to the South Australian police minister on 25 September and 11 November 2002, and again on 16 January this year, seeking to have the police minister improperly intervene in relation to an offence committed by his son? Can the minister confirm that in these letters he described his son as a constituent when in fact his son does not live in the minister’s electorate? Why did the minister provide false and misleading information to the South Australian police minister?

**Mr TUCKEY**—The answer to the question is that the reference to a constituent inquiry concerns a constituent inquiry. Two people who drove a truck into South Australia did not know that they had to have a logbook because logbooks are not required in Western Australia. The safety of their travel was guaranteed by having two drivers and not one. When they were fined, I wrote to the minister saying that I thought a warning should be appropriate. I did not press the matter any further. I would do it, and I think I have done it, for other people in my electorate. I do not see that the only person my son could go to in this matter being me should deny my request that a warning was appropriate. I did not ask that it be changed. The fact is that I said it was a constituent inquiry, and I find that no different—

Opposition member interjecting—

**Mr TUCKEY**—No. Anyway, I have explained that it is a matter that I put forward on his behalf. At no time did I do anything that was to influence the outcome other than to ask that it be considered as a warning.

**Mr Gavan O’Connor**—Mr Speaker, I seek leave to table three letters from the minister dated 25 September 2002, 11 November 2002 and 16 January 2003 to the Hon. Patrick Conlon MP, Minister for Government Enterprise, Minister for Energy, Minister for Police and Minister for Emergency Services, on this matter.

Leave granted.

**Taxation: Policy**

**Mr NAIRN** (2.39 p.m.)—My question is addressed to the Treasurer. Would the Treasurer update the House on the steps the government has taken to ensure that Australia continues to enjoy low tax levels? Is the Treasurer aware of any alternative policy approaches?

**Mr COSTELLO**—I thank the honourable member for Eden-Monaro for his question. As he would know, this government abolished wholesale sales tax, financial institutions duty, bed tax and stamp duty on shares and introduced GST. We cut petrol excise—and for the trucking industry we cut it to 20c a litre from 44c at the time. We reduced income taxes, halved capital gains, reduced company tax and gave rollover relief to small business. As a consequence, we have made Australia a pretty competitive place to do business. As I informed the House yesterday, on the IMD world competitiveness scale, Australia was considered to be the second most competitive business environment of countries of 20 million people or more around the world.
Last night on the ABC *Lateline* program, Mr Greg Combet—I believe he is Secretary of the ACTU—was explaining to Tony Jones his criticism of the government’s tax policy. Essentially the ACTU criticism of the government’s tax policy is that Australia is a low-taxing jurisdiction. But halfway through the interview Tony Jones reminded Mr Combet that Labor’s attack on the government is that it is a high-taxing government. So Mr Combet was last night reconciling the Labor attack on the coalition being a high-taxing government with the ACTU campaign to expose Australia as a low-taxing jurisdiction.

When the ABC advertises its comedy programming, it ought to include *Lateline* in the future. Last night Tony Jones said this—

Mr Pyne interjecting—

Mr COSTELLO—It was actually last night on *Lateline*. Tony Jones said to Greg Combet—and remember that this is the industrial wing of the Labor Party, the ACTU, which owns 50 per cent of the votes at the national convention:

Yet, the first line of your tax sheet says OEC data says Australia is a low tax country.

Is that the case?

GREG COMBET: Well, relative to the other OECD countries, that’s the case.

TONY JONES: According to your document, relative to all the other OECD countries and, indeed, the average is six points higher on the percentage scale.

GREG COMBET: And that’s quite right.

… … …

TONY JONES: But isn’t this document more or less pointing out that Australia is a very low tax country by comparison to other OECD countries, and therefore it would be possible, in fact, to raise taxes here and still be in conformity with other OECD countries?

GREG COMBET: Well, it is a statement of fact that relative to other OECD countries, Australia is not a highly taxing country.

… … …

TONY JONES: I raise it because this is in your facts sheet about tax and I’m just trying to get to the point here of what you mean by saying Australia is a low taxing country relative to other OECD countries.

It seems to be suggesting we could have higher taxes here.

GREG COMBET: Well, we’re stating the facts.

So what are the facts? The ACTU knows what the facts are: Australia is a low-taxing jurisdiction by the standards of the developed world. From the OECD table, I think the United States and Korea and not too many others are actually lower. The reason the ACTU is raising this is that the ACTU believes taxes should be higher. We know that the overwhelming majority of the Labor backbench also believe that taxes should be higher; the Australian candidate survey at the last election established this. So why do we have this nonsense from the frontbench of the Australian Labor Party attacking the government for being too high taxing when we know that the Australian Labor Party believes taxes should go higher and the ACTU believes that the tax take is too low?

The ex-ACTU president, the now member for Hotham, will be going to the ACTU congress and, presumably, when he gets there he will be telling the ACTU, ‘No, Australia is not a low-tax jurisdiction; it’s a high-tax jurisdiction.’ Presumably, when he gets there he will be saying, ‘Labor’s policy is not to increase taxes but to cut them,’ and, presumably, he will be naming those areas where Labor proposes to cut taxes. We await.

One of the things that has always intrigued me, as we have been raising the question of stamp duty in the parliament over recent days, is why no member of the ALP has ever joined us in criticising state governments for having stamp duty that is too high.
Mr Gavan O'Connor—We’re too busy criticising the GST on the stamp duty.

Opposition members interjecting—

The SPEAKER—The Treasurer has the call. The Treasurer will respond to the question.

Mr Costello—I was intrigued—I had to be told, and I was told—to find that Labor has a shadow minister for housing. Whilst the shadow Treasurer has been announcing increased grants for people buying houses in Sydney, it turns out that Labor’s spokesman on housing has not been announcing anything at all. Labor has a shadow minister for housing who apparently has not been consulted about the shadow Treasurer’s policy. It would not be the case that Labor’s shadow minister for housing would come from an area which is going to be penalised because it is only Sydney that is getting a $12,000 grant? What about the people of Geelong?

Labor has a shadow minister for housing who represents Geelong. Let him go to the people of Geelong and explain why if you live in Geelong your grant is $7,000 but if you live in Sydney it is $12,000. Talk about a local member looking after the local area! The intriguing thing here is that, although the shadow Treasurer has announced the increase in the first home owners grant, it has not been endorsed nor has a word been uttered about it by the shadow minister for housing. Rather intriguing. But why is it that nobody in the Labor Party has ever criticised the state governments for high stamp duty policies? The answer came today in the Herald Sun. Listen to this:

Victoria’s peak union boss yesterday called for state government taxes, including stamp duty, to be increased...

“The Government does need to raise taxes such as payroll tax, gambling tax and stamp duty for some buyers ...

That was Leigh Hubbard, ‘Brother Hubbard’. Old Brother Hubbard went to the cupboard to find the ALP a bone. But when he got there, the cupboard was bare and the poor ALP had none!

Mr Gavan O’Connor—Mr Speaker—

The SPEAKER—The member for Werriwa will come to his point of order immediately. Your point of order is?

Mr Latham—an answer of duration well outside the bounds that you set when you first occupied the chair.

The SPEAKER—The member for Werriwa will resume his seat. The Treasurer has the call. There is no point of order, as every member of the House knows.

Mr Costello—So why is it that no member of the Labor Party has criticised the state governments for their stamp duty policies? The answer came today in the Herald Sun. Listen to this:

Victoria’s peak union boss yesterday called for state government taxes, including stamp duty, to be increased...

… ... ...

“The Government does need to raise taxes such as payroll tax, gambling tax and stamp duty for some buyers ...

That was Leigh Hubbard, ‘Brother Hubbard’. Old Brother Hubbard went to the cupboard to find the ALP a bone. But when he got there, the cupboard was bare and the poor ALP had none!

Mr Gavan O’Connor—Mr Speaker—

The SPEAKER—The member for Corio will resume his seat. The member for Corio is protected by standing order 55, as are all other members.

Minister for Regional Services, Territories and Local Government

Mr Gavan O’Connor (2.50 p.m.)—My question is to the Minister for Regional Services, Territories and Local Government. It refers to his statement in answer to my previous question that he did not press this matter. I remind the minister of his obligation to uphold the rule of law. In the light of the letters I have just tabled in the House,
can the minister confirm that the South Australian police minister—

Dr Southcott—Mr Speaker, I raise a point of order: firstly, under standing order 142, a question should relate to the minister’s public affairs with which he is connected. Secondly, standing order 153 says that the character and conduct of a member of parliament can only be criticised by way of a substantive motion. I do not see how the previous question and this question relate to the area of the minister’s responsibilities.

The SPEAKER—I allowed the first question to stand because the reference was made to ministerial letterhead. I cannot allow the first question to stand and rule this question out of order. There was a second point under reflection on character, but there has been nothing in this question that I could have taken umbrage at. The member for Corio has the call.

Mr Fitzgibbon interjecting—

The SPEAKER—Member for Hunter! Standing order 55 applies to all parliamentarians.

Mrs Bronwyn Bishop—Mr Speaker, on the point of order, House of Representatives Practice says:
The underlying principle is that Ministers are required to answer questions only on matters for which they are responsible to the House.

It specifically says that questions may not be asked on:

• matters of a private nature not related to the public duties of a Minister.

Quite clearly—

Mrs Crosio interjecting—

The SPEAKER—The member for Prospect is warned! I had already drawn the attention of the House to the obligations that exist under standing order 55.

Mrs Bronwyn Bishop—Whether or not the minister chose to use letterhead does not change the fact that the matter does not relate to his public duties as a minister. Accordingly, the question should be ruled out of order.

The SPEAKER—I have ruled on the point of order.

Mr GAVAN O’CONNOR—Can the minister confirm that the South Australian police minister wrote to him on 20 November 2002 stating that intervention in the minister’s son’s matter would be improper and unlawful? Why then did the minister write back on 16 January saying that his son was entitled to the expectation that no further action against him would proceed? Minister, why did you continue to press for political intervention when you knew that it would be improper and unlawful for the South Australian police minister to intervene?

Mr McMullan interjecting—

The SPEAKER—I remind the member for Fraser that standing order 55 also applies to him.

Mr TUCKEY—I really anticipated that, having the opportunity to ask me questions today, the shadow minister for local government was going to follow up on his press releases where he keeps urging me to break a law written by the Keating government in 1995 about local government distribution in Queensland.

The SPEAKER—The minister will come to the question.

Mr TUCKEY—I am more than prepared to answer the question, because anybody who reads those letters will find the bit that the member for Corio has left out. I made representations stating they were about my son, as he has confirmed.

Mr Crean—You said he was a constituent.

Mr TUCKEY—I referred to it as a constituent matter, but I said it was about my
son. We are not saying that I wrote about a constituent without mentioning who it was. I did not receive a reply from the minister for an extensive period. In the interim my son, I thought, had the expectation of my advice on that reply before he was actually prosecuted, in his absence and without a summons, in the South Australian court. I wrote back to the minister and said I thought that was pretty poor form. That is all that has ever been done.

Workplace Relations: Industrial Action

Dr WASHER (2.55 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House how industrial disputes have fallen since 1996? What threats exist to maintaining this record? Is the minister aware of any alternative policies?

Mr ABBOTT—I thank the member for Moore for his question. While members opposite are crawling around in the gutter looking endlessly for scandal, this government is getting on with the job of delivering better conditions to the ordinary people of Australia. This government has delivered to the working people of Australia more jobs, higher pay, greater protection—and, very importantly, fewer strikes. Since March 1996 there have been more than one million new jobs. There has been a 14 per cent real increase in full-time average weekly earnings. We have put in place the first comprehensive system of protection of worker entitlements in this country’s history, and strikes are at the lowest level since records were first kept in 1913. The latest Australian Bureau of Statistics figures show that in the 12 months to May just 30 working days were lost per 1,000 employees due to strikes. This is one-third of the strike rate in 1996 and one-thirtieth of the strike rate in the early 1980s, and it is the lowest 12-month result since the current ABS series began in 1981.

Ms O’Byrne interjecting—

The SPEAKER—If the member for Bass wants to experience a lockout, she will continue to interject.

Mr ABBOTT—I do have to say to the member for Moore that there was a sharp jump in disputes in May, mostly because of the AMWU’s campaign against the motor industry and the CFMEU’s typical campaign of disruption of the building industry in Victoria. Today the comrades are meeting in Melbourne, exercising their controlling interest over the Australian Labor Party and summoning the Leader of the Opposition to give him his instructions for the coming 12 months. I have a clear message for the ACTU. I quote:

"Trade unionism in this country is in crisis."

I wonder who said that.

Government member—Who? Was it someone who knew?

Mr ABBOTT—Yes, it was someone who knew the union movement very well. This was from someone in his Dr Jekyll mode, before he became Mr Hyde. The quote continues:

"How can unions survive if they fail to appeal to people in newly created enterprises and workplaces?"

I am quoting the member for Werriwa, funnily enough. He continued:

"The union movement needs to find a way of becoming relevant to smaller, leaner workplaces. Otherwise it runs the risk of becoming yet another dinosaur from the industrial age."

The shadow Treasurer, the member for Werriwa, needs to show a bit of intellectual integrity. The union movement is either an in-
industrial dinosaur or the rightful owner and operator of the Australian Labor Party. It cannot be both, and the shadow Treasurer needs to explain whether he has changed his mind or sold out his principles. On his form so far, you would have to say that he is the biggest sell-out since Richard Butler.

Mr Latham—Mr Speaker, I rise on a point of order. My recollection is that there is a standing order saying members cannot reflect badly on representatives of the Queen. Wouldn’t you think a Queen’s man would know that?

Honourable members interjecting—

The SPEAKER—When the House has come to order! A point of order has been raised by the member for Werriwa. I would point out that the status of Governor of a particular state has not, as yet, been conferred on Mr Butler.

Minister for Regional Services, Territories and Local Government

Mr GAVAN O’CONNOR (3.00 p.m.)—My question is again to the Minister for Regional Services, Territories and Local Government. I draw the minister’s attention to

Mr Downer interjecting—

The SPEAKER—Minister! The member for Corio has the call. He has the right to be heard in silence.

Mr GAVAN O’CONNOR—Thank you, Mr Speaker. I draw the minister’s attention to the Prime Minister’s ministerial code of conduct that requires ministers to be honest in their public dealings, to avoid the use of public office for private purposes and certainly not to mislead this House. Minister, haven’t you breached this code of conduct by misleading this House about your son’s place of residence and by using your ministerial office to interfere in a legal matter against your son?

Honourable members interjecting—

The SPEAKER—I will deal very quickly with those who continue to defy the chair.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order: the House of Representatives Practice is very specific that preambles to questions may not be used in a way that constitutes a speech and they may not in themselves suggest an answer. Clearly the member has couched that question in such a way that he is asking for comment and interpretation of the Prime Minister’s code of conduct. His preamble is trying to state what the answer ought to be and, clearly, if you read page 527 of the Practice, about questions, debate, argument et cetera, you will find that the call may be withdrawn from a member who prefaces a question with an extraneous remark. Clearly he has done that, and I would ask that the call be withdrawn from him.

The SPEAKER—The member for Mackellar is perfectly right that the use of preamble falls outside the standing orders. My discharge of standing order 144—and standing order 145, for that matter—is entirely consistent with the discharge of my predecessors in the chair from both sides of the House. If anyone questions that they may care to put themselves through an exposure to tapes of previous question times or to read previous question times in Hansard. I do not believe the member for Corio is out of order, and I recognise him.

Mr GAVAN O’CONNOR—Thank you, Mr Speaker. Hasn’t the Minister for Regional Services, Territories and Local Government breached the code by misleading parliament about his son’s place of residence, using his ministerial office to interfere in the legal matter against his son and in his statement to this House today that he did not pursue this matter with the South Australian minister? Isn’t this another example of favouritism
under the Howard government: one rule for the likes of Stan Howard and Michael Tuckey, and a different rule for other Australians?

The SPEAKER—I have allowed the question to stand, but the member for Corio will remove the latter reference from the question, which distinctly contained imputation.

Mr GAVAN O’CONNOR—Mr Speaker, I remove the last part of the question.

Mr TUCKEY—Mr Speaker, the only advice I have given to this House is in response to the questions I have received today. In no way have I misled the House in any response to that question.

Mr Martin Ferguson—What about the code of conduct?

Mr TUCKEY—The code of conduct says something about ‘private’. If your own children are not entitled to the same representations from a member of parliament as somebody else, if it is suggested that I should have rung up a Senate colleague or something and said, ‘Please write the letter,’ then the members of the opposition have a very funny view of family. My family is entitled to my representations. I put a position that I thought was credible, as the letters explain. Furthermore, when I got no response, why did the member for Corio not table the letters of response from the minister in South Australia? Because there would only have been one letter, if he had replied, saying that he did not want to do anything. He did not reply; he allowed a prosecution to proceed without summons, and that is when I complained.

Opposition members interjecting—

Mr Gavan O’Connor interjecting—

Mr Tuckey—Why do you hate children?

Opposition members interjecting—

The SPEAKER—When the House has come to order!

Mr Tanner interjecting—

The SPEAKER—The member for Melbourne is warned!

Mr Price—What about the minister?

The SPEAKER—The member for Chifley is also warned! The member for Chifley understands the standing orders; there will be no reflection on the chair.

Mr Adams interjecting—

The SPEAKER—The member for Lyons is warned!

Mr Gavan O’Connor—Mr Speaker, I ask you to ask the minister to withdraw the statement he made across the House to me just then, ‘Why do you hate children?’

The SPEAKER—I warn the member for Fowler!

Mr Cameron Thompson interjecting—

The SPEAKER—The member for Blair will withdraw that statement.

Mr Cameron Thompson—Mr Speaker, I withdraw.

The SPEAKER—If the member for Corio was offended by the remark made by the Minister for Regional Services, Territories and Local Government, I ask the minister to withdraw the remark.

Mr Tuckey—I withdraw.

Health and Ageing: Reforms

Mr LINDSAY (3.08 p.m.)—My question is addressed to the Minister for Ageing, representing the Minister for Health and Ageing. Would the minister advise the House why the state and territory governments will not put patients first and sign the Commonwealth’s record public hospital funding offer?

Mr ANDREWS—I thank the member for Herbert for his question. I also thank him for the tone and substance of the question, which
stands in stark contrast to questions being asked by the opposition because it is about policy. The Commonwealth has made an offer of $42 billion over five years for the next Commonwealth-state health care agreement—$42 billion being a $10 billion increase in Commonwealth funds to assist the states in running and conducting their public hospital system. This is a 17 per cent increase on the current agreement. For the state of Queensland, where the honourable member for Herbert resides, this means that instead of receiving $5.9 billion over the course of this agreement there is an additional $2.1 billion.

This is a time when, in terms of hospital trends, there has been a massive slashing of the number of public hospital beds in the states and territories of Australia. Indeed, in just over a decade some 15,000 public hospital beds have been slashed from the system by state and territory governments. The honourable member asked me why the states and territories will not put the interests of patients first. We are asking the states to sign up to a number of provisions in this agreement to declare their investment in the public hospital system, to recommit themselves to the Medicare principle of free access to public hospitals and to agree to improve performance reporting as well as match the additional growth funds which the Commonwealth is putting into this agreement.

It is interesting that, in relation to the principle of free access to public hospitals, a proposition has been advanced recently by the states that somehow the frail and the elderly in our society have no right to public hospital care. That is the proposition being advanced by the states. That is what Mr Carr is saying in relation to elderly people making use of—

Ms Gillard—Nursing beds, not acute care beds!

Mr Andrews—The member for Lalor interjects. Last week the member for Lalor came in here and asked a question of the Prime Minister of which the clear implication was that veterans in Australian communities have no right—that is what you were saying—to go to public hospitals in Australia. So far as the ALP is concerned—and this is the only implication that can be drawn from what the member for Lalor said—if you are a veteran in Australia and you have a fall or suffer a stroke, do not bother turning up to the accident and emergency room of a public hospital. That is how the member for Lalor was putting the proposition in her question.

In addition to that we have Mr Carr, the Premier of New South Wales, wandering around like the other premiers in Australia complaining, for example, about aged care places. In relation to aged care, Mr Carr himself—his government—is proposing to close nine CADE facilities in New South Wales, one of them in Queanbeyan in the member for Eden-Monaro’s electorate. These are facilities which have been run by the state government in New South Wales for elderly people with behavioural problems. Again this is an instance of the New South Wales Labor government, in particular, saying, ‘If you’re elderly and you’re frail, we don’t want to know you.’ That is what Mr Carr is saying at the present time.

In terms of aged care, the New South Wales government and the New South Wales health department cannot even bother to make a submission like other governments have made to the pricing inquiry into aged care. No wonder we have state premiers and state health ministers and state officials talking about the elderly, using dehumanising terminology such as ‘granny dumping’ and ‘bed blocking’. This is what the states are putting out there in relation to the elderly at a time when they have a record offer in front
of them for the health care funding in this system.

The ALP want more expenditure on health care, and of course they also want to raise taxes in order to pay for it. We have had the ALP, through former shadow spokesman for health Mr Smith, creating the headline, ‘Medicare levy rise proposed by Labor’, as reported by Samantha Maiden in the Adelaide Advertiser on 28 February this year. It was suggesting that the Medicare levy be raised again—a rise in taxes by the ALP. And of course we have had the Labor Party through the state premiers saying that the 30 per cent private health insurance rebate should be slashed. In other words, there should be another increase in taxes for ordinary Australian families.

We consistently hear propositions from the Labor Party that there should be a cost-shifting exercise between the states and the Commonwealth, something identified by the president of the AMA this week. We had the chair of Catholic Health Australia saying, ‘State and territory governments chant reform but remain coy about whether they’ll simply take the money and run.’ Take the money and run is what they will do. They will do it in relation to the Commonwealth, and the federal Labor Party will do it in relation to taxes for ordinary Australians.

Medicare: Bulk-Billing

Mr BRENDAN O’CONNOR (3.14 p.m.)—My question is to the Minister representing the Minister for Health and Ageing. I draw the minister’s attention to the case of one of my constituents who is a mother of three and has a kidney disease that requires medication costing $100 a month. She is neither a pensioner nor a concession card holder. Given the government’s intention to restrict bulk-billing to pensioners and holders of concession cards, what advice could the minister give to my constituent if she did not have the cash to pay for a medical consultation or if all her children were to become ill at once?

Mr ANDREWS—The honourable member bases his question upon a premise which is false. There is no intention on the part of the government to restrict bulk-billing. That was the premise in your question. But, more than that, there is before the parliament legislation which will actually aid the access of people, including your constituent—the honourable member’s constituent—to health care in Australia. You talk about your constituent—the honourable member’s constituent—being out of pocket. The legislation which relates to the changes which this government is proposing—which is being blocked by the opposition, by the Australian Labor Party in the Senate—includes a proposal for GP access so that people such as the constituent referred to by the honourable member can actually go to their doctor and have their Medicare rebate payment processed there and then.

Which party is standing in the way of ordinary Australians having access to this sort of proposal so that they do not have to line up and wait in Medicare offices? People who live in rural areas of Australia will not have to wait days and drive kilometres and kilometres to get to a Medicare office. Who is standing in front of this proposal? Nobody other than the party of which you are a member. If you are concerned about your constituent, then you ought to be talking to your colleagues in the Senate and ask them to pass this legislation.

The SPEAKER—I would remind the minister that the use of the words ‘you’ and ‘your’ in the latter context was inappropriate.

Mining Industry

Mr NEVILLE (3.17 p.m.)—My question is addressed to the acting Minister for Industry, Tourism and Resources. Would the min-
ister advise the House what the government is doing to support the growth of the mining sector in central Queensland, the production of which is exported through the port of Gladstone in my electorate of Hinkler? Is the minister aware of any threats to this sector? What impacts would these threats have upon the communities of this region and, indeed, upon the community of Gladstone?

Mr Latham—Mr Speaker, I rise on a point of order. An identical question—asking about threats to the mining industry—was asked last week. I rather suspect that the minister is going to give exactly the same answer, wasting the time of the House. I raise the point of order, under the standing orders, that a question that has already been answered cannot be revived.

The SPEAKER—There are a number of occasions on which questions that are similar—

Mr Martin Ferguson interjecting—

The SPEAKER—Does the member for Batman actually think he has a role to interrupt the Speaker when I am trying to deal with the member for Werriwa’s point of order? I point out to the member for Werriwa that there are lots of occasions on which the occupier of the chair would dearly love to rule questions out of order on the grounds that they were similar to questions asked earlier. I think the entire House would be facilitated if the standing order remained as it is. I allowed the question to stand and called the Minister for Small Business and Tourism, representing the Minister for Industry, Tourism and Resources. I will look to the Hansard to see if the question is identical; but, unless it is identical, I do not believe the member for Werriwa would want me to rule it out.

Mr HOCKEY—Thank you very much, Mr Speaker, and thank you to the member for Hinkler for asking me a question about his electorate, and about mining in his electorate, of which the member for Hinkler, along with many people on this side of the House, is a great defender. In the central region of Queensland, which covers Gladstone, Rockhampton and Mackay, in the member for Dawson’s electorate, there are more than 25,000 Australians employed in the mining industry. That represents over 22 per cent of all jobs in the region. In that region of central Queensland alone, mining represents over $7,000 million in income per annum—so it is a huge industry.

Comalco are, as I understand it, now building a $1.3 billion refinery near Gladstone in the member for Hinkler’s electorate, and that refinery represents 250 jobs and contributes to employment in 350 businesses. They have already spent $300 million there. Overall, one in four jobs in central Queensland relies on the mining sector, and that is why the member for Hinkler asked me, ‘What are the threats to the mining industry?’ There is no greater threat to the mining industry in central Queensland than the Australian Labor Party. The Australian Labor Party has decided to impose on the Australian mining industry a half a billion dollar tax slug to pay for their university policy. That is a new tax slug on mine workers—

Mr Snowdon—Mr Speaker, I rise on a point of order. I was going to draw your attention to standing order 58 and the activities of the minister who was standing in the hallways.

The SPEAKER—The Minister for Small Business and Tourism has the call.

Mr HOCKEY—The Australian Labor Party want to impose on the Australian mining industry a half a billion dollar tax slug to pay for their university policy. I want to know what the member for Capricornia is going to say to the people in her electorate, to the businesses at Moranbah, Dysart and
Collinsville, when they have to pay the workers over there—the honest workers, the coal workers and miners—who are going to have to pay for the university fees of people studying law and medicine. What is she going to say to the workers in her electorate who will have to pay for some landmark university courses such as golf course management, surfboard riding, aromatherapy—

Mr Latham—Mr Speaker, I rise on a point of order. The question clearly did not ask the minister to give any assessment of what another member—in this case the member for Capricornia—may or may not say on any particular issue. The question asked the minister to talk about this industry and threats, not to talk about, or to speculate on, what another member of parliament may or may not say to their constituency.

The SPEAKER—The minister was asked a question about the mining industry in Central Queensland, about threats to the industry and about impacts on the industry. The minister is in order, but I will follow closely his answer.

Mr Hockey—I want to know what members of the Labor Party and the people who are right behind the university policy of the Labor Party, such as the member for Capricornia, are going to say to the miners who now have to pay an extra half a billion dollars for the Labor Party’s universities policy. Who is defending the workers in the mines such as Peak Downs mine, Norwich Park mine, German Creek mine or South Walker Creek mine? We know it is not the shadow minister for resources because the member for Hunter is not even defending the miners in the Hunter, let alone defending the miners anywhere else in Australia. The Labor Party are the biggest threat to the workers in mines right around Australia. With a half a billion dollar tax slug, they ought to start apologising before the next election.

Mr Pyne interjecting—

The SPEAKER—I warn the member for Sturt!

Royal Flying Doctor Service

Ms Livermore (3.23 p.m.)—My question is to the Treasurer. Is the Treasurer aware that the Royal Flying Doctor Service is $9 million in debt and will have to take out a $17 million loan to upgrade its air fleet to provide health services to people in the bush? Is the Treasurer also aware that the Prime Minister has spent more than $1 million of taxpayers’ money for his VIP air-taxi between Kirribilli in Sydney and his official residence—

Mrs Gallus interjecting—

Mr Cameron Thompson interjecting—

The SPEAKER—The member for Blair is warned!

Ms Livermore—the Lodge in Canberra and another $11.5 million in overseas trips since becoming Prime Minister?

Mrs Gallus interjecting—

The SPEAKER—The member for Hindmarsh is warned!

Ms Livermore—Can’t the Treasurer rein in the Prime Minister’s excess—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. I refer you again to standing order 144, and I also refer you to a ruling made in the House on 31 August 1966. It has been of that long standing where it has been held again and again in this place that, in short, questions should not be used as vehicles for the discussion of issues. It then says that the call may be withdrawn from the member. Indeed, back in 2000 you have so ruled. This is clearly a case where the member opposite has breached both the intent and the spirit of the written standing orders, and it is time that the call was withdrawn from her.
The SPEAKER—I had given the member for Capricornia the call. I would have interrupted her had I felt her question was outside the standing orders. The question is not the sort of question that I find desirable but, consistent with the way in which previous Speakers have dealt with questions of this nature, I have allowed it to stand.

Ms LIVERMORE—Thank you, Mr Speaker. I will conclude the question. Can’t the Treasurer rein in the Prime Minister’s excess, ask him to move permanently to the Lodge and use savings on the extravagance of the Prime Minister’s overseas itineraries to find some money for the Flying Doctor Service, which is so important for my electorate?

Mr Albanese interjecting—

Mr Bevis interjecting—

The SPEAKER—The member for Grayndler is warned! The member for Brisbane is aware that his action was way outside the standing orders. He is also warned.

Mr COSTELLO—I am not aware of the finances of the Royal Flying Doctor Service. I do not believe that there has been a Commonwealth decision that has affected its profitability. I also believe that the Prime Minister uses a VIP flight in accordance with entitlement and indeed in accordance with those guidelines which have been followed by other prime ministers, including Prime Minister Keating.

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

QUESTIONS TO THE SPEAKER

Questions on Notice

Mr MURPHY (3.30 p.m.)—Mr Speaker, on 18 June, questions Nos 2037 and 2038 first appeared on the Notice Paper in my name addressed to the Attorney-General. I would appreciate your assistance under standing order 150 in getting an answer to those questions and also, on 19 June, to question No. 2048 to the Prime Minister.

The SPEAKER—I will follow up those matters raised by the member for Lowe as the standing orders provide.

Mining Industry

Mr NEVILLE (3.30 p.m.)—Mr Speaker, would you in your consideration of question No. 7 from the coalition side—the question that I asked—compare it with a question last week brought to your attention by the member for Werriwa? Please take into account that there was no mention last week of the Port of Gladstone or impacts on the Port of Gladstone.

The SPEAKER—The member for Hinkler is aware that the asking of identical questions is outside the standing orders. By the time the answer was concluded I had assumed that the answers were not identical.

PERSONAL EXPLANATIONS

Mr LATHAM (Werriwa—Manager of Opposition Business) (3.31 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr LATHAM—Yes, I do.

The SPEAKER—Please proceed.

Mr LATHAM—I was misrepresented by the Treasurer, who in question time said that I had misrepresented tax commissioner Michael Carmody. I can assure the House that I was simply quoting and reflecting on Mr Carmody’s comments to National Nine News last night as follows: ‘There are various estimates of a cash economy that we have looked at, anything from three to 15 per cent of GDP.’

The SPEAKER—The member for Werriwa has indicated where he was misrep-
sented. Consistent with the standing orders I have heard that and recognise it. There is no facility for elaborating on the argument. Does the member for Werriwa have a further misrepresentation?

Mr LATHAM—I have dealt with the first one by simply providing a one-sentence quote of what Mr Carmody actually said.

The SPEAKER—That is entirely consistent.

QUESTIONS TO THE SPEAKER
Points of Order

Mr LATHAM (3.32 p.m.)—Mr Speaker, the second matter is a question to you. I draw your attention to the half-dozen points of order raised by members opposite during question time, all of which were full points of order on which the members opposite were allowed to complete their remarks—sometimes, as in the case of the member for Mackellar, at some length and at some use of the House’s time.

I also draw your attention to the fact that of at least 10 points of order raised on this side of the House not one single member was allowed to complete the point of order and come to the logical point that was being raised in the House. I bring to your attention the frustration of members on this side of the House that points of order are not heard in full when we then sit and watch government members make their points of order in full, at length, at considerable use of the House’s time.

The SPEAKER—I will take up the matter raised by the member for Werriwa by checking both the Hansard record and the tape. I indicate, though, to the member for Werriwa that the chair has normally made a practice of hearing points of order in full but that a point of order on something such as relevancy, for example—as has been frequently recognised by successive occupants of the chair—does not need any elaboration. The answer is either relevant or not relevant and, particularly having written the question down, I am already listening for relevance. An elaboration on relevance is not necessary.

I will look at the Hansard record to see if I have been too generous in the time extended to the member for Mackellar. But in two instances she in fact wanted to draw my attention to House of Representatives Practice and I cannot think of an instance in which I have denied the member for Werriwa the right to refer to House of Representatives Practice. If there is one, I will happily have him counsel me on it.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.34 p.m.)—I would like to table a paper in accordance with the list circulated to honourable members earlier today.

The SPEAKER—Very well. That normally would have been a matter of procedure at the end of question time. The matter has been dealt with.

QUESTIONS TO THE SPEAKER
Governor-Designate of Tasmania

Mr CREAN (Hotham—Leader of the Opposition) (3.35 p.m.)—Mr Speaker, I think the Leader of the House knew that it should have been but he defied the normal conventions of the place. He did that earlier in question time and that is the thrust of my question to you. Earlier in question time the Leader of the House accused the Governor-Designate of Tasmania of being a sell-out. Standing order 74 clearly says:

No Member ... may use the name of Her Majesty, her representative in the Commonwealth, or her representative in a State, disrespectfully ... in debate. I understand that when this point of order was made by the member for Werriwa your response was to say that this per-
son is not currently the Governor. But the fact is that he is the Governor-Designate.

I ask you to reflect upon the circumstances of the allegation—the slur—that has been made by the Leader of the House. I also draw attention to page 492 of the *House of Representatives Practice* in which some previous rulings have been that restrictions applying to statements disrespectful to or critical of the conduct of the Governor-General apply equally to the Governor-General designate. That was referenced to a House of Representatives debate in 1969 at page 207.

Mr Speaker, on the basis of your acceptance of my drawing this to your attention now, I ask you to ask the Leader of the House to withdraw the slur and the smear. If you are not prepared to do it on my say-so at this stage, I ask you to reflect upon it and, having considered it, come back to the House and require the Leader of the House to withdraw it at a later stage. The Leader of the House is a person who always wants to get up and make accusations about us. He is always quick to throw it. This is a person with quick throwaway lines and no regard for protocol.

The SPEAKER—The Leader of the Opposition will resume his seat because he is now not assisting his own argument.

Mr Abbott—Mr Speaker, in response to the point of order: I am delighted that the Leader of the Opposition now respects the vice-regal office—a respect he never showed to the former Governor-General. On the point of order, I make three points. The first point—

*Opposition members interjecting—*

The SPEAKER—I have recognised the Leader of the House. I have also exercised the regrettable power that I have to exercise in warning a number of people. They will know whether or not those warnings mean something if they continue to behave as they have behaved, including those immediately on my left. The Leader of the House has the call; I have recognised him.

Mr Abbott—The first point is that Mr Butler is not the Governor of Tasmania yet. The second point—

Mr Beazley—Mr Speaker, I rise on a point of order: exactly under what standing order does the Leader of the House speak? The matter raised by the Leader of the Opposition was not a point of order; it was a question to you, Mr Speaker, about matters that have occurred in question time, about which he referred to in the context of standing orders. It was a question to you; it was not a point of order raised in this House to which the minister is now speaking. It seems to me, Mr Speaker, that the minister has no basis on which to be recognised.

The SPEAKER—The member for Brand is right.

Mr Downer interjecting—

The SPEAKER—I am not being assisted by the Minister for Foreign Affairs.

*Opposition members interjecting—*

The SPEAKER—I warn the member for Bruce! The member for Brand is perfectly right, and I do not claim otherwise. I thought my deliberation on the matter may have been assisted by a view from the Leader of the House. I am allowing the Leader of the House to continue, and I will do so under indulgence. I remind him that indulgence can easily be removed.

Mr Abbott—Mr Speaker, given that the Leader of the Opposition in his question to you referred extensively to the standing orders, I thought it was appropriate to raise a point of order on his use of the standing orders. The second point I would make is that Mr Butler has said that he will not be the representative of the Queen in Tasmania; he will be the representative of the people. But
that will not stop him taking the Queen’s shilling, will it?

Opposition members interjecting—

Mr Crean—Mr Speaker, the Leader of the House continues to compound the problem.

The SPEAKER—One moment: in order to meet properly the requirements of the standing orders, as rightly highlighted by the member for Brand, can I indicate whether or not the Leader of the Opposition is seeking the call under a particular issue; otherwise I will respond to the Leader of the Opposition’s earlier inquiry about the reference to the Governor-Designate of Tasmania.

Mr Crean—Mr Speaker, I am more than happy for you to respond to the point of order raised by the member for Brand. But, before you give your response to my earlier point, I simply want to add to it, given the fact that the Leader of the House has just compounded the problem. I want to draw your attention to what he is deliberately seeking to do in defiance of an effective reading of standing order 74 but certainly based on previous practice.

Mr Ross Cameron—Mr Speaker—

Opposition members interjecting—

The SPEAKER—The whole House would be facilitated enormously if at the end of question time questions were over. This afternoon the most constructive use of questions to the Speaker has been exercised by the member for Lowe.

Governor-Designate of Tasmania

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (3.41 p.m.)—Mr Speaker, I note the proper concern in relation to questions which reflect adversely on the character or conduct of the Queen, her representative or—

The SPEAKER—Does the member for Parramatta have a point of order?

Mr ROSS CAMERON—It is a question to you, Mr Speaker. The question is: is it the case that the very extensive indulgence that was extended by the chair in the chamber in question time over several weeks of intensive attacks on the character and conduct of the Governor-General must surely represent an evolution of House of Representatives Practice—

The SPEAKER—The member for Parramatta will resume his seat. I do not thank the member for Parramatta for stating the obvious. I would remind the House that I consider that the comments made by the Leader of the House or whomever on the Governor-Designate of Tasmania were inappropriate. But, consistent with the remarks made in this House earlier this year, it would be inconsistent of me to take any further action. The member for Prospect has the call.

Mrs Crosio—I will bow to my leader and will follow him, Mr Speaker.

Mr CREAN (Hotham—Leader of the Opposition) (3.43 p.m.)—I thank the member for Prospect and I thank the Speaker. Mr Speaker, you cannot draw any similarity with what was questioned legitimately in this House about the role of the former Governor-General. It did not go to his character; it went to the very question of what he failed to do based on information that came to him and it was a point of legitimate query in the broader community. I can recall time and time again this House taking points of order against us questioning—

The SPEAKER—The Leader of the Opposition is in fact—

Mr CREAN—And you ruled on every one of those points of order.

The SPEAKER—I interrupted the Leader of the Opposition only to point out that he is
guilty, as pointed out by the member for Brand, of addressing the chair without a question to the chair or a question on a matter of privilege. I am happy to extend indulgence to him to do so, but we need to clarify precisely what he was speaking under.

Mr CREAN—Mr Speaker, my question to you—

The SPEAKER—No, I have extended indulgence.

Mr CREAN—Mr Speaker, the point I am making to you is that you cannot use the circumstances of legitimate questioning in this parliament about what the former Governor-General failed to do, which ultimately led to his resignation, to overturn what a standing order states and what House of Representatives Practice has determined it means. I draw your attention again to another reference to this in House of Representatives Practice, very early in the publication, at page 12. It says:

The practice of the House is that, unless the discussion is based upon a substantive motion which admits of a distinct vote of the House, reflections ... must not be cast in debate concerning the conduct of the Sovereign or the Governor-General, including a Governor-General designate.

That is absolutely clear-cut. I am asking you, if you are not prepared to do it now, to at least be prepared to reflect on this and go back and look at it. We are saying that the statement made is a reflection on a governor-designate. You have found it personally offensive; you have indicated that in the House. Your requirement in such circumstances is that it be withdrawn. I am suggesting to you that parliamentary practice, including what is stated here in House of Representatives Practice, requires that to be done. Having had the indulgence, having argued the point, I would ask you to rule on this now. If you want time to reflect on it then do so, by all means, but our strong assertion is that there has been a reflection on a governor-designate. It is beyond the standing orders, it is beyond parliamentary practice and the Leader of the House should withdraw it. You, Mr Speaker, in upholding the standards of this place, should require him to do so.

Standing Orders

Mrs BRONWYN BISHOP (Mackellar) (3.46 p.m.)—Mr Speaker, I have a question to you. When we are dealing with questions to the Speaker, I presume that the standing orders still apply. If the answer to that question is yes then I would again go to standing order 74 and say that the Leader of the Opposition does not come with clean hands. Standing order 74 clearly says—

Opposition members interjecting—

The SPEAKER—The House will get nowhere in this exercise unless we get away from semantics and deal with some facts.

Mr ABBOTT (Warringah—Leader of the House) (3.47 p.m.)—I do not have the benefit of the House of Representatives Practice, as read by the Leader of the Opposition, but to assist the House I am happy to withdraw it.

Mr Adams interjecting—

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

Mr Adams—I withdraw.

Mr CREAN (Hotham—Leader of the Opposition) (3.48 p.m.)—Mr Speaker, on indulgence: the Leader of the House said that he would withdraw it. He in fact made two reflections on the governor-designate and I would ask you, Mr Speaker, to require him to withdraw both reflections.

Mr Abbott—I am happy to withdraw any reflections I made.
The SPEAKER—I thank the Leader of the House. I think this matter has been well and truly canvassed.

Parliamentary Language

Mr LATHAM (3.48 p.m.)—Mr Speaker, I agree that the matter has been well and truly canvassed and that is why I want to raise a different matter in a question to you. Yesterday you undertook to investigate an act of disorder by the Minister for Foreign Affairs—

Mr Downer interjecting—

The SPEAKER—I warn the Minister for Foreign Affairs!

Mr LATHAM—he is at it again—and report back to the House. I ask you to inform us of the results of your investigation.

The SPEAKER—I would be gratefully indebted to the entire House if it were to read carefully the latter part of the Hansard as it covered question time yesterday. The House would discover—and the press gallery may be enlightened to know this—on pages 18460 and 18461 that at no time was the word ‘cover-up’ required to be withdrawn. That is the first point worth making. The second point worth making is that, as to the matter raised by the member for Werriwa concerning a comment made by the Minister for Foreign Affairs, I have raised the matter with the Minister for Foreign Affairs. I did not offer to report back to the House; I have now done so.

From Phantom To Force

The SPEAKER (3.50 p.m.)—Yesterday the honourable member for Chifley, in a question to me, asked why the government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report From phantom to force was not on the committee’s webpage. As I explained yesterday, ultimately it is for each committee to decide what material should be published on its webpage. For the information of the honourable member and for the record, I advise that the government’s response to the report in question is in fact listed on and available through the committee’s webpage. I am advised that this data was included when the webpage was updated in July. The honourable member may have looked at the listing for the committee’s later report, with a very similar title, dealing with community comments on the earlier report. No government response to that report has been received, as I understand it.

PERSONAL EXPLANATIONS

Mr FITZGIBBON (Hunter) (3.51 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr FITZGIBBON—Unjustifiably.

The SPEAKER—It would be helpful if the member for Hunter said, ‘Yes, I have,’ if he is claiming to have been misrepresented.

Mr FITZGIBBON—I am indeed.

The SPEAKER—Please proceed.

Mr FITZGIBBON—During question time today, the Minister for Small Business and Tourism unfairly accused me of failing to defend and protect coalminers. I have vigorously defended coalminers by opposing every workplace relations amendment which has come from this government since 1996.

QUESTIONS TO THE SPEAKER

Standing Orders

Mrs CROSIO (3.52 p.m.)—Mr Speaker, I ask a question regarding the requirements of standing order 152 in terms of the administration within your control as far as this House is concerned. I understand that when questions are either asked or replied to the person must be sitting in the appropriate position. I fully acknowledge that when a min-
ister gets up to answer a question he must come to the dispatch box—I appreciate that. I would like to know: why, when a minister is asked to withdraw, can he just jump up on the floor and do so?

The SPEAKER—I point out to the member for Prospect that what she says is absolutely right, and I am very happy as the occupier of the chair to take a much more rigid approach to the standing orders. However, I suspect that we will find a much less manageable House as I do so. That the Minister for Regional Services, Territories and Local Government should have come to the dispatch box is perfectly right. I allowed him to make a withdrawal from his chair, and that may not have been precisely according to the standing orders. In fact, it was intended to facilitate the House. I will be more diligent about it in future—and I will be more diligent about a number of other standing orders, including sitting on the edges of seats.

Mr Downer interjecting—

The SPEAKER—I acquaint the Minister for Foreign Affairs with the fact that there is.

MATTERS OF PUBLIC IMPORTANCE

Howard Government: Economic Policy

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

The Government’s sustained attacks on the bargaining capacity and living standards of working Australians.

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—

Dr Emerson (Rankin) (3.54 p.m.)—As the sun sets slowly in the west and the chilly winds of Canberra begin to blow, I raise this matter of public importance because the working men and women of Australia are under sustained pressure from this zealous Minister for Employment and Workplace Relations and government. They are under pressure from inside and outside of the parliament. They are under pressure from a government that tears away at the hard-won working conditions of Australians, won in workplaces over 100 years. This government tears away at the safety net so carefully erected by previous Labor governments to ensure that working families have a decent standard of living in this country. It does so inside the parliament by introducing legislation on almost a daily basis, Mr Deputy Speaker.

The SPEAKER—if I am to be as precise as the member for Prospect is insisting that I be, then I would be forced to do the immodest thing as well and ask that the member for Rankin refer to me as the Speaker.

Dr Emerson—Thank you, Mr Speaker. I certainly do, but I see a substitution on the way.

The SPEAKER—What I guess you could call ‘speaker designate’ if you wished.

Dr Emerson—I am very happy to refer to you as Mr Speaker designate.

The SPEAKER—The member for Rankin misunderstood.

Dr Emerson—If you could advise us on any future developments, Mr Speaker, we would all be fascinated. I notice the member for Mackellar has aspirations for your position, Mr Speaker, but I think you are far better qualified. This government introduces legislation on almost a daily basis to tear away at the working conditions of Australian families—to tear away at the safety net. It does that inside the parliament, while outside the parliament this minister intervenes in industrial disputes. Wherever there is con-
flict, the minister likes to intervene. Where there is no conflict, he seeks to create it. He either creates conflict or inflames disputes.

I refer to the disgrace under this government’s legislation—introduced in 1996 and furthered subsequently—of the lockouts that are going on in this country. Two of them are continuing. Another, which finished recently, was at Morris McMahon in Sydney, where employees were locked out for 17 weeks because there was no requirement to bargain in good faith on the part of the employer. ACI’s Box Hill site in Melbourne is the subject of an ongoing lockout, which has now been going for 16 weeks. The member for Chisholm, who will be speaking on this motion, will no doubt tell us more about the consequences of that lockout. The other lockout that is ongoing is at Geelong Wool Combing in Victoria, which has already locked out employees for 14 weeks. Seven of those employees have had to put their homes on the market.

The other day, this minister said that he does not like lockouts. I do not think anyone here would believe that. I think he likes lockouts a lot, because the minister’s legislation facilitates lockouts. It facilitates an uneven bargaining situation. There is no requirement to bargain in good faith and no role for the Australian Industrial Relations Commission to arbitrate in those cases, because it was taken away by this government. Meanwhile, the government is up to its neck in crony capitalism. It has friends and relatives who are being given a rails run. We heard today that the Minister for Regional Services, Territories and Local Government intervened on behalf of his son. We have seen over the last couple of weeks Manildra-gate, where the Prime Minister is still not ‘Honan’ up to misleading the parliament about helping his friend.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Rankin will be very careful.

Dr EMERSON—Thank you, Mr Deputy Speaker. And there is the most infamous example of all: the Prime Minister’s brother, Stan Howard—the only employer in this country whose employees were given full protection of their entitlements by this government and the Prime Minister of Australia when all the other employees who have lost their entitlements have been given, at best, miserly benefits from the GEER Scheme. The fact of the matter is that this minister has brought into this parliament 12 bills—a dirty dozen bills—which attack the bargaining capacity of working Australians. Those dirty dozen bills allow workers to be dismissed unfairly and weaken the capacity of the trade union movement to represent the interests of working Australians in this country.

These dirty dozen bills are the work of a right-wing ideologue and an apostle of the far Right. The other day the minister came into the parliament invoking the words of an old song. I could invoke the words of a famous group that is still around Canberra, Mental As Anything, who sang:

A close encounter with a hard-hearted man
Who never gave half of what he got …

This is a hard-hearted man. This is a flint-hearted minister for workplace relations—a hard-hearted man, a flint-hearted man.

Mr Downer—That is very impressive!

Dr EMERSON—There is another song, a Billy Joel song—

Mr Downer interjecting—

The DEPUTY SPEAKER—The Minister for Foreign Affairs should be aware of his position in the parliament. He has been warned.

Dr EMERSON—I just referred to some music by Billy Joel, where he sang:
You may be right
I may be crazy
But it just may be a lunatic you’re looking for ...

Billy Joel was right on with that music. We have a hard-hearted minister in Flintheart here, in a three-cornered leadership contest with Braveheart and Noheart: Braveheart, the minister for education, and Noheart, the Treasurer, because he has no heart after being told that he was not going to get the top job.

The DEPUTY SPEAKER—I fail to see what this has to do with the motion before the chair.

Dr EMERSON—It is about the motivation—

The DEPUTY SPEAKER—You must be relevant to the motion before the chair.

Dr EMERSON—of this minister in bringing his dirty dozen pieces of legislation into this parliament, and the motivation is to please his boss, the Prime Minister of Australia. That is quite obvious. He said of the Prime Minister on Meet the Press on 29 June this year:

… I see no reason why he can’t continue to do that job indefinitely.

So now the Prime Minister is immortal, too! But, Minister, isn’t it against one of the 10 commandments to worship false idols—‘thou shalt not have false idols before thee’? The minister went on to say:

Certainly I think that the Prime Minister has well and truly established himself as the greatest Liberal since Bob Menzies. … John Howard is going strong and he is getting better and better as he goes along.

Isn’t that just the worst case you have ever heard of sucking up to your boss? So this minister wants to impress his boss. He has entered this three-cornered contest, but he needs a bit of time on his side. He also needs to impress him by bringing in these dirty dozen pieces of legislation. But the fact is that the minister is a failure. The minister is a failure because he cannot get his dirty dozen bills through this parliament. Why? Because they are ill conceived, they are unfair, they are biased, they are divisive and the Australian parliament will not have a bar of them—12 pieces of legislation all designed to divide Australians, to set Australian against Australian, to intervene on behalf of the employer and to tear away the capacity of the trade union movement of this country to represent the working men and women of Australia.

There was a profile of the minister in the Australian Financial Review just last Friday, and I think he has read the writing on the wall. He realises that he is not getting very far with these tactics of bringing in his dirty dozen bills, so now he wants to be some sort of sensitive new age guy and he has gone all lofty on us; he is making lofty speeches. Lofty speeches are fine, but there are very few policy ideas coming from this minister. In fact he only has one idea, and that idea is to facilitate the transition from welfare to work. He knows that people on welfare face effective marginal tax rates of up to 111 per cent, while the constituents in his own seat of Warringah complain about effective marginal tax rates of 48½ per cent.

On this, the minister is right. But once every three or four months the minister says: ‘I’ve got this great new plan. We ought to facilitate the transition from welfare to work.’ Once every three or four months, the media writes it up: ‘The minister’s got a great new plan. What a great idea.’ It is not his idea at all; it is the idea of the Labor Party. It was Labor policy in the 1998 election. It is being championed by the member for Lilley, the shadow minister for families. But this minister says, ‘It’s my idea,’ and then he rolls it out three or four times a year, takes it to cabinet three or four times a year,
and three or four times a year the cabinet throws it out.

So, on the true test of whether this minister is effective and successful, he is unsuccessful. He is a policy failure, so he resorts to these lofty speeches. He said, for example:

“None of us are true to our best selves, but I think we always need to aspire that way.”

I think it is worth aspiring to truth and honesty in this parliament. It is a pity that we have not seen much truth and honesty in this parliament over the last 10 days with Manildra-gate, the protection of the interests of Stan Howard and also, today, the minister for regional services. So the minister talks of truth and honesty? Just before the Tampa sailed into Australian territorial waters, the Minister for Industry, Tourism and Resources was in all sorts of strife in this parliament for his GST scam—all sorts of strife. He was just on the point of having to resign. A censure motion had been moved by the opposition and the workplace relations minister spoke on behalf of the minister for industry, describing the Groom GST scam as ‘an honest mistake’. An honest mistake? I can reveal to the House that the tax office audited that GST scam and applied a 50 per cent penalty tax. A 50 per cent penalty tax applies when a scheme is a blatant piece of contrived tax avoidance, and that is what it was. It was no honest mistake, and the minister knew that at the time he said it was a honest mistake. It was a blatant tax scam and it was defended by this minister.

This minister is an ideologue. He describes unemployed workers as job snobs. He says a bad boss is like a bad father or a bad husband—better than none at all. He condones abusive relationships in the workplace. Let us hear what his colleagues and fellow travellers have had to say about him on the question of honesty and truth and character. Members here might remember

Mr Jay Pendarvis. The member for Lingiari would remember Mr Pendarvis—the Mudginderri dispute of the 1980s, where Jay Pendarvis had a red-hot go at the meatworkers union in the Northern Territory. You would think that Mr Pendarvis would say glowing things about the minister for workplace relations, but in fact Mr Pendarvis described him as ‘a dangerous man’. Mr Pendarvis said, talking about the minister for workplace relations:

“His attitude is them against us. He’s 100 per cent employer orientated and the employees don’t get a look in …”

How is that for a character reference? But the minister wore that criticism like a badge of honour. He said, in response to a question from the member for Prospect:

Jay Pendarvis is a very intelligent man. I accept that. He has done a lot of great things for Australian industrial relations. If he says that I am a dangerous man, who am I to disagree?

I think that is right: who would disagree that he is a dangerous man?

Not only is the minister dangerous, but another former colleague—that is, former Liberal Party leader Dr Hewson—sacked him for ‘incompetence and disloyalty’. So he is dangerous, he is incompetent and he is disloyal—all that from his colleagues. There is another reference, but this time it is a reference given by the minister to a colleague; in fact, it was given to a former staffer. Of this former staffer the minister said, ‘He was in short an absolutely outstanding staffer, the kind of lieutenant every politician needs and hopes for.’ Who was this wonderful staffer? Who was this great man? Of course, it was David Oldfield, the co-founder of the One Nation Party. Mr Oldfield returned the compliment and gave the minister a free character reference. When asked whether the minister’s views would be at home in One Nation he said, ‘Oh largely, yes.’ Of course the minister’s views are at home in One Nation.
In explaining his views on life, this minister invokes his Christianity. He said on the Sunday program, ‘Blessed art thou amongst women; that’s how I feel.’ How blessed amongst women does the minister feel after refusing to bring into parliament legislation that would allow mums who have had a baby to come back and resume work on a part-time basis? Why has this minister presided over a situation where, just the week before last, a woman had to win a court case to be able to return to work on a part-time basis? This minister is not blessed amongst women. This minister has brought 12 pieces of legislation into this parliament, all of them anti-worker—and Labor will oppose them. We are proud of our links with the trade union movement. We proudly recognise the trade union movement as the lifeblood of the party. We will repel this minister’s relentless attacks on the wages and conditions of the working men and women of this country.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (4.09 p.m.)—The member for Rankin is the third opposition shadow minister for workplace relations with whom I have had dealings over the last 2½ years. Both the member for Brisbane and the member for Barton were highly intelligent representatives of Labor perspectives. They always had something worth listening to; they always had something to say. I learned quite a lot from listening to their insights garnered in the workplaces of Australia through their long associations with either the union movement or industrial law. I regret to say that one would learn nothing at all from listening to the member for Rankin—at least if today’s speech is to be our yardstick. The member for Rankin has a doctorate, and I respect him for that; good on him for having a doctorate. But this parliament and his party would benefit if, in making contributions on the important topic of workplace relations, he were to give us his insights and not his abuse.

What we have seen this afternoon is more bile than brain. I suppose the member for Rankin is conscious of the fact that, unlike the member for Brisbane, he is not a former union official and, unlike the member for Barton, he is not an industrial lawyer of long experience. But I do not think he persuades anyone by resorting to the kind of personal abuse and gutter language which we have seen this afternoon and have witnessed on numerous occasions since he took that position.

Dr Emerson interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Rankin has had his say.

Mr ABBOTT—I suppose the member for Rankin has looked at the recent history of the opposition. He has seen members advancing because they have made political exhibitionists of themselves. He has seen members advancing because they have mastered the art of abuse.

Dr Emerson interjecting—

The DEPUTY SPEAKER—The member for Rankin will be dealt with if he does not remain silent.

Mr ABBOTT—He has taken his Latham pills in the hope of getting a Latham result. But, on the basis of what he has said this afternoon, I do not think he has it in him to be an effective brute. Let me try to deal with some of the substantive things that the member for Rankin said in amongst all the abuse and insult. He said that I intervene in cases before the courts and industrial commissions of Australia. Yes, I do intervene. I intervene not on the side of the worker and not on the side of the employer.

Dr Emerson interjecting—
The DEPUTY SPEAKER—The member for Rankin will remove himself under standing order 304A.

The member for Rankin then left the chamber.

Mr ABBOTT—I intervene on the side of the law. I intervene because I believe that the law of the land and the policy of the government deserve to be upheld and asserted in the courts and tribunals of this country. The member for Rankin then said that I support lockouts. I do not like industrial action. I think that industrial action should always be the last resort. It should never be entered into lightly, because industrial action, whether a strike or a lockout, always causes damage and hardship; sometimes it causes job losses. It should always be a last resort. But I accept that, under this government’s legislation and under legislation brought in by the previous government in 1993, both strikes and lockouts are perfectly legal under certain circumstances. As far as I am aware, the lockouts referred to by the member for Rankin are perfectly legal.

The member for Rankin is unhappy because this government’s legislation does not encourage arbitration at the early stages of an industrial dispute. One of the problems in our industrial system is that, for far too long, we had far too much micromanagement of our workplaces by judges and commissioners who did not really understand exactly what was going on in them. It is fundamental to the government’s approach that we believe those who know their workplace best should, as far as is humanly possible, make the decisions for those workplaces. I am not going to encourage the Industrial Relations Commission or anyone else into the workplace at the first sign of trouble. I think that intervention by the commission or by the courts, when we are dealing with a lawful industrial dispute, should be something which happens at the end and not at the beginning of that dispute.

The member for Rankin talks about a sustained attack on bargaining capacity. That is far from the case. This government believes that, in their workplace, workers ought to be entitled to negotiate and make representations. The employer ought to be entitled to make offers. What we are on about is freedom. When the members opposite talk about good faith bargaining, they mean union bargaining. They are not on about compulsory bargaining with workers; they are on about compulsory bargaining with union officials.

The member also alleges deterioration in living standards. If living standards have deteriorated over the last few years, let us have more deterioration. By every objective indicator, the workers of Australia as a group are better off now than in March 1996. There are more jobs, there is higher pay, there is greater protection and there are fewer strikes. One million new jobs have been created since March 1996, and half a million of those new jobs have been full-time jobs. Since March 1996, full-time average weekly earnings have gone up in real terms by 14 per cent and basic award earnings have gone up in real terms by some eight per cent.

If you compare our record with that of members opposite when they were in government, I think this government is happy to be judged by that comparison. Under the former government, full-time average weekly earnings rose by only five per cent in real terms and basic award earnings actually fell by five per cent in real terms. Members opposite, who like to claim to be the friends of the workers of Australia, used to boast about it—they used to come into this place day in, day out, and boast about suppressing the wages of the workers of Australia.

This government gets little credit for what it has done to protect worker entitlements.
For 96 years, no Australian government put in place any protection for worker entitlements. In September 2001, this government put in place a comprehensive scheme of protection of worker entitlements. All statutory and community standard entitlements are protected and guaranteed by this government. That was a very significant addition to the social safety net and members opposite ought to give us a bit of credit for it. Three times this government has given significant tax cuts to the ordinary working people of Australia. The new tax system was the largest personal income tax cut in Australia’s history. As I said in question time today, strikes are at their lowest level since records were first kept in 1913.

There is a reason for all of this. These tangible benefits to the working people of Australia have come about not through serendipity or the action of some hidden hand, but, rather, because this government has pursued important and necessary structural change to the workplaces of this country. In fairness to members opposite, I should also add that, in very important respects, we have built upon some of the changes that were made in the 1993 legislation. What we have done over the last seven or eight years is move from industry bargaining to enterprise bargaining and from industrial awards to enterprise and individual agreements. That is precisely the way it should be, because the people who understand a business and know its strengths and weaknesses, as well as the particular challenges and opportunities it faces, are the people in that workplace. They are the ones who ought to be making those decisions.

It should be no surprise to members opposite or others that this government has been able to deliver sustainable workplace outcomes—more jobs, higher pay and fewer strikes—in a way that none of its predecessors have because we have built on the fundamental strengths and the fundamental decency of the workers and managers of Australia. The kind of enterprise bargaining that this government has encouraged, and which has spread under this government, has delivered higher productivity that has better enabled Australian businesses to survive and prosper, sometimes in difficult international and domestic economic circumstances.

In the 1980s, under the old system, labour productivity increased by just two per cent a year. In the first half of the nineties the former government tried, often against the wishes of some of its own supporters, to liberalise the system, and labour productivity increased at the rate of 2½ per cent a year. Since the mid-nineties, due to the accelerated liberalisation and greater freedom, flexibility and fairness put in place by this government, labour productivity has increased at the rate of three per cent a year. This is one of the foundations of Australia’s economic success and social stability over the last few years. It did not happen by accident. It happened because this government, along with others, was prepared to do the difficult work of re-engining the legislation and trying to change the culture of our workplaces so that people could work better and smarter than in the past. As a result, they have been rewarded with more jobs and higher pay.

Judge this government by its results, not by the tired, overblown and demeaning rhetoric of the member for Rankin. The difference between this government and the member for Rankin at least is that we will never resort to those cheap cliches of the class war or those cheap them-and-us antinomies which were so obvious in the member for Rankin’s speech today. We believe that the average Australian worker is a person of intelligence, of creativity, of diligence—a person who is more than capable of standing up for his or her best interests. We believe that the average Australian boss is a person of decency, humanity and intelligence. We
believe that bosses and workers in this country want to work together. We think that the workplace should be a scene of partnership, not antagonism.

We concede that every so often there will be disputes or fights, but we think those disputes should, as far as is humanly possible, be minimised. If the dispute is dragging on to the extent that meaningful workplace bargaining is no longer possible or if it is dragging on to the extent that there is significant damage to the national economy, then under those circumstances, but not before, the Industrial Relations Commission should get involved—and it does. Sometimes I intervene to try to ensure that those disputes are settled.

The saddest thing about the member for Rankin’s contribution today is not that he let down his party and that he let down the intellectual standards which you would think someone with a doctorate would uphold; he let down himself, because last year he said: ‘By opposing for the sake of opposing, Labor will have let Australia down badly.’ That is precisely what the member for Rankin has done today. There is only one place for the member for Rankin to go after today and that is up. He will improve his standing and his performance by trying to model his conduct as shadow minister on the conduct of the member for Barton and the member for Brisbane. You can disagree with them—I often did disagree with them—but I always respected them because they always had something worth saying and they always had something worth listening to.

Ms BURKE (Chisholm) (4.24 p.m.)—I am saddened to be following the Minister for Employment and Workplace Relations on this MPI and I am saddened that we are having to talk about this issue. Again he has demonstrated all the rhetoric from that side: ‘We’re going to have this wonderful thing with the workers and the bosses getting together and working it all out.’ That is wonderful, except if you are an employee in an industry of 22,000 workers, you are on the other side of Australia and you might not even know who your boss is. We get accused on this side of not knowing about small business, but nobody on that side has ever been involved in industrial relations. None of them have ever actually been involved in negotiations. If they had—

Mr Barresi—That’s not right!

Ms BURKE—Except for the member for Deakin, perhaps. He may be the only person over there who has ever been involved. I have been involved on both sides, having worked for the bosses and for the union movement, and realise what it is like to be involved in these negotiations. The airy-fairy ideals that they put across do not work—they simply do not work in the workplace.

The MPI today I think captures the essence of this government—a government not, as they claim, ‘for all’, a government not for families or, as the Prime Minister so derogatorily puts it, ‘ordinary Australians’. No, this is a government for the wealthy, and in particular those who are keen on donating to the Liberal Party. We no longer have a government for the people, by the people of Australia; we have a government for the wealthy, by the wealthy. We have a government in particular with a Minister for Employment and Workplace Relations who has no appreciation or understanding of working men and women. His only interest in his portfolio has been in employers. Never once has he spoken in, or indeed outside, this House about workers’ rights. His only interest is employer rights. His raft of legislation in this place is about stripping away the last vestige of any rights a worker may have had. Gone are the rights of employees; gone are the rights of workers to collectively bargain,
to have some voice and power in negotiations with their employer. Instead we have a system which seeks to starve workers into submission to agree to job losses and reduced conditions. It is a system which encourages and promotes employers to avoid bargaining in good faith and actively promotes conflict ahead of resolution.

This government has in place legislation that openly encourages hostility towards workers. It encourages management thuggery on its workers. This government is wonderful about talking about union thuggery, but what about management thuggery? It is out there and it is alive. The minister braved it once at a picket line in Sydney at Morris McMahon, where he said the workers had the right to seek a collective agreement. What he failed to add is that they may have that right, but they have no ability to enforce it. There is no way you can actually get the management to come to the table and collectively bargain. Has the minister visited any of the sites where staff are not on strike but have been locked out by their management? Has he told the 76 workers at ACI on Lexton Road at Box Hill that they have a right to collectively bargain? Has he sought to intervene in this dispute to help 76 decent workers get back to work? Has the minister sought to introduce legislation which assists workers and management to resolve disputes? No. What he has done and continues to do with his legislation is attack workers’ rights to bargain and to achieve a decent living standard.

ACI at Box Hill—does it sound familiar? It does to me, because this is not the first time that these staff have been locked out; it is the third time. The management locked out staff in 1995, in 2000 on Christmas Eve, and in 2003. What greater demonstration is there that ACI management at Box Hill has no desire to bargain in good faith? ACI is again demanding its workers give up hard-won basic conditions. ACI wants staff to have a doctor’s certificate for every single day of absence. With no bulk-billing doctors around, this is actually a massive impost. It wants staff to cash out leave instead of taking it. The humdinger is that midway in the lockout—into six weeks—it said that it wanted staff to revert to a five-day, eight-hour roster after it enforced a six-day, 12-hour pattern in its first lockout in 1995.

Drastic changes to work patterns are not like installing new machinery. A normal family life is never easy for shift workers. Being married to someone who was once a shift worker, I know it is not easy. You just do not change your life that easily. These workers have now accommodated this and can no longer deal with it. To top it all off, the company recently sacked a worker who had just returned to work after being injured. He had spent 32 years with the company; he was aged 64 and wanted to keep working. Surely that is a desire the Prime Minister could appreciate—he was 64 and he wanted to keep working. I thought that was something that this government was meant to be encouraging. The current situation at Box Hill is putting the wellbeing of 76 families at serious risk. These families have not been paid an income for over four months and this will continue, as they received another lockout notice until 18 September. Most have no access to Centrelink benefits, yet it is ACI that is effectively on strike, not the workers.

Workers affected by the lockout are in genuine fear of defaulting on their mortgages and are facing a crushing debt crisis. During the lockout in 2000 they washed cars to raise money. Because of the water restrictions, they now cannot even do that. There is no income going to these 76 families. Marriages are at serious risk of breakdown. Serious health issues related to stress are surfacing. Some of the workers have even talked about suicide. The current Workplace Relations Act
does not provide any avenue whatsoever for this dispute to be resolved. The commission has had its powers to ensure that parties bargain in good faith ripped from it. There is nowhere for these workers to go to resolve this. What has management done? Management has lodged this with the commission—not only to end the dispute but to actually terminate the agreement. So these workers are going to be left nowhere, high and dry. That is all this government offers people.

What else do we have? We have 93 workers at a wool combing factory in Geelong—very low-paid workers—who have been locked out for 14 weeks. Why? Because they would not agree to a certified agreement that reduced their pay by 25 per cent. I think that is fairly unreasonable. Seven of those workers have already had to sell their homes. We also have Blue Ribbon in Launceston, which is in the 140th day of its lockout. Why? Because staff with in excess of 30 years experience will not accept contracts which do not specify their pay. I think it is a reasonable thing that, if you are going to accept a contract, it should state what the pay and conditions are. Also, the company is now denying that these people were ever employees, even though they have been there for 30 years. This is a government that actively promotes and encourages this appalling behaviour.

Although his title is the Minister for Employment and Workplace Relations, in reality the minister is an antiunion zealot who believes his calling in life is to undermine unions, regardless of the vulnerable position in which this will leave honest and hardworking Australians. It is ironic that it was this minister who said of the union link with the ALP:

The union link made sense in the era of robber-baron capitalism when unions helped to civilise the workplace and establish ... dignity ...

If that is true, I see a real need not only for unions but also for a party in this House that has an even stronger link with them, since the Liberal Party has done nothing more than try to re-establish that era of robber baron capitalism through its one-sided legislative reforms aimed at kicking those already in need.

I find it extraordinary that the minister, who forever talks about how he wants to bring equality to the workplace—and he has stated it again today—has resorted to the old favourite of union bashing instead of trying to bring some true equality into the workplace. How can he realistically expect to build a working relationship with both sides of the argument and be a conduit to bipartisan reform when he consistently calls every unionist a ‘thug’ and describes hardworking people who dare to stand up to management as a ‘mob’? You see, the truth is that those on the other side of the House just want one thing. They want antiworker and antiunion bias institutionalised in the federal industrial relations system so that they can simply wipe their collective hands like Pontius Pilate and deny that they are breaking the backs of average Australians and denying them their hard-earned rights.

What is so wrong with the word ‘union’? It is a collective of individuals getting together. It is a collective of people in the work force standing up for what they believe in. It is not a three-headed monster. It is not the terrible thing at the end of the garden. It is a collective of human beings standing up and exercising their democratic right to be heard together—and actually that will not be a right anymore under this government; they are trying to rip that away from them.

Although the minister is largely to blame for the situation and is the government’s mouthpiece, we must not forget who the real culprit is. I am talking about the man who
conveniently lets his brother’s company have its say—little cosy deals in relation to employee entitlements. The minister talked about GEERS. GEERS would be wonderful if it actually paid out money to anybody. I have 101 workers at another site in Box Hill who lodged applications with GEERS and GEERS said, ‘No, you can’t have the money.’ It is not working. That system has failed. He holds up his hand and says it is wonderful. Maybe we did not introduce one because we did not have companies who had a system where they could actually deny the workers their entitlements, set up shelf companies and say: ‘No, you were never our employees. Off you go.’

We have a Prime Minister who likes to be a buddy or, dare I say it, a lapdog to big business and thinks the behaviour shown by Patrick Stevedores was simply inspiring. Where are you, Prime Minister, when workers such as those at ACI need you? You are nowhere to be found. It is a pity none of their surnames is Honan.

Mr BARRESI (Deakin) (4.34 p.m.)—It is a pleasure to be able to speak on this MPI the opposition has brought about on the subject of ‘sustained attacks on the bargaining capacity and living standards of working Australians’. It is a pity that the shadow minister for workplace relations spent 13 of the 15 minutes allocated to him in this debate abusing the Minister for Employment and Workplace Relations rather than discussing the issues—playing the man rather than the ball. At least the member for Chisholm had the decency to speak on the issue.

The first part of this MPI refers to ‘sustained attacks’. I find it quite extraordinary that those words are being used about this government’s approach in furthering the living standards of Australians. The situation is quite the contrary. Since this government was elected, the ALP has made a sustained attack on every measure introduced by the government which would improve the economic security of our nation and, in turn, the personal economic security of every Australian, whether they be traditional supporters of the coalition or not. In fact, the term ‘Howard battlers’ has often been used to describe the traditional blue-collar Australians who once supported the ALP and have been disillusioned with the Australian Labor Party and the direction in which the ALP has taken them.

The member for Rankin talked about the motivation of this government in its industrial relations policy. I would like to talk about the motivation of the member for Rankin in bringing this MPI into the parliament. It is a farce. It is factually incorrect by any measure. There are three reasons why this MPI has been introduced into the parliament today. Firstly, it is an attempt to win over those people who have turned their backs on the ALP. The ALP is attempting to be seen to be doing something. The only thing that they have done is get in the road of real reform in this country and the reform agenda which this government has a mandate to introduce.

How depressing it must have been for members of the ALP this morning to wake up and to see that, after five days of sustained attacks against the government last week and this week, and in particular against the Prime Minister, the Australian public is not buying their strategy of ‘seek and destroy’. This is an ALP that is negative in every sense of the word—a negative opposition that is desperate for a scalp. If it is not a minister, it is a governor-general. If it is not a public servant, it is an attack on a businessman. Today we saw more of it. How depressing it must be for members of the ALP to wake up and read that the Newspoll shows that no inroads have been made by the Leader of the Opposition as a credible and worthy alternative leader. The motivation is
to try to regain some credibility with the workers out there. It just is not biting—they are rejecting their strategy in this House and outside.

Secondly, this matter of public importance has come about as an attempt by the ALP to bolster its standing with the trade union movement while it holds its ACTU congress in Melbourne. How disappointing it must have been for Dougie Cameron, Greg Combet, Craig Johnston, Martin Kingham and Sharan Burrow to wake up this morning and see that the team in which they have placed their support, faith and trust in Canberra is letting the side down. How disappointing it must have been for them to know that the $28.5 million that they have donated to the ALP since 1996 has basically been money wasted. They would have been saying to themselves this morning, ‘We have wasted this money, the hard-earned blue-collar workers’ money in the form of union fees, to prop up the federal ALP and it is letting us down.’ It is no wonder we have individuals such as Greg Combet venturing into the debate on issues such as health and education. They know that the Australian Labor Party is failing in its duties in key policy areas and they are starting to venture into that area. I say to the Australian Labor Party: wouldn’t it be great if some of that money that has been donated to the Australian Labor Party actually went to causes that would benefit the people out there?

The member for Chisholm has spoken in the debate. The member for Chisholm was a member of the Australian Services Union. That union has donated $1.5 million to the Australian Labor Party since 1996. I say to the member for Chisholm: I can think of a number of community groups in the part of Melbourne that we share that would love to get their hands on just part of that money—money that would do some good rather than be wasted.

The third reason this matter of public importance has been introduced is that the opposition has a pathological hatred of the minister—a minister who is doing his duty and responsibility as a member of the executive to introduce a mandate that the Australian people have voted on. You only have to drive around Melbourne to see how pathological that hatred is, to see the billboards on the eastern freeway which feature the Prime Minister and the minister for workplace relations and which are paid for out of hard-earned union money—money which is wasted in order to criticise the minister and the Prime Minister for what they are doing in bringing forward real industrial relations reform.

My experience with the minister is anything but what has been portrayed by the opposition today. They talk about him and decry his tactics. I had the great pleasure this year of being with the minister at Monash University campus in Morwell, where we were confronted by a posse of union officials wanting to engage and intimidate. Rather than shirk the encounter, the minister engaged in a very professional, civilised manner with those union officials and in fact even invited them into the meeting to listen to the address so that he could answer their questions with total civility and respect for their position and for the position of the workers whom they represented. The minister for workplace relations in this government is a minister we can all be proud of. Yes, he is dogged. Yes, he will not shirk an issue. But I have to say that he acts with the true intent of improving the living standards of ordinary Australians.

As I said at the outset, I find this matter of public importance to be a baffling one from the opposition. Let us get a couple of things straight: this MPI claims that the workplace reform agenda of the Howard government has ‘attacked’ working Australians. What an
absolutely ridiculous suggestion. How on earth could the mandated workplace reform agenda of the coalition be construed as hurting the nation when 1,120,100 more Australians are now in employment?

It was interesting to view last night’s *Late-line* program on the ABC, when Tony Jones had the opportunity to quiz Greg Combet, the Secretary of the ACTU, over recent Labor announcements and its Medicare intentions. I found it curious because the union movement has now ventured into the debate on health and education. It has lost heart in the ALP’s ability to do the attack for them so it is venturing into it. It was quite wise of the *Lateline* producers to speak directly to Greg Combet, who is a commander in the ALP movement. It was quite a revealing interview yet upon rereading the transcript I was left a little confused. Following a question about another Newspoll survey regarding the Medicare levy, Tony Jones asked Mr Combet:

So you’re saying then, people are prepared not only to forgo tax relief but tax increases could be on the cards (if these people wanted to have more services)?

Combet responded:

Yes, and I’m sorry to disappoint Peter Costello.

But he went on:

It’s not in fact a push for taxes at all ...

Jones responded:

That does in fact look like you’ve tested the waters for a tax increase, doesn’t it?

Combet said:

We’ve asked people about their preparedness.

Combet then went on to accuse the federal government of being a high-taxing government. What an absolute cheek! Talk about destroying the living standards of working Australians! I would like to ask Combet and his comrades what they have to say about the high taxes that their mates in the state parliaments have introduced. What a two-faced approach by the union movement. State governments around Australia are the highest taxing jurisdictions in the world yet we find that the union movement and the ALP are criticising our attempt to reform industrial relations in this country.

The record of this government in improving living standards is a proud one in every respect. We have seen interest rates whereby Australian home buyers are now able to pay $330 less per month for a $100,000 mortgage than they did when Labor was in office. We have seen real jobs growth—growth in permanent jobs, rather than simply an increase in casual employment, which some members on the other side often accuse us of promoting. We have seen Labor’s debt interest payments being paid off so that there is more money to invest in better things such as health and education. We have seen real changes in the tax thresholds in this country. (Time expired)

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

PARLIAMENTARY DEPARTMENTS: PROPOSED DEPARTMENT of PARLIAMENTARY SERVICES

The DEPUTY SPEAKER (Mr Jenkins) (4.44 p.m.)—The Speaker has received a message from the Senate transmitting a resolution agreed to by the Senate on 18 August 2003 relating to the Department of Parliamentary Services. Copies of the message have been placed on the table for the information of honourable members. I do not propose to read its terms which will be recorded in the *Votes and Proceedings* and *Hansard*.

The resolution read as follows—

(1) That, in accordance with section 54 of the Parliamentary Service Act 1999, the Senate resolves that:
(a) the Joint House Department, Department of the Parliamentary Library and Department of the Parliamentary Reporting Staff are abolished with effect from 31 January 2004; and

(b) a new joint service department, to be called the 'Department of Parliamentary Services' be established from 1 February 2004 to fulfil all the functions of the former joint departments;

and supports the Presiding Officers in the following endeavours:

(c) to reinforce the independence of the Parliamentary Library by strengthening the current role of the Library committees of both Houses of Parliament;

(d) to bring forward amendments to the Parliamentary Service Act 1999 to provide for a statutory position of Parliamentary Librarian within the new joint service department and conferring on the Parliamentary Librarian direct reporting responsibilities to the Presiding Officers and to the Library committees of both Houses of Parliament;

(e) to ensure that the resources and services to be provided to the Parliamentary Library in the new joint service department be specified in an annual agreement between the Departmental Secretary and the Parliamentary Librarian, approved by the Presiding Officers following consideration by the Library committees of both Houses of Parliament; and

(f) to consider, after the establishment of the joint service department, that department providing human resources and financial transaction-processing activities for all the Parliamentary departments, subject to such an arrangement being proven to be both cost-effective and efficient.

(2) That any savings achieved by the amalgamation may be used to offset increases in costs of security measures approved by the Presiding Officers for Parliament House, but if those increases in costs exceed those savings, the appropriations for the Parliamentary departments are to be supplemented for the excess.

(3) That any redundancies arising from the amalgamation must be of a voluntary nature and that no staff will be forced to take involuntary redundancies as a result of the amalgamation.

**BILLS REFERRED TO MAIN COMMITTEE**

Mr LLOYD (Robertson) (4.45 p.m.)—by leave—I move:

That the following bills be referred to the Main Committee for consideration:

- Education Services for Overseas Students (Registration Charges) Amendment Bill 2003
- Communications Legislation Amendment Bill (No. 3) 2003
- Legislative Instruments Bill 2003
- Legislative Instruments (Transitional Provisions and Consequential Amendments) Bill 2003
- ACIS Administration Amendment Bill 2003
- Customs Tariff Amendment (ACIS) Bill 2003

Question agreed to.

**COMMITTEES**

Selection Committee

Mr CAUSLEY (Page) (4.46 p.m.)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members' business on Monday, 8 September 2003. The report will be printed in today's Hansard and the items accorded priority for debate will be published in the Notice Paper for the next sitting.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members' business on Monday, 8 September 2003

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private
Members’ business on Monday, 8 September 2003. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 FAMILY AND COMMUNITY AFFAIRS—STANDING COMMITTEE: Report on the inquiry into Substance Abuse in Australian Communities.

The Committee determined that statements on the report may be made—all statements to conclude by 12.50 p.m.

Speech time limits —
Each Member—10 minutes.

[Proposed Members speaking = 2 x 10 mins]

PRIVATE MEMBERS’ BUSINESS

Order of precedence

Notices

1 Mr Andren to present a bill for an act to amend the law relating to superannuation for parliamentarians, and for related purposes. (Parliamentary (Choice of Superannuation) Bill 2003—Notice given 18 August 2003.)

Presenter may speak for a period not exceeding 5 minutes—pursuant to standing order 104A.

2 Ms Livermore to move:
That this House:
(1) acknowledges the 75th anniversary this year of the Royal Flying Doctor Service (RFDS);
(2) congratulates the RFDS for providing essential emergency and primary health care to the people of remote, rural and regional Australia since its establishment in 1928;
(3) thanks the doctors, nurses, allied health professionals, pilots, mechanics, support staff, volunteers and fundraisers for their commitment to continuing the life-saving work of the RFDS; and
(4) notes with concern the difficulty in recruiting and retaining health professionals in remote, rural and regional Australia that threatens to impact on the services provided by the RFDS. (Notice given 26 June 2003.)

Time allotted—remaining private Members’ business time prior to 1.45 p.m.

Speech time limits —
Mover of motion—10 minutes.
First Government Member speaking—5 minutes.
Other Members—5 minutes each.

[Proposed Members speaking = 1 x 10 mins, 8 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

3 Dr Southcott to move:
That this House:
(1) notes the problems and possibilities identified in the report Maximising Australia’s Asia Knowledge: repositioning and renewal of a national asset, prepared by the Asian Studies Association of Australia;
(2) recognises that the national interest is served by the knowledge Australians have of their world and particularly of their own diverse, complex region; and
(3) commends efforts by governments, educational institutions, businesses and voluntary associations to renew, enhance and extend Australian knowledge of Asia. (Notice given 27 March 2003.)

Time allotted—30 minutes.

Speech time limits —
Mover of motion—5 minutes.
First Opposition Member speaking—5 minutes.
Other Members—5 minutes each.

[Proposed Members speaking = 6 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

4 Mr M. J. Ferguson to move:
That this House:
(1) acknowledges that 2003 marks the celebration of 100 years of piloted flight;
(2) notes the Wright Brothers’ achievement in successfully undertaking the first flight as the culmination of a centuries’ old quest by
philosophers, scientists and engineers to turn the dream of flight into a reality that re-defined the boundaries of scientific capacity;

(3) notes that, in the 100 years since the first piloted flight, the outstanding development in air travel has taken us from the Wright Brothers’ Kitty Hawk flight to the Moon;

(4) recognises that the invention, growth and refinement of piloted flight has allowed us to cross and expand our boundaries, both personal, cultural, economic and national, enriching our experiences and bringing people of the world closer together;

(5) notes that the aviation industry has also fostered inter and intra State and Territory trade, commerce and experiences;

(6) recognises the importance of the aviation industry to Australian jobs, skills and industry, in particular, to the tourism, aeronautical, technical, engineering, and export industries;

(7) acknowledges the aviation industry as an important provider of high skilled jobs to Australians;

(8) notes with disappointment the collapse of Ansett Airlines and recognises the valuable role that Ansett played in the development of the aviation industry in Australia;

(9) notes proudly that Qantas is an Australian icon, recognised throughout the world and one of Australia’s largest private sector employers;

(10) welcomes the newer players in Australia like Virgin Blue and Regional Express and recognises the important contribution of regional airlines and operators to our regional communities;

(11) acknowledges the work, enterprise, innovation, ingenuity, commitment, passion and enthusiasm of all those who have worked in aviation over the past one hundred years;

(12) pays its respects to all those who have died in the pursuit of work and recreation in aviation;

(13) notes the negative effect of the terrorist attacks of September 11 on the global aviation and associated industries and expresses our hope that the industry will recover;

(14) notes the vital need for Federal Government efforts to ensure that airline passengers can travel in the safest possible environment, in particular now Australia is a terrorist target, to restore confidence in air travel; and

(15) notes the importance of a competitive and sustainable local aviation industry. (Notice given 16 June 2003.)

Time allotted—remaining private Members’ business time.

Speech time limits —
Mover of motion—5 minutes.
First Government Member speaking—5 minutes.
Other Members—5 minutes each.

[Proposed Members speaking = 6 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

Family and Community Affairs Committee

Membership

The DEPUTY SPEAKER (Mr Jenkins) (4.47 p.m.)—The Speaker has received advice from the Chief Opposition Whip that she has nominated Mr Price to be a member of the Standing Committee on Family and Community Affairs in place of Mr Edwards.

Mr ABBOTT (Warringah—Leader of the House) (4.47 p.m.)—by leave—I move:

That Mr Edwards be discharged from the Standing Committee on Family and Community Affairs and that, in his place, Mr Price be appointed a member of the committee.

Question agreed to.

BUSINESS

Rearrangement

Mr ABBOTT (Warringah—Leader of the House) (4.47 p.m.)—I move:

That orders of the day Nos. 1 and 2, government business, be postponed until a later hour this day.

Question agreed to.
Consideration of Senate Message

Consideration resumed from 14 August.

Senate’s amendments—

(1) Schedule 1, item 1, page 3 (lines 5 to 9),
omit the item.

(2) Schedule 1, item 2, page 3 (lines 10 to 23),
omit the item.

(3) Schedule 1, item 4, page 3 (lines 26 to 31),
omit the item, substitute:

4 At the end of section 149

Add:

(1B) For the purpose of determining whether
an employer is a successor, assignee or
transmittee of the business or part of
the business within the meaning of
paragraph (1)(d), the following factors
must be considered:

(a) whether the activities performed by
the employees in the business or
part of the business of the employer
who was a party to the industrial
dispute are substantially the same as
the activities performed by the
employees in the business or part of
the business of the alleged success-
or, assignee or transmittee; and

(b) whether the relevant business act-
ivities of the employer who was a
party to the industrial dispute are
substantially the same as the rele-
vant business activities of the
alleged successor, assignee or trans-
mitee.

The existence of either or both of
these factors would tend to indicate
that an employer is a successor,
assignee or transmittee within the
meaning of paragraph (1)(d).

(1C) For the purpose of determining whether
to make an order that an award does
not bind, or binds only to a limited
extent, a successor, assignee or trans-
mittee within the meaning of paragraph
(1)(d), the Commission must consider:

(a) whether the successor, assignee or
transmittee is already bound by an-
other award; and

(b) whether the activities performed by
the relevant employees in the busi-
ness of the successor, assignee or
transmittee can be separately ident-
ified in the business of the successor;
and

(c) whether the relevant employees of
the successor, assignee or transmit-
tee would be disadvantaged if
such an order were made; and

(d) the effect of such an order on the
efficiency and productivity of the
business.

(4) Schedule 1, page 3 (after line 31), after item
4, insert:

4A After section 149

Insert:

149A MUA here to stay—Persons bound
by awards—ships

If:

(a) a ship is engaged in the coasting
trade within the meaning of section
7 of the Navigation Act 1912; and

(b) the ship ceases to be engaged in the
costing trade; and

(c) at a later time, the ship operates
under a continuing permit issued
under section 286 of the Navigation
Act 1912;

then, from the later time, an award
which bound the employer of the
seamen employed on the ship when
the ship was engaged in the coasting
trade binds, in relation to that ship,
the employer of the seamen employ-
ed on the ship when it is operating
under the continuing permit.

(5) Schedule 1, items 6 to 9, page 4 (lines 1 to
12), omit the items, substitute:

6 At the end of section 170MB

Add:
(4) For the purpose of determining whether
a new employer is a successor, assignee
or transmitter of the whole or part of a
business within the meaning of
paragraph (1)(c) or (2)(c), the follow-
ing factors must be considered:

(a) whether the activities performed by
the employees in the business or
part of the business of the previous
employer are substantially the same
as the activities performed by the
employees in the business or part of
the business of the new employer; and

(b) whether the relevant business act-
ivities of the previous employer are
substantially the same as the rele-
vant business activities of the new
employer.

The existence of either or both of
these factors would tend to indicate
that the new employer is a successor,
assignee or transmitter within the
meaning of paragraph (1)(c) or
(2)(c).

(6) Schedule 1, item 10, page 5 (after line 12),
after subsection 170MBA(2), insert:

(2A) The Commission shall not make an
order under subsection 170MBA(2)
unless:

(a) the parties to the certified agree-
ment, including the new employer,
agree; or

(b) where the majority of employees
who are parties to the agreement do
not agree to the variation, the Com-
mission is satisfied that:

(i) that variation does not dis-
advantage employees in relation to
their terms and conditions of
employment; or

(ii) the variation is part of a reason-
able strategy to deal with a short-
term crisis in, and to assist in the
revival of, the single business or
part.

Note: See subsection 170LT(4) for an
eexample of a case that is not
contrary to the public interest.

(2B) In this section, a variation disadvant-
ages employees in relation to their
terms and conditions of employment if,
on balance, its approval would result in
a reduction in the overall terms and
conditions of employment of those em-
ployees under the existing certified
agreement.

Note: Section 170XA contains the no-
disadvantage test.

(2C) In making an order under subsection
170MBA(2) the Commission must take
into account:

(a) the proposed new terms and
conditions that employees would be
subject to and the effect of any loss
of conditions; and

(b) the length of time remaining on the
certified agreement.

(7) Schedule 1, item 10, page 5 (line 22), omit
"outgoing", substitute "incoming".

(8) Schedule 1, page 8 (after line 9), after item
10, insert:

10A At the end of Division 6 of Part
VIB

Add:

170MBB MUA here to stay—Successor
employers bound—ships

(1) This section applies where:

(a) a ship is engaged in the coasting
trade within the meaning of section
7 of the Navigation Act 1912; and

(b) the ship ceases to be engaged in the
coasting trade; and

(c) at a later time, the ship operates
under a continuing permit issued
under section 286 of the Navigation
Act 1912.

(2) If:

(a) the employer of the seamen employ-
ed on the ship when the ship was
engaged in the coasting trade was
bound by a certified agreement
when the ship was engaged in the coasting trade; and

(b) the application for certification of the agreement stated that it was made under Division 3;

then, from the later time:

(c) the certified agreement binds, in relation to that ship, the employer of the seamen employed on the ship when it is operating under the continuing permit; and

(d) a reference in this Part to the employer includes a reference to the employer referred to in paragraph (c).

(3) If:

(a) the employer of the seamen employed on the ship when the ship was engaged in the coasting trade was bound by a certified agreement when the ship was engaged in the coasting trade; and

(b) the application for certification of the agreement stated that it was made under Division 2;

then, from the later time:

(c) the certified agreement binds, in relation to that ship, the employer of the seamen employed on the ship when it is operating under the continuing permit, if that employer is a constitutional corporation or the Commonwealth; and

(d) a reference in this Part to the employer includes a reference to the employer referred to in paragraph (c).

(9) Schedule 1, item 11, page 8 (line 10) to page 9 (line 23), omit the item.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (4.48 p.m.)—I move:

That the amendments be disagreed to.

I will not detain the House long. The Workplace Relations Amendment (Transmission of Business) Bill 2002, which the Senate has very heavily amended, is a very simple bill. It is essentially a piece of legislative housekeeping. It is essentially about correcting an oversight that crept into the legislation over the years. The bill simply provides that the Australian Industrial Relations Commission will have the same powers in respect of the transmission of certified agreements as it has always had in respect of awards.

It was a very simple and straightforward piece of legislation. In the government’s view it has, unfortunately, been very heavily amended. Opposition amendments were proudly entitled ‘MUA here to stay’ amendments. On that subject I point out that no less a person than a commissioner of the Industrial Relations Commission has recently stated that the award which the MUA wished to have apply to certain vessels was unsuit to the efficient performance of work according to the needs of the workplace or enterprise’. The commission further observed that ‘inappropriate work practices based partially on award provisions and partially on custom and practice might be the order of the day’. In the light of those very recent statements by a commissioner of the Australian Industrial Relations Commission I think that the House should respectfully disagree with the opposition’s amendments.

As for the amendments moved by the Democrats, I simply point out that the government’s decision not to confine the Industrial Relations Commission’s discretion was a deliberate and considered one because the government believes that the commission should have maximum flexibility to devise solutions to what are frequently complex issues. Members of this House often rightly extol the virtues of the industrial commission. If the industrial commission is everything the members of this House think it is,
surely we ought to trust the Industrial Relations Commission to handle the transmission of certified agreements in the same way that it handles the transmission of awards. So I move that the amendments be disagreed to.

Mr McCLELLAND (Barton) (4.51 p.m.)—In the absence of the shadow minister, I respond on behalf of the opposition. We oppose the government’s motion. We believe that the Senate amendments should be agreed to. The debate on the Workplace Relations Amendment (Transmission of Business) Bill 2002 was canvassed in respect of the ALP opposition amendments in the House. We moved provisions which were designed to ensure a continuity of entitlements in circumstances where there was a transmission of business. We sought to broaden those provisions to have regard to the nature of the duties performed by an employee whose employment was transferred, as opposed to simply the activities of the employer.

In respect of the amendments which the government have sarcastically dubbed the ‘MUA here to stay’ provisions, we moved them because we see the opportunity, if left unchecked, for the terms and conditions of Australian workers—not simply those engaged in the maritime industry but also those engaged in, for instance, the transport industry—to be undermined if there is a regular contracting out or at least reflagging of vessels under foreign flags for the purpose of avoiding Australian industrial conditions. That was the purpose of our amendments.

As I understand the substance of the Democrat amendments, the minister said that they seek to restrict the discretion—we would say ‘guide the discretion’—of the commission in the event of a transmission of business situation to allow a variation of established conditions contained in the certified agreement if the parties to the agreement agree that they should be so varied or if there is no disadvantage—I gather that is an overall disadvantage—in the terms and conditions of employment or if the variation is part of a reasonable strategy to deal with a short-term crisis. I recall that the Letona factory was an instance where the commission did that.

As I understand the position in the Senate, the Labor opposition supported the Democrat amendments because they provided an appropriate guidance to the exercise of discretion by the commission. So, again, we say that the government should accept those amendments as being a reasonable proposition. In summary, the opposition opposes the government’s motion and believes that these amendments are practical and worth while and should be adopted.

Question put:
That the motion (Mr Abbott’s) be agreed to.
The House divided. [4.58 p.m.]
(The Deputy Speaker—Mr Jenkins)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>78</th>
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<td>Noes</td>
<td>60</td>
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AYES

Abbott, A.J. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Baldwin, R.C.
Barresi, P.A. Bartlett, K.J.
Billson, B.F. Bishop, B.K.
Bishop, J.I. Brough, M.T.
Cadman, A.G. Cameron, R.A.
Causley, I.R. Charles, R.E.
Ciobo, S.M. Cobb, J.K.
Costello, P.H. Downer, A.J.G.
Draper, P. Dutton, P.C.
Elson, K.S. Entsch, W.G.
Farmer, P.F. Forrest, J.A. *
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Hawker, D.P.M. Hockey, J.B.
Howard, J.W. Hull, K.E.

CHAMBER
Mr Abbott (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (5.04 p.m.)—I present the reasons for the House of Representatives disagreeing to the amendments of the Senate. I move:

That the reasons be adopted.

Question agreed to.

WORKPLACE RELATIONS AMENDMENT (CODIFYING CONTEMPT OFFENCES) BILL 2003
Second Reading

Debate resumed from 18 August, on motion by Dr Nelson:

That this bill be now read a second time, upon which Mr Emerson moved by way of amendment:

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

“the House declines to give the Bill a second reading and condemns the Government for:

(1) bringing divisive and unnecessary legislation before this House aimed at inflaming conflict in Australian workplaces; and

(2) failing to provide adequate collective bargaining rights for working Australians, and instead proposing legislation that would make the settlement of industrial disputes more difficult”.

Mr Abbott (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (5.05 p.m.)—I do not propose to long detain the House on this question. The Workplace Relations Amendment (Codifying Contempt Offences) Bill 2003 is a modest one, and I do not think it requires an enormous amount of further discussion at
this stage. The bill seeks to codify and strengthen provisions in the Workplace Relations Act regarding contempt of the commission. A number of members opposite pointed out in the course of debate: ‘As far as we are aware, contempt of the commission has been a dead-letter issue. There have been no prosecutions for contempt of the commission.’ But I regret to inform the House that there have indeed been plenty of contempt[s] of the commission; it is just that there have been no prosecutions. The reason there have been no prosecutions is that the existing provisions are not entirely clear and do not contain sufficient penalties. I repeat: there have been numerous contempt[s] of the commission over the years.

The Royal Commission into the Building and Construction Industry made reference to numerous contempt[s] of the commission or numerous actions and events that would under any reasonable understanding of the law be contempt[s] of the commission. The Patricia Baleen industrial dispute late last year, a strike lasting almost two months, continued despite two section 127 return to work orders of the commission. I believe on any reasonable interpretation of the law they were contempt[s], and it ought to be possible to prosecute those contempt[s] much more readily than it currently seems to be.

The whole point of this bill is to ensure that the commission is respected. Members of this House often stand here and extol the merits, virtues and importance of the commission. I think they are right to emphasise the respect in which the commission should be held, but the commission will not be respected if there are not consequences for defying the commission. That is why this bill is necessary. In debating this bill, members opposite rhetorically posed the question: what is a little bit of defiance of the commission between friends in the workplace relations system? I do not believe it is ever right to defy a properly constituted court. It is never right to act in defiance of a quasi-judicial body such as the Australian Industrial Relations Commission. That is why this bill is important and deserves the support of the House.

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

Question agreed to.
Original question agreed to.
Bill read a second time.

Third Reading

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (5.10 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMMITTEES

Treaties Committee

Report

Ms JULIE BISHOP (Curtin) (5.10 p.m.)—On behalf of the Joint Standing Committee on Treaties, I present the committee’s report entitled Report 53: Treaties tabled in May and June 2003; Investments—Sri Lanka; Social security agreements—Belgium, Chile and Slovenia; International unitisation agreement—Timor-Leste; International Labour Organisation conventions; Medical treatment for temporary visitors—Norway; Highly migratory fish stocks in the western and central Pacific Ocean; Ful-
Ordered that the report be printed.

Ms JULIE BISHOP—I ask for the leave of the House to make a short statement in connection with the report.

Leave granted.

Ms JULIE BISHOP—Report 53 contains the findings of the inquiry conducted by the Joint Standing Committee on Treaties into nine treaty actions, tabled in the parliament on 14 May 2003 and 17 June 2003, relating to the matters identified in the title of the report. A further treaty action proposing amendments to the annex to the International Convention for the Safety of Life at Sea 1974, including consideration and adoption of the International Ship and Port Facility Security Code, was also tabled on 14 May 2003. The committee believes that this treaty warrants further investigation and has informed the Minister for Foreign Affairs accordingly.

The agreement with Sri Lanka for the promotion and protection of investments aims to encourage and facilitate bilateral investments by citizens, permanent residents and companies of Australia and Sri Lanka. The agreement is intended to put Australian investors in a better position to benefit from investment opportunities in Sri Lanka by providing them with a range of guarantees relating to non-commercial risk.

The committee also supports the social security agreements with Belgium, Chile and Slovenia which essentially address gaps in social security coverage and provide for portability of benefits from one country to another. They predominantly cover age pensions, disability support pensions for people who are severely disabled and survivors' pensions. While the agreements have several features in common, they also cover specific entitlements, such as Chilean pension of mercy payments.

The agreement with Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields provides a comprehensive framework for the joint development of the Sunrise and Troubadour fields, together known as the Greater Sunrise field, which straddles an international boundary. The significance of the international unitisation agreement is that it is the framework which will allow the commercial exploitation of the Greater Sunrise field to proceed. It addresses matters such as the administration of the field, taxation, employment and training, and safety and health, as well as customs, security and environmental protection.

The committee recognises that International Labour Organisation conventions Nos 83, 85 and 86, which apply only to Norfolk Island, are no longer relevant to Australia. The committee found that these denunciations ensure that International Labour Organisation conventions that are no longer relevant to our circumstances form part of Australia’s regulatory structures.

Among the proposed treaty actions tabled on 17 June and supported by the committee was the agreement on medical treatment for temporary visitors with the Kingdom of Norway. This bilateral reciprocal health care agreement enables visiting residents of one country to access the public health system of the other and to obtain any treatment that is immediately necessary prior to travelling home. This particular agreement covers public hospital care, pharmaceutical care and out-of-hospital care.

The committee also supports the Convention on Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, which will establish a commission to manage and conserve such fish stocks and promote their optimum utilisation and sustainable use. The
committee recommends that, through preparatory conferences, Australia supports and encourages the aim of ensuring that countries that are proposed as members of this body ratify the United Nations fish stocks agreement. The committee was concerned about an apparent conflict in the principles that the commission will follow in adopting conservation measures between best scientific evidence and a precautionary approach. The committee considers that the notion of ‘precautionary approach’ is ill defined and recommends that, in future, Australia seeks to give preference to more rigorous language, such as that contained in article 5(b) relating to best scientific evidence.

The treaty action concerning the Fulbright agreement amends one provision. It provides that members of the board of the directors of the Australia-American Fulbright Commission are appointed for two years instead of the current one year. The committee believes that the amendment will result in the board operating more efficiently and effectively. In conclusion, it is the view of the committee that it is in the interests of Australia for all the treaties considered in report 53 to be ratified, and the committee has made its recommendations accordingly. I commend the report to the House.

Mr WILKIE (Swan) (5.15 p.m.)—by leave—I commend the report to the House and would like to make some additional comments. In relation to the agreement with Sri Lanka for the promotion and protection of investments, I suggest that the committee understands that Australian educational institutions have already been established in Sri Lanka. There is also the opportunity for further development of investment initiatives in education between Sri Lanka and Australia, and the agreement would facilitate the growth in joint venture educational enterprises between both countries.

The three social security agreements—with Belgium, Chile and Slovenia—are in addition to Australia’s existing network of 13 international social security agreements. The committee believes it is important that Australian residents are made aware of their rights under such international social security agreements. Further, Centrelink acknowledge that some people who have come into contact with them did not know about these agreements. While Centrelink noted that this was an issue, it has sometimes been quite difficult contacting people who may be eligible for benefits but who have not previously come into contact with Centrelink.

In relation to the agreement with Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields, the committee tabled its report on the Timor Sea Treaty late last year. In that report the committee emphasised the importance of the international unitisation agreement arising from article 9 of that treaty, providing a framework which will allow for commercial development of the Greater Sunrise field to proceed. In the committee’s 49th report, it also emphasised the importance of the Australian government in ensuring that occupational health and safety environmental standards that prevail in the JPDA are equivalent or superior to those applying in Australian jurisdictions already. The committee reiterates that these issues should be given prominence in the unit area to which the IUA applies. It was also acknowledged that the original treaty allows for ongoing negotiations in relation to the maritime boundary dispute. I believe those negotiations are currently being undertaken.

In relation to the agreement on medical treatment for temporary visitors from the Kingdom of Norway, the committee is concerned that the limited data collection and monitoring of eligible patients in Australia and Norway does not provide a realistic pic-
ture of the costs incurred by the agreement. The committee also recognises that, although there are a few situations in which Australians travelling to Norway could dispense with the need to take out travel insurance, there are significant benefits to people who are ineligible through age or pre-existing medical conditions for travel insurance cover. The committee, therefore, supports the agreement and urges the department to implement effective measures for accurate monitoring of usage under that agreement.

With regard to the Convention on Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, I support the chair’s comments in that the precautionary approach has not been defined with sufficient clarity in the treaty text. The committee believes that this could undermine the implementation of effective conservation measures by the commission. The establishment of the commission is critical, as there has been a move of the fishing capacity by distant water-fishing nations from the Northern Hemisphere into the western and central part of the Pacific Ocean. I acknowledge that we have a number of representatives of the fishing industry currently in the House.

Ms Julie Bishop—Tasmanian salmon.

Mr Wilkie—I look forward to receiving some input from them later, particularly in relation to Tasmanian salmon. With regard to the Fulbright agreement, I acknowledge that it is a simple, no-cost treaty action. I commend the report to the House.

Ms Julie Bishop (Curtin) (5.20 p.m.)—by leave—I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 2003

Second Reading

Debate resumed from 14 August, on motion by Dr Nelson:

That this bill be now read a second time.

Mr Windsor (New England) (5.20 p.m.)—I rise to oppose the Telstra (Transition to Full Private Ownership) Bill 2003, and I do so with what I believe to be the support of 90-odd per cent of country people. There have been a number of surveys done across a range of states and electorates, and I understand there are currently surveys being done in a number of key rural seats in both New South Wales and Queensland—some being carried out by private organisations, others being carried out, I believe, by the Democrats—to ascertain the views of people in relation to the full sale of Telstra. There is no doubt in my mind that the National Party, in particular, and the Country Liberals have deserted country voters on this issue.

If there were ever an issue that was going to negate distance as being a disadvantage for people living in the country, this is it. If we do not get this communication technology right; if we do not make it equitable to country people; if we do not provide country people with an equal footing in relation to future technology, we will leave our children and grandchildren a legacy of not only the distance factor but also the cost factor that we have become accustomed to in country areas. This is the one piece of legislation that should be rejected by the Democrats, the Greens and the Independents in the Senate if they want to do an enormous service to country people. It is the one piece of legislation for which the National Party and Country Liberals should have been the anchor for country people. It is the one piece of legislation since I have been in this parliament that could make an enormous difference—in a
negative sense if passed and in a positive sense if rejected—to the livelihood of country people in the future.

I see it as not only the Telstra (Transition to Full Private Ownership) Bill; it is more like the Telstra transition to the end of the National Party as we know it. That may well be one of the positives that come out of it. This debate has been going for four hours and one National Party member has spoken. You look at the list of speakers and, despite the importance of this vote, three National Party members are going to speak.

Mr Murphy—Appalling!

Mr WINDSOR—It is appalling, as the member for Lowe said. There are certain things that I will raise later in terms of the promises that the government has given, which may interest the member for Lowe. There are three members of the National Party to speak on this issue, with the leader and deputy leader absent—not interested. They could not care; they are just leaving it to drift through, with most other members doing the same thing. I compliment, though, the member for Hume, Alby Schultz, for at least having the guts and tenacity to listen to his constituents and ask them about the issue, whereas many other people have changed their view, including the member for Riverina and the member for Dawson, whom I complimented in a speech about a year ago for the way they were relating to this bill within the party room and within the public arena. At least Alby Schultz has the guts to maintain his view, whereas many others have gone to water and have not even bothered to come into this chamber to speak to their constituents and argue why this piece of legislation should go through the parliament.

Mr Murphy—Shame!

Mr WINDSOR—It is a shame, as the member for Lowe said. I think it is a disgrace and they should be condemned. As I said earlier, many surveys have been done on the full privatisation of Telstra. The member for Calare has done a survey that indicated something like 96 per cent of his constituents are against it. The member for Kennedy conducted a similar survey with roughly the same numbers. I did a survey last year and, I think, 98 per cent of my constituents were against the sale with about 6,000 households responding. The member for Hume is doing a survey and I think about 92 per cent of his electorate is saying a similar thing. I am currently conducting another survey within my electorate and have asked for the survey forms to be returned by 24 August. As of 19 August 2003, the running sheet for the survey indicates that 7,408 households have responded and, of those, 7,143 say that they do not want the full privatisation of Telstra. That is 7,143 households out of 7,408, which is well up into 97 or 98 per cent opposition to the sale.

Of those in support of the sale, 111 households have indicated that they would support the full sale of Telstra, 58 are undecided or do not care—they were given a number of options: want it sold, do not want it sold, do not care or undecided—and 96 have filled out the form incompletely and had their replies considered as informal. There were 154 households that were either undecided or could not fill out their form correctly, against 111 that wanted the full privatisation to go ahead. So not only is my electorate of New England opposed to the full sale but other surveys done in other electorates are showing similar results.

I do not think it is just country people saying this. I think if a survey were done of city people it would probably come up with 60 per cent in favour of retaining Telstra. I think the Labor Party is on the right track in relation to this issue. I noticed the other day that the shadow minister for communications, Lindsay Tanner, was saying that the Labor
Party is the only party that has been opposed to the full sale of Telstra from the inception. That is not quite true. In fact, in their policies the Greens have always maintained full opposition to the sale of Telstra. I compliment those two parties for the way in which they have maintained their views. I hope that other senators will vote against this bill in the Senate. I think they will. All indications are that the Democrats are opposed to the full privatisation.

I have been told in recent days that the One Nation senator, Len Harris, is opposed to the full sale of Telstra. I hope Len maintains that view. A lot of people threw a lot of mud at One Nation during its infancy. Len is the product of their vote in the current parliament, and I think he and the people who supported him have absolutely no doubt that those who voted for One Nation, to get Len into the Senate, would be fully opposed to the full privatisation of Telstra. I hope that Len would represent that view, which is not only the view of the people who have voted for him but also one he has expressed on a number of occasions. I hope also that the Independents in the Senate—Senators Harradine, Murphy and Lees—will also oppose the legislation. This piece of proposed legislation is a real test of what the Senate is all about.

A significant minority group—30 per cent of the vote—in our nation has been essentially ignored by those who represent it: the National Party and the Country Liberals. That is a strategic position that has been taken by the government. That decision has been taken within a cabinet that has assumed, with the Labor Party in some degree of political disarray, that they can make a very hard decision—a decision that their country members do not agree with—and get away with it. I can assure you that they will not get away with this, because I do not think it will get through the Senate. If it were unfortunate enough to get through the Senate, I think you would see a reaction in country Australia in relation to the Senate ticket. That will allow people to carry out another survey, a survey of their own about whether the people they put into the Senate really care about their views on this issue. That is a survey where people will, if it comes to that, be able to make some decisions in terms of their so-called representatives in this parliament and in the Senate.

The strategy that the government is using—believing that the Labor Party, being in some disarray, will not be able to gather momentum before the election, so the government can make a difficult decision and impose it on country people—is, in my view, a high-risk strategy. I think you will see a number of the National Party people who support this legislation challenged at the next election in the House of Representatives. As I said, if the Independents and minor parties in the Senate were in some way swayed through bribery and some degree of coercion to support this, I think you would see country people who may well have voted for those people in the past expressing their views quite strongly in a pro-Telstra, pro-country Senate ticket.

The Minister for Communications, Information Technology and the Arts, Senator Alston, has been casting a lot of aspersions and words about a number of people. Everybody who says anything against the sale of Telstra is, in his view, fair game. He has criticised my survey, which nearly 7,500 households have responded to. He says that my survey is biased and he disagrees with some of the facts elaborated in the survey. I would like to refute those criticisms for the public record. The front page of my survey says, ‘The full sale of Telstra is not inevitable. You can do something about it.’ Quite obviously it is not inevitable. If you want it sold, it is not inevitable. It has to get through
the Senate. If you do not want it sold, it is not inevitable, because it has to get through the Senate. I am pleased to see that one of the National Party members, who is not on the speaker’s list, has just entered the chamber. Maybe he will be able to identify the reasons why he is supporting this legislation. I speak of Larry Anthony, a man whose father would never have allowed this sort of circumstance to occur—

The DEPUTY SPEAKER (Mr Barresi)—The member will refer to other members by their correct title or by their seats.

Mr WINDSOR—I cannot think of his correct title, but I do remember that his father was a man of great regard and would never have allowed the Liberals to do this to what used to be the Country Party, in those far-off days. He never would have allowed it. The minister for communications takes me to task over the facts that are in the survey. I will read the facts out. Fact 1 says, ‘The government cannot bind future governments to any guarantee of future services.’ Those are the Prime Minister’s words, not mine. Fact 2 says, ‘The government received a $1.4 billion share of Telstra’s profits for the year 2002.’ Those are the Treasurer’s words, not mine. If they are biased, they are biased on the part of the Treasurer and the Prime Minister. Fact 3 is about problems with ‘Internet access and speed and no absolute guarantee of future technology for country people.’ The Prime Minister said that as well. Constitutionally, one government cannot bind a future government.

Fact 4 says, ‘The government cannot bind a private company to provide the latest technology at affordable prices to country people, so what is up to scratch now may not be up to scratch in 10 years time.’ Obviously you cannot, through contractual arrangement, bind a private company to provide technology that has not even been invented yet. I would like to see someone with some knowledge explain to me how that is going to be done. I am not suggesting that it is not possible to do in terms of some sort of legislative phase, but if you expect a private company to enter into an arrangement that is open-ended in 10, 20 or 30 years time, you have got to be kidding yourself. Fact 5 says, ‘Even John Anderson says we won’t know the full impact of a sale for 10 to 15 years.’

The DEPUTY SPEAKER—The member for New England!

Mr WINDSOR—The Deputy Prime Minister, rather—and he is not even going to be bothered speaking in this debate. He was sitting next to Senator Alston when he made that comment. What a pathetic way to make policy: to actually say to the public, when you are releasing the draft of the bill, that we will not know the result of this for 10 or 15 years.

Mr Murphy—Shame!

Mr WINDSOR—Isn’t that an absolute disgrace? Someone who is actually sitting beside the minister who had carriage of the bill says to the press—and is quite proud of it—that we will not know the result of this for 10 or 15 years. No wonder the Doug Anthonys of this world are ashamed of what is happening in this parliament. Senator Alston says that community service obligations will be bound in legislation. He says, ‘Trust us, it will be okay; don’t you worry about it.’ I would like to refer the parliament to Senator Alston’s press release, where he has a go at my survey. He says:

For example, the Survey forms lists as a “fact” that the Australian Government is unable to bind future governments to any guarantee of future services, but Mr Windsor knows that services are guaranteed by legislation, and that legislation does bind future governments unless they change it.

Isn’t that something?
‘... and that legislation does bind future governments unless they change it.’

That is about the security we have got on this. He is talking about future governments. You do not even need to be in a future government, which you cannot bind, to have the rules changed. I would refer the parliament—and particularly the senators who might take some interest in what I am about to say—to a similar privatisation that took place a while back: that of Sydney airport.

Mr Murphy—I know all about it.

Mr WINDSOR—The member for Lowe would know all about that. Prior to the privatisation I was quite involved because I had concerns about regional issues. I know the member for Lowe and others had concerns about noise issues. There were certain guarantees given by the government and the ministers in charge—Anderson, Minchin and others. With those guarantees they were saying, ‘Look, trust us. This will be guaranteed by legislation. We will legislate that noise control, access and all these sorts of things will be set in concrete. They will happen.’

Mr Organ—What happened?

Mr WINDSOR—Two days after the sale—and I refer the House to Thursday, 27 June 2002—minister for finance Nick Minchin also conceded that a future government—this is a future government after a privatisation; the similarities between this and Telstra are enormously close—would be open to try to change existing regulations. He conceded that. On the Seven Network Senator Minchin said that those caps and curfews were in legislation and they would not change: ‘The company cannot change them; only the parliament can change those limits’. Obviously, we cannot bind future governments but I cannot imagine any government in the future changing those rules.

Isn’t that similar to what Senator Alston has recently said?

The Prime Minister in this chamber said, in answer to a question that I raised about our Constitution, that we cannot bind future governments to decisions that are made now. Look at what the government is doing in relation to the Kingsford Smith privatisation. We are not in future government mode at the moment—yet, after that 747 plane had brake problems in relation to the curfew, the current Minister for Transport and Regional Services and Deputy Prime Minister, Mr Anderson, is reconsidering the rules. He has asked that the rules be reconsidered to see whether something can be done to vary them so that the problems with brakes will not occur into the future. I use that by way of example. You do not have to wait for the next government to have the rules changed. It can happen within a term of government.

Essentially, people do not trust the government. People want Telstra to be maintained in some degree of public ownership so that the political imperative can be relayed through their members of parliament to make sure that services are delivered. There is a whole range of issues. I think it is an absolute insult that the government is saying that $45 million a year will make everything okay. I think $45 million a year comes out at about $9 a taxpayer. The government is prepared to spend $7,000 of taxpayers’ money on the new home owners and $9 for a country vote—$9 to sell off Telstra. That is absolutely pathetic. I cannot understand why country members of parliament would endorse that.

If you look at the financials of the business, as the shadow minister has done, Telstra has a 20.8 per cent return on assets and 32.1 per cent return on equity, and it pays $3 billion in dividends—half that going to government. What are we talking about when the dividend gained is greater than the interest that would be lost through the sale? Why are we even talking about the sale of an asset
like this? If the government says there are protections, just remember HIH. (Time expired)

Mr BALDWIN (Paterson) (5.41 p.m.)—I rise today to speak to the Telstra (Transition to Full Private Ownership) Bill 2003. As a member who represents a regional area in New South Wales, I am pleased to be speaking on this legislation—legislation that will ultimately be to the benefit of my constituents. Telecommunications in this country have moved to a new era since this coalition came to power. There has never been a government like this government—that has had the commitment and initiative to actually tackle the hard issues facing regional areas and that has backed telecommunications with safeguards such as universal service obligations and the customer service guarantee.

The success of that initiative is clear when you look at what is happening in my electorate of Paterson and the benefits that consumers have gained through competition. The proceeds of T1 and T2 have gone into improving telecommunications services and every other worthwhile program. The environment is a big winner from the T1 sale with the $2.7 billion Natural Heritage Trust program. This is the biggest monetary commitment that any government has ever made to the environment. Thousands of projects in local communities have received funding as a result of this, including the Wallis Lake Catchment plan, which received more than $350,000 in funding to help manage this beautiful and economically important catchment area.

Proceeds from the sale of T1 also went into the Networking the Nation program. This program has been a great success and has funded a number of projects in the Paterson electorate such as the Dungog Learning and Technology Centre and the Port Stephens Telecentre, which provides Internet access and computer training. The sale of T2 has also led to a number of benefits to consumers in my electorate: $150 million went to untimed local calls in extended zones—a first for these areas in Australia—and $120 million was allocated for TV Black Spot programs, which has brought TV reception for residents in Forster and soon into Stroud, Pacific Palms and Smiths Lake. In addition, the reception issues of the Tomaree Peninsula—including transmission towers which have been delayed due to spectrum availability problems—will hopefully be addressed through the alternative technology solutions program. More than $83,000 was delivered to the Forster project, which means that residents can now watch five free-to-air TV channels without the snowy, ghosting pictures they had previously. Over $750,000 has been allocated to install the transmitters previously mentioned at Pacific Palms, Smiths Lake, Stroud and the Tomaree Peninsula, once planning issues are addressed by local and state government authorities. Funding also went into other projects, such as the $25 million for improving mobile phone coverage on national highways, including the Pacific Highway. As a result of this, Vodafone were able to build a tower at Nerong to improve coverage to this part of the highway.

What this legislation to privatise Telstra will do is remove the conflict of interest that currently exists with the government on one hand being the one who makes the laws and rules that govern the telecommunications industry and then on the other hand having a direct financial stake in Telstra. It is also important to note that protections on total foreign ownership in Telstra will be put in place, limiting it to a maximum of 35 per cent of its listed capital, with a maximum holding by any individual foreigner or foreign company of five per cent. Importantly, this legislation will benefit the 1.8 million Australians who have shares in Telstra, as it
will allow Telstra to realise its full potential and, further, it will allow the government to pay off more debt that was left behind by the previous Labor government.

Let us not forget Labor’s record when it comes to debt. This government has paid off more than $60 billion of Labor’s $96 billion debt, thanks in part to the sale of Telstra. That is a saving of almost $5 billion each year in interest alone. Under Labor, debt peaked at around 20 per cent of Australia’s GDP and that has now dropped to around five per cent. In fact, Labor’s spending got so out of control that in its last year it was spending more on interest payments than it was on education. That is an important point to note: Labor was prepared to spend more on interest servicing the debt of this country that it had racked up than it was on education. It is a record that Australians have to be constantly reminded of, particularly when the opposition’s current mantra towards the government is ‘just say no’.

Unfortunately, we have had to listen to Labor for a number of years now peddling the line that they would never sell Telstra. But I think the Australian public has a better memory than the ALP will give it credit for. People should not believe Labor’s rhetoric on Telstra because they have a history of selling off public assets. They promised in the share prospectus that they would not sell any more of the Commonwealth Bank and yet they turned around and did just that. Labor sold off Qantas, one of the greatest airlines in the world.

When they were in power they wrote a proposal to sell 100 per cent of Telstra and did not tell the public about it. More recently, they have considered splitting up Telstra and selling off its assets. The shadow minister, Lindsay Tanner, the member for Melbourne, is in the chamber. I remember well the paper he put together on the splitting up of Telstra. For him to come into this chamber and dictate to this government that Telstra should never be sold is hypocritical. Australians know only too well that Labor cannot be trusted when it comes to Telstra or the financial affairs of the nation. They have lied before; they will do it again.

I think it is important in this debate to talk briefly about the benefits that have come to consumers thanks to the competition in the telecommunications industry, which was opened up in 1997. The number of telecommunications companies has grown from three to 89, and 40 per cent of those offer services in regional Australia. According to the Australian Communications Authority, telecommunications prices have fallen by 24.8 per cent since 1996. A dollar is a dollar and in the bush every dollar is hard earned. When telecommunications prices fall by 24.8 per cent, that is something people in my area understand only too well.

For example, mobile phone call costs have dropped by 27.4 per cent. The cost of a local call has dropped by 29.1 per cent. Long distance call costs have dropped by 29.6 per cent. International call costs have dropped by a massive 61.2 per cent. Why? Because of competition. My constituents remember only too well the high cost of phone calls to regional centres from outlying areas—the high level STD rates from Nelson Bay to Newcastle or from Gloucester to Maitland or Taree. These costs are more competitive—more affordable—under the coalition reforms. The Regional Telecommunications Inquiry stated:

Satellite handsets are now available from approximately $1000 compared with more than $5000 in 1997. Call costs have also decreased ...

The cost of making a call from a satellite phone is roughly the same now as a call from a digital phone three years ago. Prices are coming down and what is important for those...
who talk about coverage is that satellite covers 100 per cent of the globe, let alone my local area. Neither a government nor any communications supplier could ever afford to build the number of transmission towers required in my electorate due to the topography. Here we have a solution: satellite communications.

As a result of competition in this industry, Australia’s economy is $10 billion larger and there are an additional 100,000 jobs. But there are also improvements that have been made in the Paterson electorate that I would like to mention—for example, the mobile phone towers that have been installed and upgraded in Dungog, Gloucester and Port Stephens. Last week I attended the opening of the Gresford CDMA tower, which has brought improved mobile reception to this part of the Hunter. It means that you can now drive between Maitland and Gresford and have continuous CDMA coverage the entire way. It is an example of just one project that is happening in a regional area that is a direct result of this government’s commitment to improving services.

I make special mention here of the tremendous work that Gresford resident Ted Murrell, Dungog Shire Council staff and Mayor Steve Low have done on this project. I also mention the mid-North Coast Telstra Country Wide staff, including the general manager, Jim Atkins; Rowan Saunders; and Telstra Country Wide in Maitland. Without their efforts this project would never have been completed. I congratulate them all on such a great job. But the job to complete the construction of a number of towers in Paterson is not quite finished yet. The tower at Vacy will be officially opened in the beginning of September, which should boost the signal through the Gresford and Vacy area. The Pacific Palms and Smiths Lake towers, which will provide both CDMA and GSM coverage, should be commissioned by December. These towers, however, have been delayed not by the federal government nor by Telstra but by local and state government planning authorities.

The towers at Medowie, Anna Bay, Fingal Bay and Williamtown should also be commissioned by December 2003, again subject to state and local planning approvals. The Medowie and Williamtown towers will provide GSM coverage, the Anna Bay tower will have CDMA and the Fingal Bay tower will have CDMA and GSM. Stroud should have their tower up and running in the next month, which will provide much needed CDMA coverage in the area, particularly along the Bucketts Way.

I will now take time to give credit for the Stroud phone tower and TV transmission tower to Paul Downey. Paul passed away recently but he made an enormous contribution—he was the champion in getting this tower up and running. I understand the tower is very close to completion and it is a project that the Stroud-Booral Progress Association has worked hard on and deserves to be credited for.

The Brandy Hill tower is likely to be commissioned by November and will provide much needed CDMA coverage in that area. The Karuah tower that will provide CDMA and GSM coverage will be up and running in line with the Pacific Highway reconstruction. This is an enormous undertaking for one electorate and the mid-North Coast office of Telstra Country Wide should be congratulated for their efforts. They have officers and technicians out in the field finding locations for these towers, negotiating with landholders and working on the councils just to get the job done. It is a great effort and once completed the towers will cover every major centre in Paterson.

Last week at the opening at Gresford, farmers were telling me that it used to be
difficult to try and call people during office hours, particularly when they were working out in the paddock away from the house phone. Now we have heard comments from the farmers that they can be out and about on the farm doing what they do for a living and can answer calls, thanks to this improved reception. It can save an enormous amount of time for these people and they have a direct benefit from improved telecommunications services.

But the benefits are not just to mobile phone reception; there are also other services that have been rolled out over recent years and will continue to be rolled out in coming years. ADSL is being rolled out in Paterson and is now available in Nelson Bay, Raymond Terrace, Medowie, Seaham, Soldiers Point and Tanilba Bay. More than 80 per cent of exchanges in Paterson have ISDN. Internet access has been improved in areas such as Dungog, Tea Gardens and Gloucester, where residents have had issues such as interference from radios, electric fences and line faults.

Residents in Paterson also benefit from mobile satellite phones. The government has already introduced a satellite handset subsidy for people living in areas where it is not feasible due to problem mobile phone coverage. In response to the Regional Telecommunications Inquiry, the government is going to review the eligibility guidelines for this scheme and it will provide an additional $4 million to extend the subsidy. In fact, the government recently committed an extra $181 million to implement all 39 recommendations from this inquiry. This will mean, for example, a comprehensive national broadband strategy; improving Telstra’s worst performing exchange services; continuing the Internet Assistance Program; upgrading old radio concentrator phone systems; and improving the quality of phone services and dial-up Internet speeds on poorly performing systems. All of these things will be done, regardless of whether or not this legislation goes through. The government has made a commitment that every one of the 39 recommendations will be delivered—and delivered in full.

The consumer safeguards that are already in place will remain in place regardless of whether this bill goes through. These safeguards ensure that phone services remain affordable and that phone companies abide by service standards. They are among the toughest safeguards in the world and involve the universal service obligation, customer service guarantees, the network reliability framework, the priority assistance arrangements and retail price controls on Telstra. Regardless of who owns Telstra, all phone companies will continue to be subject to these safeguards.

Labor will no doubt continue their line of ‘just say no to everything this government tries to do’, regardless of whether or not telecommunications services have improved. But how long are they going to let this conflict of interest continue, where the government sets the rules for the telecommunications company and yet has a direct financial interest in making sure that Telstra’s profits are maximised? Simply put: the Labor Party would have it believed that they have put the case, without reasons as to why no should be the answer—but they have failed on that. In fact, the Labor Party have a hidden agenda. That agenda is to hold the sale off until they come to power. Once in power, they will put the privatisation of Telstra on the table and take the money and do what they did with all of the proceeds from Qantas and the Commonwealth Bank.

Their inability to manage the financial affairs of our country has been proven—they just spend, spend and spend without any consideration of the better economic welfare
of this country. They proved that with the sale of the Commonwealth Bank and the sale of Qantas. Heaven help us if they get the same amount of money from the sale of Telstra! What would they do with it? They would argue that that money goes to the benefit of all Australians. But the problem is that Labor would get caught up in a spending loop and all of a sudden we would again have spiralling debt—spiralling debt which led to high inflation rates and high interest rates, that penalised every home owner with a mortgage in Australia and that stopped young people being able to afford to buy their own home.

Mr Tanner—That occurred when there was a budget surplus, you idiot!

The DEPUTY SPEAKER (Mr Barsesi)—Order! The member for Melbourne will withdraw that statement.

Mr Tanner—I withdraw.

Mr BALDWIN—We have a shadow minister who has an inability to control his language. Imagine what he would do if he were in charge of Telstra. It again proves that Labor have an inability to control finances, an inability to control their actions and a proven track record of misleading the public on their intentions with regard to privatisation. As I said, we remember the hidden agenda—there was to be no sale of the Commonwealth Bank and no public announcement of the sale of Qantas until it was too late.

The shadow minister has already proven that he intends to do something with Telstra. What he intends to do is split it up and privatise it. That will damage the financial future of all Telstra shareholders—all the mums and dads who have gone into the investor market. If this shadow minister had a considered view in relation to those mums and dads, those shareholders, he would understand that this is the best direction and that, in telecommunications competition, it is best to allow market forces to take direction, provided there are government guarantees. I believe, and my constituents I have spoken to believe, that these safeguards have been put in place for the betterment of telecommunications services. They can see the improvements that have occurred under this government in pricing, access and speed—and that will continue.

Ms HALL (Shortland) (5.57 p.m.)—Listening to the previous speaker on the government side, the member for Paterson, has demonstrated to me the difference between us. We listen to what our constituents have to say to us. We hear the message that each and every one of us has been getting: that is, the people of Australia, the people whom we represent in this House, want Telstra to remain in majority public ownership. We do not live in fairyland. We do not try to justify our actions by attacking those on the other side of the House. Rather, we listen to what people have to say and then look at what is best for Australia as a whole.

Labor oppose this legislation because we believe it is imperative that Telstra remains in public ownership. On this side of the parliament we believe that the only way to ensure an adequate and affordable telecommunications service with equitable access to that service for all Australians is for the Commonwealth to retain 50.1 per cent equity in Telstra. The majority ownership of Telstra should remain with the Commonwealth of Australia—or, should I say, with the Australian people, because they are the ones who have the majority ownership of Telstra now. What better way is there to ensure that Telstra meets the needs of Australians than if its majority owners are the people of Australia?

Put in that context it is easy to see why the Telstra (Transition to Full Private Ownership) Bill 2003 is an extremely important piece of legislation that will change the way
telecommunications operate in Australia, just as the introduction of the GST—which the government promised it would never, ever introduce—changed the way we in Australia pay tax.

One of the responsibilities of government is to ensure equal access to services and that groups and individuals within the Australian community are not disadvantaged. Unfortunately, the legislation we have before us today fails to ensure equity of access to telecommunications for all Australians, which I spoke about earlier. Australians living in regional and rural areas are permanently disadvantaged when it comes to telecommunications. People in regional and rural Australia currently have an inferior telecommunications system to that of those living in Sydney and Melbourne. That is an unquestionable fact. When travelling in regional Australia the lack of service becomes very apparent. The previous speaker, the member for Paterson, mentioned places in his electorate such as Stroud and Gloucester. I had occasion to visit that area recently and I noticed that there was no mobile phone coverage. This is what the people who live in the Paterson electorate are faced with each and every day. The member for Paterson has whitewashed this situation and said that it will improve in the future. He blames the poor service on the topography or whatever else he can find to use as an excuse. This is happening in his electorate to the people he represents in this parliament. His electorate is very close to my own.

The member for New England, who has also contributed to this debate, identified the problems. He stood up in this parliament and fought for the people he represents. He knows why he has been elected to this parliament: to listen to what the people in New England have to say and to fight for them in this House. What a different approach taken by these speakers!

I turn now to my own electorate, the Shortland electorate. I cannot drive from one end of my electorate to the other without losing mobile coverage. If I walk across the road from my office in Belmont to the supermarket, which is right in the heart of the electorate, I cannot get mobile phone coverage. There is inadequate coverage throughout Australia. There are pockets where you cannot access mobile phone coverage, and people in those areas are extremely disadvantaged. Yet the government says that the service is of a high standard and that no-one in Australia will be disadvantaged. I argue strongly against that. I will stand up in this parliament and argue on behalf of the people I represent. The majority of people who have approached me on this issue have said, ‘Whatever you do, fight against the further privatisation of Telstra.’ I, like my colleagues on this side of the House, do listen to constituents.

There are a number of problems being experienced in regional and rural areas throughout Australia. I mentioned the issue of mobile phone coverage earlier but there are other issues such as faults in phone lines and the length of time it takes to have those faults corrected. I will give a couple of examples in a moment of problems within my own electorate where there have been outages and workers have had to be brought in from other areas in Australia. Recently in the Hunter and Central Coast areas of New South Wales, which is where the electorate of Shortland is, a number of Telstra jobs have gone—workers have been sacked. Along with that we have had a deterioration of service. So when there is a fault, an outage, workers have to be brought in from as far away as Dubbo to fix the fault. That happened very recently. Staff from outside the area are paid $130 a day in travelling allowance above their wages and for excess travelling time. They are pressured into working...
overtime. On Fridays they are sent SMS messages to say that they have to work on Saturday, and there is absolutely no flexibility at all to change their rostered days off. This situation has arisen because of the enormous cuts to staff numbers within Telstra. Added to that is the fact that the network has been allowed to run down by this government in its quest to privatise Telstra. There is the prospect of a further 3,000 workers being sacked and a further 4,200 jobs going. And we have the government saying, ‘Let’s privatise Telstra. Let’s sell it off. We’ve got the service up and running and it is as good as it should be.’ Yet we have these problems with outages and workers having to come in from all around Australia.

On the Central Coast there was an incident where sensitive network cables were being protected from water damage by plastic bags because Telstra simply does not have the staff to repair the boxes and cover the wires. Telstra has cut costs and cut corners. As a result of that, services are affected. If Telstra is sold, things will only get worse. As I have said, more workers will lose their jobs, the infrastructure will be allowed to deteriorate further and there will be less investment in capital works. We have seen the Besley and Estens inquiries, and the government has ignored the substantive submissions to those inquiries. The Estens inquiry was a whitewash, a sham, conducted by a friend of the Deputy Prime Minister. I really believe that the members of the National Party in this parliament stand condemned for not representing their constituency in the way that their constituency expects them to. When speaking to people in regional and rural areas in Australia you find that they are very concerned about the impact of further privatisation, faults with their phone lines not being fixed immediately, the lack of Telstra workers in their area, poor access to broadband and inadequate dial-up Internet speed.

Those two facts are very important when you consider where we are in the world, when you consider technology and when you consider the access to knowledge and learning that computer technology provides to people. Without that, you are disadvantaged. So this is another area and another way in which the people living in rural and regional Australia are being disadvantaged by the government’s action in attempting to further privatise Telstra.

You might ask: what is the main reason that we should not sell Telstra? I would say, first and foremost, the main reason not to sell Telstra is that the people of Australia do not want it sold. Throughout Australia, we are being told that Telstra should remain in majority public ownership. The member for Hume recently conducted a survey, and 96 per cent of the people within his electorate said that Telstra should remain in majority public ownership. The member for New England has also conducted a survey, with similar results. Within my electorate, people are constantly telling me that, at all costs, the Labor Party must prevent Telstra being further privatised. It is not an option. This is something that will greatly disadvantage the people of Australia, particularly the people in regional Australia.

We only have to look to New York and the recent electricity outages to see what happens when important public infrastructure is privatised. It is allowed to run down and, as a consequence, all the people living in those communities, states and countries are disadvantaged. We can see the impact that the privatisation of electricity has had in Victoria and how the people in that state have been disadvantaged. It is the same old story. You allow the infrastructure to run down so you can maximise your profit, and the people who lose out are the people who are using the service. We do not want that to happen with Telstra. We do not want that to happen
with our telecommunications. That is one of the major reasons why we oppose this. The cost of telecommunications will obviously increase if Telstra is privatised. As the shadow minister said during the last speaker’s contribution, the cost of line rental has increased immensely since this government started down the track of privatising Telstra, and that will only increase further if there is any further privatisation of Telstra. The bottom line with privatisation is that you get a poorer service and you pay more for it.

So why would you sell Telstra, and what would it deliver to the people of Australia? The ideologues on the other side of the House have a philosophy that private is good, public is bad; therefore you must sell everything. Their approach to government is to sit back and govern Australia like a board of directors govern a company. It is a very hands-off approach. It is an approach that is designed not to deliver the best to Australia but just to let market forces determine where Australia goes. The result is that you end up with a system where some people are very disadvantaged, and that would definitely happen in the case of the further privatisation of Telstra.

If Telstra were privatised, it would be an enormous, privately owned monopoly. It would be able to manipulate the market and the social and political landscape, and it would have an enormous impact on Australian society. It would be very similar to the situation of banks, where banks are leaving towns and people in smaller regional areas are getting poorer services. A privatised Telstra would have the same level of power and monopoly position as Microsoft does in the US. Obviously, a privatised Telstra would introduce timed calls, and the discount schemes that exist for pensioners would immediately come under attack. It would be a situation where market forces rule, the strong survive and the weak are disadvantaged. Freedom of information would no longer be available and we would get more of those commercial-in-confidence responses, which means that companies could do whatever they liked and governments would have no control over them whatsoever. The public accountability of Telstra would be gone, and the only people assured of any public accountability would be those people who had an issue with Telstra prior to its sale. There is currently a ministerial power to direct. It is not being used, but the fact that it is there is a strong incentive for Telstra to do the right thing.

As I mentioned earlier, there are many reasons why we should not sell Telstra. At the opening of the 40th Parliament on 12 February 2002, the government said that it would not proceed with any further sale of Telstra until it was satisfied that arrangements were in place to deliver adequate services to all Australians. I would argue very strongly that they have not achieved that. That is the first reason why there should not be any further privatisation. Also, the government is currently getting a constant income from Telstra. Once Telstra is sold, that stream of income is gone forever. You get that one-off pot of money, and then you lose any future income. The fact that Telstra is a public utility is a very important thing to consider when we are looking at why it should not be sold.

There is one other matter that I think is probably fairly important to all Australians. It comes into that issue of the accountability and corporate responsibility of companies. The CEO of Telstra, Dr Ziggy Switkowski, recently was granted a one year’s salary—$1 million—redundancy package.

Mr Tanner—If he gets sacked.

Ms Hall—If he gets sacked; that is right. I think this indicates that there will be more of that. The fact is that Australian
workers are never in a situation where, if they are sacked, they are going to be paid the outrageous sum of $1 million. They are never in a situation where they are going to be paid a year’s salary. Rather, there is more of this corporate philosophy, this corporate mentality of looking after the people at the top. So, on one hand, Dr Switkowski is being looked after very well but, on the other hand, workers in every regional centre throughout Australia are being sacked—regional centres that are struggling to deliver adequate services to the people of Australia, even regional centres as close to Sydney as the Central Coast and the Hunter. The government is sacking them, with nowhere near the redundancy package that it is prepared to offer the CEO of Telstra. There will be more looking after the people at the top—looking after the CEO—and not being accountable to the people of Australia.

The ALP have a very different position to the government. We believe that action should be taken immediately to turn around what the government has done to Telstra. We believe that Telstra needs to intensify its focus on its core responsibilities to the people of Australia. The Labor Party are committed to equity: equity of access and equity of service. We believe that no Australian should be disadvantaged because they live in regional Australia and we believe that the only way to ensure that this happens is if Telstra remains in majority public ownership. Labor oppose further privatisation of Telstra, the majority of Australians oppose any further privatisation of Telstra and the people of Shortland also oppose any further privatisation of Telstra. (Time expired)

Mr BILLSON (Dunkley) (6.17 p.m.)—I will keep my remarks on the Telstra (Transition to Full Private Ownership) Bill 2003 relatively short. I am not inspired to respond to any remarks from the previous speaker because I am not quite sure how much of that actually had anything to do with what is before the parliament. This is not a chance to rewrite history and show that the Labor Party has finally woken up to some ways of improving telecommunications service. Most of the gains that the member for Shortland and certainly the shadow minister for communications, who is at the table, like to point to have been achieved under a coalition policy regime. Where they want to see more gains, they are looking at tools that the coalition government has put in place.

The similarity between comments, when you listen to speech after speech from the Labor Party, is amazing—it is quite remarkable. I read the Leader of the Opposition’s speech on this subject, and I read the shadow minister’s—and I am pleased to see that he has a good speech writer!

Mr Tanner—It was me.

Mr BILLSON—It sounded remarkably similar to the one the shadow minister presented, with its reiteration of the points that the shadow minister made. I guess message repetition helps, but it did not add anything. Congratulations to the shadow minister for writing such a well-constructed speech, albeit road-tested by his own contribution a little earlier.

The bill that is before the parliament seeks to remove the restriction that requires the Commonwealth to retain 51 per cent of the equity in Telstra, enabling its full sale at a time when it is prudent to do so—at a time when the government is satisfied that the quite remarkable gains in the telecommunications services available to all citizens in this country can be not only sustained but extended. What a great idea; what a great idea to keep that work going forward. The policy framework that the government has implemented has seen price reductions—contrary to what the shadow minister and the Leader of the Opposition said—of around 25
per cent, from the time the government was elected to 2002, and a remarkable enhancement in the technology and the choice of products and services that are available.

There are about 89 licensed carriers, compared to the three that we had in 1996. It has been a remarkable demonstration of how the rapidly changing telecommunications market, when understood by a government with a clear policy focus—not one of political opportunism and dribble, like the Labor Party branch speeches we have been hearing—that looks at what matters to consumers and what is in the best interests of the economy and pursues that, can deliver good results for everybody: a greater choice of providers, significantly lower prices and an increased range of services. What a fantastic story it is.

What is being discussed tonight, though, is when the time is right to move further and reduce the share of equity in Telstra that the Commonwealth retains. It is quite remarkable that one of the opposition’s key points is getting stuck into Telstra’s share price. The shadow minister talked about shareholders taking a bath. Isn’t it incredible that the ALP gloat about how their obstructionism and opportunism has damaged the share price of Telstra? They gloat about it. They gloat about the loss that some shareholders have incurred, when everybody knows that the current circumstances are unsustainable in the longer term and that if they were genuinely interested in the shareholders—genuinely interested in the national interest—they would support this package.

The shadow minister also said that he was worried about Telstra having a monopoly—that it was too powerful for any government to regulate—yet if you look at the performance and the results on the ground that presents a remarkably different story. The shadow minister said that a privatised Telstra would only be interested in ‘lucrative markets in the major cities’, yet we know Telstra Country Wide has been so successful and profitable that it has been extended. So again the facts just scream down the nonsense that the Labor Party goes on about when it comes to the question of the privatisation of Telstra.

Telstra Country Wide is a profit centre in its own right. It is so successful that it is even coming to my part of the world, which I think is fantastic. And that is something that has been driven by the commercial focus of Telstra—namely, to make sure that they not only provide the most responsive service to their customers but put the infrastructure in place to explain the technological possibilities to consumers, and explore those possibilities with consumers, so they can get the telecommunications services they want at a price that they are happy with. That is a fantastic story, yet the Labor Party wants to talk about it as if something terrible was going on outside the major cities.

What has really got me is the shadow minister saying that Telstra would leave town faster than the banks. Is this acute irony? They talk about their own experience in privatising the Commonwealth Bank—but they gave no thought to revealing to the taxpayer plans to privatise that bank. The moral issues of integrity and disclosure of government policy and mandate matters that the opposition spokesman at the table goes on about were just shrouded in fog at that time. The Labor Party sold the Commonwealth Bank without even thinking of what the service consequences would be. The reason why so many branches ‘left town’, to use the shadow minister’s term, was that those opposite did nothing about such consequences. They made no effort whatsoever to contemplate the economic and social impact of their decision to sell the Commonwealth Bank. You could not find a more vivid contrast in policy than that approach of the Labor Party to sell
anything it could get its hands on—or anything it could get its hands off might be more to the point. There was the Snowy Mountains Engineering Corporation, the Moomba-Sydney pipeline, Aerospace Technologies of Australia, the Commonwealth uranium stockpile, CSL—the former Commonwealth Serum Laboratories—the Commonwealth Accommodation and Catering Services, the Defence house loan portfolio, the Defence home loan franchise, the Commonwealth housing loan scheme, and it goes on and on.

Prior to the 1995 budget, the Labor Party, under then Prime Minister Keating, was really keen to sell off Telstra’s mobile and Yellow Page business. If you want to talk about monopolies, talk about the Yellow Pages; there is a conversation worth having. But there was a government, a Labor government, at that time wanting to go out and sell parts of Telstra. The shadow minister even had this idea of bonding with investment banks about the prospect of splitting up Telstra and selling off non-network assets, until he realised that the Telstra picture is one of integration and that structural separation of the network and of the non-network business, as he was advocating, would have a devastating impact on Telstra and on the shareholders, both private and Commonwealth. Rightly, he dropped that proposal in January 2003. He provided some benefits then and he realised what a nonsense idea that was.

But there is a history of the Labor Party wanting to sell Telstra. The 1995-96 budget paper, marked ‘highly protected’, later obtained under FOI, showed how the Labor government had drawn up a proposal to sell 100 per cent of Telstra in five tranches. There was no mention of what they were going to do with the service side of things, no mention about the impact of that policy—none of the measures that the government has put in place that have actually seen telecommunications services improve, prices come down and choice expand. Just in the area that I represent, let us have a look at what has happened. The Howard government was elected at a time when there was reckless indifference to the environment, to the neighbourhood and to the heritage consequences of cable and tower—

Mr Tanner—Mr Deputy Speaker, I raise a point of order. I would ask the member for Dunkley to table the 1995-96 budget paper he is referring to.

The DEPUTY SPEAKER (Mr Barresi)—There is no point of order.

Mr BILLSON—I would be happy to table my speech, because that is probably far more gripping. The issues when we were elected in 1996 were around cable and telecommunication tower infrastructure—this was when the Labor government had been in power. Telstra was 100 per cent owned and there was reckless indifference shown to the interests of neighbourhoods, to heritage, to the environment and to streetscapes, and off the Labor Party went. There was a 100 per cent owned Telstra operating as though it were in the wild west, and it took the Howard government to put some sense and sensitivity into the deployment of infrastructure. That is another example of where the Labor Party stood by and did nothing at a time when Telstra was 100 per cent fully owned. Beyond that, we have seen local call access to BigPond in my area; the call charge review, making untimed local calls to Melbourne a reality for every business and every household in my electorate—something the Labor Party could never do, did not do and chose not to do when Telstra was 100 per cent Labor Party government owned. In 13 years it did nothing to fix up untimed local calls to Melbourne.

We have had directory and call assist changes to support the interesting area of
Frankston—most of it is in the metropolitan area but some of it is not. If you are in the little enclave in South Frankston and you ring up directory assistance or go on to the Net to find a phone number, they say, ‘There’s nobody there.’ They actually are there but they just happen to be in a different call area. I have mentioned Telstra Country Wide. Another example is where that has been introduced into the electorate of Dunkley, and the Mornington Peninsula and Greater Frankston area is benefiting from it. In response to my call for a Telstra outer metropolitan initiative, we are seeing Telstra Country Wide and its presence already delivering positive outcomes in my area. Now we have BigPond ISDN access.

There is a picture of service improvement—of improved choice, improved performance, lower cost and better outcomes for telecommunications users in the community that I represent. That has been achieved by regulation. That has been achieved by a sound business case. That has been achieved by Telstra understanding that its interests coincide with those of its customers. This is where Labor’s argument falls over. When it had 100 per cent ownership, it achieved none of those things. None of those gains were achieved under a Labor Party with 100 per cent ownership of Telstra.

Looking at the picture, what also supports the proposition tonight is the ongoing maintenance of those checks and balances that have delivered those gains, irrespective of changes to Telstra’s ownership—those universal safeguard obligations: the customer service guarantee, the network reliability framework, the priority assistance arrangements and the retail price controls on Telstra. All of these represent a regulatory framework within which Telstra and other competitors can function. Those other competitors are there, and they must look with some bemusement to see the regulator holding the whip hand on the major player. They must wonder: ‘Is the industry’s interest being reflected here? Is the share price being reflected here? Is the government regulating for self-interest or is it regulating for a better telecommunications sector?’

Again, regulation and not ownership has been the key to delivering those improved outcomes and managing Telstra’s behaviour. A change of ownership will not affect, will not disadvantage, that framework. You have already seen as a result of the reviews about the relative availability and performances of services outside of the metropolitan area a number of initiatives, the most recent of which were as a consequence of the Regional Telecommunications Inquiry. That is a further $180 million to deliver better outcomes—something that is not contingent on the sale of Telstra, a government intervention or a policy intervention, and something that is not precluded regardless of the ownership structure of Telstra. My only message relating to that $180 million—

Mr Tanner interjecting—

Mr BILLSON—I am grateful for the encouragement of the shadow minister—is, when we are looking at that definition of what is regional, doesn’t the Telstra Country Wide network provide a perfect footprint to devise these regional areas that can benefit from some of the enhancements that are going to made possible from that response to the Estens inquiry?

In closing—and I have been asked to keep my comments brief; there is plenty more I would like to talk about but I will save that for another day—I hope the Higher Bandwidth Incentive Scheme for regional areas will be made available to all Telstra Country Wide areas. I am certain I will be there cheering on some projects in the community I represent. But let us look at the history: better service, cheaper prices, competition,
better outcomes for consumers, better public policy gains—all achieved through regulation, not through 100 per cent government ownership, where the Labor Party would have you forget the record of its time in government and the history of Telstra’s performance before the Howard government was elected.

Mr HATTON (Blaxland) (6.31 p.m.)—I am delighted to be speaking on the Telstra (Transition to Full Private Ownership) Bill 2003, but I am not delighted that it has come before this House. I am not surprised that it has finally come here, despite the obfuscation, the misleading and the downright lying that has happened over a number of years out on the hustings by this government and by its leader, the Prime Minister.

Prior to the 1996 election, when the Prime Minister, the then Leader of the Opposition, tried to tell everybody that there was really no difference between him and the then Labor government and denied most of his public policy stances, the case was: ‘We really don’t want to sell all of Telstra; we only want to put a proposition up that will partly privatise Telstra’—just a little bit of it would go into private hands. After they won government, the first dilution of Telstra was called the Telstra (Dilution of Public Ownership) Bill 1996. They have diluted public ownership all right, and they did it on the basis of selling down the full value of Telstra to make sure that they got a very strong public response. In that first tranche—and Telstra has been sold in two lots—the total value of the sale of a third of Telstra was in the order of $14 billion to $15 billion.

Mr Deputy Speaker, if you cast your mind back to the point in time when they sold another 16 per cent of Telstra to bring the total sold up to 49 per cent, you may remember that that brought in about $16 billion or so. So the total sale price from a third of Telstra was $14 billion, which was really underweight in terms of the value of Telstra’s stock when around half as much, or 16 per cent, got more money. So the sale price for 33 per cent of Telstra was $14 billion and then the sale price of a further 16 per cent of Telstra was $16 billion. The total amount, of course, when you add it together—so for those people who bought T1 and T2 and effectively dollar cost averaged this—has fallen dramatically as a result of the changed circumstances in the stock market over the past couple of years.

But the underlying reality has not changed. Prior to the 1996 election, the member for Bennelong, the then Leader of the Opposition, had it in his mind, had it in his heart but did not have it on his lips that his ultimate aim was always to be, and has continued to be through all of the obfuscation and misleading over the past seven years, the total sale of Telstra—and here we finally have it in this bill.

The only contingent statements that have been made now in relation to this bill are that, if it passes in the other place, it will have to await an appropriate time for the government to achieve a sale price and that the government will have to be satisfied that telecommunications services have appropriately been improved Australia wide. We have been through the farcical inquiries—the Estens inquiry and the Besley one before that. The Estens and Besley inquiries have been used as vehicles to do an AstroBoy job on telecommunications, particularly in country Australia. For those people who did not see the AstroBoy cartoons in their youth, AstroBoy always got into a punch-up doing the right thing, attempting to try and fix problems and taking on the baddies, and he would almost immediately come up in band-aids all over his face where he had been injured. This is a bandaid job of the first order.
Hundreds of millions of dollars have been put forward to supposedly fix problems in regional Australia in terms of access, and this government has now brought the National Party to heel with of the promise of further hundreds of millions of dollars. They have argued not only that they would actually improve and fix communications in regional Australia but that they would future proof them. I would just advise the members of the National Party in this place and in the other place who have taken a concerted action in contravention of the dominant feeling of their constituents and the constituents of just about every member Australia wide to take a close look at what was said prior to the 1996 election, what was said by the then Leader of the Opposition and now Prime Minister—that they really were not interested in a full sale, that they only wanted a partial sale and that they would have to look at it as they went along.

We have seen a long history of misleading the Australian people, but I think finally—or, hopefully, finally—the knock on the door has been made loudly enough and people know that the whole future of our telecommunications system rests on what we always knew was the government’s complete and utter intention to flog the lot. This government does not believe in federal ownership of anything. It has contracted out as many services as it can. There are still some more to come but not all that many. It has not contracted out the Army yet, but I would not be surprised if it went the full hog and did that. It has not yet sold off everything there is to sell. The previous speaker, the member for Dunkley, ran through a list of Commonwealth assets that Labor sold whilst in office. That is true. Every government in the history of the Commonwealth has sold assets and then, usually, purchased others. This government does not purchase other assets or seek to increase its investment Australia wide, except in programs to buy the votes of Australians for a further sell-down of our most significant assets.

Telstra is the biggest, most formidable, most monopolistic business in Australia’s history. We had full public ownership of Telstra up until the first tranche of its sale, which was followed by the second tranche. We now only have 51 per cent ownership. Every Australian could have claimed, quite rightly, in 1995 that they owned a percentage of a total business, a fully government owned and government directed business whose main task and aim was to provide effective communications services to all Australian at the lowest possible cost, given that it also acted as a means of gaining revenues for expansion and for the general government coffers to allow the country as a whole to do other things. We have seen government after government use the dividends from Telstra for community ends—either directly, by reinvestment into Telstra to allow it to operate from year to year, or indirectly, by investment into other Commonwealth ends. Those dividends are very important and a key part of the story of what Telstra’s future role could be if it were not sold.

If Telstra were not sold, we would still only have half the dividends returning to the Commonwealth. The other half go to the 1.8 million Australians—not the 20 million—who own the shares. They own half of Telstra but own those shares as individuals, rather than as part of the Commonwealth of Australia. The Commonwealth has gained $30 billion from the sale of half of that monopoly, but the future dividends from Telstra have been halved. From this point to any point in the future that you choose to take, the yearly dividends from half of Telstra could return in the order of $1 billion, $2 billion, $3 billion or $4 billion to the Commonwealth. If this entity is fully sold, only a one-off amount of money will go to the gov-
ernment. The government will then choose to use that money in some way, as it did when it helped to set up an environmental fund that only put an extra $183 million into what the government normally put out. The heritage fund was in fact a combination of a series of different existing government programs that were rebadged with some extra moneys as an attempt to convince people that the proceeds of the Telstra sale could be spent on other ends. So we expect the government to put up another such proposition at the next election—perhaps to do with the environment; for example, saving the Murray—or a series of objectives to be achieved.

A one-off sale would mean a one-off amount of money coming back to the Commonwealth. The Commonwealth would miss out on year-on-year dividends that could be ploughed back into Australia’s telecommunications infrastructure to allow Telstra to continue to do the job that no-one else has been able to do in the history of Australia’s communications—that is, encompass the communications needs of the entire nation, covering metropolitan as well as urban, outer urban, regional, rural and remote areas in a way that gives a decent deal to everyone. The member for Lingiari, who is at the table, knows full well the increased costs across a range of services delivered into remote, rural and regional Australia. Those costs are extremely high if they are not cross-subsidised by people living in the cities. Part of Telstra’s central role has been to provide services not at cost but cross-subsidised to people Australia wide. That is why there is such a strong voice in the seat of Lingiari, in the seat of McMillan and in all the regional seats Australia wide saying: ‘We don’t believe that the government really has our interests at heart on the question of the full sale of Telstra.’

It has been proved in the past that government control over this entity is needed. Telstra was once a full monopoly. Now, after the sell-off of 49 per cent of it, Telstra still has a 95 per cent monopoly in terms of the income coming back to it and its importance within the economy. Its competitors, who have been brought in from overseas, have not been able to effectively compete on the same level and scale as Telstra. Over the years we have seen, very worryingly, the attempted transformation of Telstra on the basis of the notion that communications and broadcasting are converging, that all means of communication are being pushed together such that it is a really smart deal to bring them all together in one company. We have seen extravagant adventurism from Telstra’s board and its senior officers in Ziggy Switkowski and Ted Pretty. They seem to want to go from their fundamental areas of concern—running a communications company with telephone and data services. They have not seemed very interested at all in running that seemingly boring company that provides such fundamental services to all Australians. They have been off trying to buy their way into the Internet boom—which crashed so heavily—and trying to buy into mobile phone companies in Asia. You did not need hindsight to tell you that that was a pretty dodgy proposition. You could see it at the time, and commentators at the time said, ‘This is not a reasonable or sensible thing to do.’ We have seen a couple of billion dollars go down the chute as a result of those misadventures.

We have also heard them say, time after time, that they wanted to get into the broadcast area and then indicate an interest in buying Publishing and Broadcasting Ltd. Mr Deputy Speaker Wilkie, being from Perth, you would remember that there was a certain individual who sold his media holdings to one Mr Packer after trying to buy out PBL. Mr Packer has already found one Mr Bond in his lifetime; I think he has come across two more Mr Bonds in the persons of Mr Swit-
kowski and Mr Pretty. They would like to buy PBL. In buying PBL, if they were able to do it, particularly if Telstra is totally sold, we would have a situation where Telstra would then be able to have its head about where its investments should be made. If they bought PBL, we would have a situation where the controlling interest in a Telstra that is entirely monopolistic in the communications area is linked to the strongest entity in the broadcast area. We know that there is an effective duopoly between Mr Packer and Mr Murdoch in broadcasting in Australia—the others can struggle against them, but they are the dominant forces. We know that cross-media ownership rules currently constrain them. But we also know that the strength of their expertise in that private area is that they understand a pretty fundamental thing, and it is understood in one of the provisions of this bill and it has been understood previously: that effective control of a company can come from the ownership of as little as 15 per cent of its total share market value.

The provisions in the Telstra (Transition to Full Private Ownership) Bill 2003 say that government regulation and direction of Telstra should cease once the level of the government’s ownership falls below 15 per cent. It is recognised by just about every commentator in the land that a private entity such as PBL, or Mr Packer and Mr Murdoch joining together, or others joining together, could exercise control on not only the most significant communications company in Australia but also the most significant communications and broadcasting company that Australia could ever possibly envisage. This is one of the great dangers in the sale of a company that still maintains its monopoly—taking it from a public monopoly to a private monopoly. Based on our past experience, I would think that most Australians would take pause and think that to invest a private monopoly with the strength and power of Telstra with a range of possibilities that could not be properly governed by any government of the future—coalition or Labor—would not be a wise thing to do. To put this to the test is not smart politics, it is not smart government but it is part of the fundamental—we would say, from our point of view, ideology; the government would say its fundamental philosophy—market-driven approach to these things.

If you look at the way things have gone worldwide, in the very changed world of communications that we have seen over the past 10 years, you will see that the moves towards attempted convergence have, by and large, failed. Those countries which have sold off half their major telecoms have, in fact, retained half ownership. Having a hybrid public-private company, as we have now, is sustainable into the future. It allows us a direct say. It allows us a continuing dividend from the activities of this communications company and a continuing ability to positively direct its future, to ensure that future proofing would not be left up to those private shareholders—whether it is the institutions, private individuals, private companies taking part of that share taking, the directors, the board or the chief executive officer of this private monopoly that would emerge—but be the responsibility of an Australian Commonwealth government. It ensures that it could not walk away from its duty to provide the fundamental infrastructure of the 21st century and ensures as open an access to that infrastructure as is possible for all Australians no matter where they come from, no matter what their income, no matter what their level is in society and no matter what their capacities are in terms of their economic backing or facility. Communications will be the centrepiece of this century’s activity; it will be the centrepiece upon which our 21st century economy is based. To take a situation where you convert a public
monopoly to a private monopoly and then willingly simply wash your hands, Pilate like, of the consequences of that is utterly irresponsible.

I have never been in favour of the sale of any of Telstra’s shares because I think the government has a responsibility to this very large continent with a relatively small population. It has a responsibility to cover all of its citizens with the fundamental infrastructure that they need to conduct their private affairs and their businesses, and to build with open access to modern communications—which has not been improved quickly enough—full economic power now and into the future. *(Time expired)*

**Mr NAIRN (Eden-Monaro) (6.51 p.m.)—**
The debate about the privatisation of Telstra has been about since before the Howard government was first elected in 1996. In fact, the coalition went to that election with a policy of the part sale of Telstra. When we contested the subsequent 1998 and 2001 elections we openly campaigned with policies of further sale provided that certain service levels were reached. So there is nothing new in this legislation. The Howard government has been up front each time it has gone to the people. We did not contest any of those elections saying one thing about Telstra and then proposing something else after the election. I supported those policies, and the people of Eden-Monaro knew where I stood each time they elected and re-elected me in 1996, 1998 and 2001. The Telstra (Transition to Full Private Ownership) Bill 2003 simply delivers on those policies previously put to the people. There is nothing new in it.

But the real issue is service, not ownership. If ownership were the most important issue, as the Labor Party would have you believe, why were telecommunications so poor 10 years ago when the Labor Party was in government and Telstra was fully government owned? Why were overseas and STD calls so expensive under full government ownership? Why could Telstra connect a phone whenever it liked under that regime? Why could you wait weeks to get your phone fixed, without any compensation, when Telstra was run by a Labour government? Government ownership guaranteed you nothing when it came to telecommunications. In fact, guarantees of service levels have only existed under a coalition government and with a partly privatised Telstra. I will come back to just what has been achieved in telecommunications for the people of Eden-Monaro since 1996 but, firstly, I will comment on the principle of privatisation. The Labor Party says it is against the further sale of Telstra. If the leadership of the Labor Party honestly believes in Telstra remaining in government hands, surely they would be advocating the buying back of the 49.9 per cent that is currently privately owned. They are not doing that, so how committed are they really to maintaining government ownership? I would say that they are about as committed as they were to maintaining ownership of the Commonwealth Bank.

I remind the House and the people of Eden-Monaro that when the Labor Party was in government they were great advocates for privatisation, and at one point they only partly sold the Commonwealth Bank. They actually issued a share prospectus that said they would not sell off any more of it. They then went to an election with such a policy. But what did they do? As soon as the election was over they sold off the balance. They not only broke an election promise but also went against the share prospectus they issued. So much for the honesty of the Labor Party. Given their record, how could anyone believe what they are currently saying? They are opposing this bill for opposition’s sake. That is what they think they must do—
oppose, oppose, oppose. They will take the populist line every time instead of good policy.

I will now return to the real issue, which is service. Geographically, Australia is a very large country, but we have a relatively small population and the great majority of that population is concentrated into small areas. This provides a huge challenge for telecommunications. For decades the rural and regional parts of Australia put up with second-rate telecommunications. Anyone who spent any time in rural areas not all that long ago would remember such things as party lines. If you ever spent time in remote regions, you would know it could take years just to get a phone. It would take weeks to get a phone fixed and it cost a small fortune to ring a major city. Phoning overseas was only for the very well-off.

New technologies in the last couple of decades have certainly helped improve telecommunications, but through the nineties the demand for mobile telephony was outstripping the supply of infrastructure. Analog mobile phones were a great help to rural and regional areas, as their reach was far greater than digital mobile phones. But the previous Labor government, clearly not taking into account or perhaps not understanding the reality of life in the bush, did a deal with Optus and Vodafone such that analog would be phased out without any plan for a replacement. That was the situation when the Howard government came to office: a growing demand for mobiles, minimal digital coverage throughout my electorate of Eden-Monaro and the reliable analog service on the way out.

My initial reaction was to see if there was some way we could reverse Labor’s decision. Unfortunately they had stitched it up so well that the cost to the taxpayer to reverse it would have been enormous. The partial sale of Telstra gave the people in the bush an opportunity that would never have existed if Labor had stayed in government. While a significant amount of the money collected from the part sale of Telstra was used to retire debt, thus helping the Australian economy to stand out compared to our OECD counterparts and reducing interest rates to 30-year lows, part of the proceeds went to improving telecommunications, particularly in rural and regional Australia. Instead of three licensed telephone companies, as was the case in 1996, we now have 89. Forty per cent of these are now operating in regional Australia. There are also 963 service providers registered with the Telecommunications Industry Ombudsman.

In 1996 there was no mobile phone coverage in Bungendore, Braidwood, Bombala, Delegate, Adaminaby and Captains Flat—just to name a few towns in my electorate—and the coverage was pretty ordinary in most locations along the coast. Over the past 7½ years all the towns I just mentioned have had mobile phone towers installed and there have been numerous additions along the coast, thus improving coverage enormously. By the end of this year, when towers are completed in other towns such as Tathra, Broulee and Moruya Heads, it will be even better. The Princes Highway was also included in the continuous coverage along major highways program, thus further strengthening the network. We have also seen the establishment of our very own Southern Phone Company, which is located in Moruya. This project was instigated primarily by the Eurobodalla Shire Council and currently has about 40 shire councils as shareholders. I should recognise Phil Herrick, who was the driving force behind getting the Southern Phone Company going throughout the south-east and beyond in New South Wales. Southern Phone Company is offering very competitive local and STD calls and recently embarked on a
broadband network. Various Australian government funded programs have allowed all of this to happen—programs such as Networking the Nation, from which Southern Phone Company received nearly $5 million to help it get established.

Let me just highlight a few other things that have been able to be established thanks to the Howard government’s investment in my electorate resulting from the partial sale of Telstra. A $135,000 grant will help to get a community technology centre at Wallaga Lake online. A similar set-up predominantly funded by the Australian government was also recently opened at Delegate. Bermagui was recently announced as the location for a CTC. Rural transaction centres have been funded in various towns, including Braidwood, Delegate, Bemboka, Nimmitabel, Candelo and Wyndham, to name a few.

A myriad other projects have been funded, which have helped our communities compete in a technological age. Just three examples I will mention include: the ACR Online Project, covering all shires in my electorate as well as a further 10 shires in the region, plus the ACT; the Eden Community Access Centre; and the Cooma Call and Technology Centre. While these extended services were being provided, the Howard government was also putting in place the safeguards needed, particularly for rural and regional Australia—safeguards such as the customer service guarantee, which requires all telephone companies to meet specified time frames to connect fixed line services, repair faults and keep appointments. If a telephone company fails to meet these time frames, they are required by law to make automatic compensation payments to customers. This is fixed in legislation. It is the law. It never existed under Labor nor under a fully government owned Telstra. The universal service obligation is another safeguard entrenched in legislation; it guarantees all Australians access to basic telephone services.

Other measures introduced by the coalition government include a priority assistance service, untimed local calls, price controls on Telstra, a low-income customer package and the National Relay Service, which ensures that people who are deaf or have a hearing or speech impairment are able to use a telephone. With growing demand for Internet access, there is also the digital data service obligation, which guarantees all Australians access to Internet data speeds, upon request, of at least 64 kilobytes per second through Telstra’s ISDN service, and there is the Internet Assistance Program.

At the same time that all this has happened, overall telecommunication costs have fallen. Labor will always pick the odd part of a service and claim something has gone up; but, with accelerating technology, one must look at the overall costs. So let us look at the figures released by the ACCC, which compared costs in 2000-01 with those in 1996-97. International call costs have fallen 61.2 per cent, long-distance call costs have fallen 29.6 per cent, local call costs have fallen 29.1 per cent, mobile call costs have fallen 27.4 per cent, and fixed phone-to-mobile call costs have fallen by 13.3 per cent—an overall average fall of 24.8 per cent.

There is no question that we rely much more on our telecommunications today than we did even five years ago, but there is also no question that the unit cost for those services has been reduced dramatically. Competition and technology have achieved that for the consumer. Quite correctly, people in Eden-Monaro have concerns for future services, but history shows that a government owned monopoly does not guarantee a service. More often than not, all it guarantees is the lowest common denominator. Future governments, of whatever persuasion, would
never have the capital to keep pace with technology change and would never compete in an increasingly competitive market. I would not want a second-rate service for my electorate.

The Telstra of the future will need the flexibility to compete, and that can, realistically, only happen if it is set free from government. The Labor Party knows that, but it is too dishonest to admit it. If you look at the technological change which has taken place in the last five to 10 years, I can assure the House that the next five to 10 years will see a substantially greater change. No government will have the available capital to fund those changes; so a Telstra tied down by government ownership will be left behind. Some people may have trouble understanding this, but look at the airline industry if you want a comparison. If Qantas had remained in government ownership, there is no way taxpayers would wear the sort of capital investment Qantas has had to spend to remain competitive. At the time, many people could not have envisaged Qantas being anything other than government owned. Now it seems only natural that it is a private company.

Change is never easy, but it is necessary to go forward. Just like the airline industry, safeguards must be put in place for the telecommunications industry, and that is where a federal member representing a rural and regional electorate must put his or her energy: in ensuring the safeguards are in place. It is called future proofing. I will be insisting that the recommendations put forward by the Estens committee are made secure in legislation. For example, Telstra will be required, as the primary universal service provider, to maintain an ongoing local presence in regional, rural and remote Australia. It is a pity the Labor Party did not do something like that when it sold the Commonwealth Bank. The Howard government had to clean up after it, with our rural transaction centres putting banking services back. We will also be putting in place a national broadband strategy. We understand that there is an escalating demand for broadband; therefore we will ensure that the bush is not left behind. I understand that, while broadband is available to many more locations today than was the case even one year ago, there is still much to do. These are the issues I will be working on to ensure the guarantees and the safeguards are in place. This must be done before the further sale of Telstra.

Representing a predominantly rural and regional electorate—and one which has been traditionally, for many decades, a very marginal one—the easy thing for me to do would have been the populist thing; that is, oppose this policy. But I know that to be a cop-out. I know that, in the long term, that would not be the best thing for the people I have been elected to represent. As a community leader, it is always easy just to do what you think the majority of people perceive to be best about a particular issue at a particular point in time. There is no great courage in that. As elected representatives, we must make our own decisions; otherwise one would spend one’s whole time asking 90,000 people what they think about every single matter which comes before us. It is not credible to single out one issue; you either make your decision or you never do.

As I said at the beginning, the coalition have now gone to the people on three separate occasions, with our policy on Telstra well articulated. I have supported that position on each of those occasions. The coalition have always said that we proceed only when the service levels get to acceptable standards and when safeguards are in place. We continue to work on both those matters, and this legislation is part of that process. I commend the bill to the House and I condemn the opposition for their dishonest, populist and hypocritical opposition to it.
Mr McMULLAN (Fraser) (7.08 p.m.)—
The Telstra (Transition to Full Private Ownership) Bill 2003 raises four issues: firstly, the nation-building role of telecommunications in its crucial role in underpinning the provision of goods and services; secondly, the equally important role of telecommunications in improving the competitiveness and productivity of businesses throughout Australia; thirdly, the ability to provide equitable services to all Australians, whether they live in rural or regional Australia or the outer suburbs; and, fourthly, the impact on the budget of privatising Telstra. There has been a lot of debate during the course of this bill about the issues concerning services provided not just to the bush but to Australians everywhere—in particular, in addition to rural and regional Australia, to the outer suburbs. The Leader of the Opposition and the shadow minister for communications have both spoken on the bill. They have canvassed a range of issues, particularly about the provision of telecommunication services, the broader economic implications, nation building and equity.

I want to focus today, in my capacity as shadow minister for finance, on the impact that the sale will have on the budget. If you set aside the important issues about services that have been debated and presented so well by others, as a majority owned public asset Telstra generates considerable wealth, which is returned to taxpayers through the budget. The government has been trying to narrow the budgetary debate to talk just about debt and not about the broader question of net wealth, for example, in the asset side of it. The government does not talk about budgetary implications in terms of revenue—revenue forgone and expenditure. This has been to some extent used by people on behalf of government, particularly the National Party, to focus on what the proceeds of the sale of Telstra will buy for the government, what pork-barrelling they can do and how much of this money they can raid. This has concealed the broader implications for the budget and for the fiscal sustainability for Australians in the future. There needs to be more debate about why the government is so keen to sell off Telstra and to forgo the Telstra dividends, particularly when it claims to be seeking to maximise value for Australians.

I come back to this point—which is where I wish to focus—of the impact the sale will have on the budget and, in particular, the government’s underlying assumptions concerning the sale and the costs to the budget over the forward estimates period. Let me look first at this question of dividends forgone. In the last financial year, Telstra dividends paid to the Commonwealth were valued at $1,482 million—just think about that. That is the extent to which Telstra improved the underlying cash balance for the Commonwealth. This does not include the special dividend that was also paid to shareholders in April 2003, which was valued at an additional $193 million. Rather than managing a dividend stream which will improve the budget bottom line by $5.8 billion across the forward estimates period—that is, over the next four financial years—and fund services for all Australians, the government is prepared to sell off a key asset for questionable broader economic gain.

Let us examine the core assumptions underlying the budget and the figures behind the budget’s treatment of the sale—which are rubbery, at best, and put the government’s core reasons for privatising Telstra at great risk. I am really concerned that some of the propositions being put forward reduce the funds available to pay off debt and reduce public debt interest. Let us have a look at these rubbery assumptions. One is about the cost of privatising Telstra—that is, the costly fees that the government will have to pay to
investment bankers to manage the sale—and the other is the dodgy Telstra share price assumption in the 2003-04 budget. In relation to the sale cost assumptions, if we believe the rubbery 2003-04 budget papers, the sale of Telstra will reap gross proceeds of $11.28 billion per year across the forward estimates period. However, the conservative estimate of selling Telstra is about $654 million.

I do not know if taxpayers are aware of that, but the proposition of the government is that it will pay $654 million to bankers and other financial advisers and consultants just for the pleasure of selling an asset that the people want to keep—$650 million. I believe that that number is a conservative estimate because it does not include the potential extra costs involved in the proposition of complex hybrid securities being involved in the sale of Telstra, which have been floated recently. If the government goes down that direction, making the sale process more complex and moving into complex areas like hybrid securities, it will wind up hiring even more investment bankers and analysts and the costs will blow out. But let us stick with the $654 million figure for the sake of this analysis.

The greater the cost of the sale, the greater the fees flowing to investment bankers, the more it reduces the level of proceeds which are available for other purposes, including—as the government always used to say—to pay off debt and reduce the government’s interest payment on debt. Going through the process, essentially we ask: how much money are we going to get for selling Telstra? How much of that are we going to have to spend in the sale process? How much of that are we going to have to spend to buy the support of the National Party? How much is left? What do we save in public debt interest by using that money to pay off debt? That is not what the government will do, I might say; I will come to that in a moment but for the moment let us assume they do. What is the saving? What is the loss in dividend forgone? If we answer those questions, then we can make an assessment of the budgetary implications.

There are bigger issues about net wealth—the increasing value of Telstra—but I do not want to go to those. They are more complicated issues which I think also argue in the same direction. Let us not cross that bridge, which requires too many assumptions to be easily validated. If the government would only make its assumptions clear it would be very easy to make the budgetary implication clear.

Let us go through that process. First of all, let us look at the issue of the sale price and the assumptions used in the budget to value the Commonwealth’s shareholding. In a Senate estimates hearing of May 2003 we exposed a $3 billion error in the valuation of the Commonwealth’s shareholding. In a Senate estimates hearing of May 2003 we exposed a $3 billion error in the valuation of the Commonwealth’s shareholding in Telstra. This error occurred because the finance department incorrectly valued Telstra and did not correctly apply GFS accounting standards, which require assets to be valued at their market value. This budget fiddle overstated the government sector balance sheet by $3 billion.

The fundamental basis of the Telstra sale, and the proceeds that are underpinning the government’s motivations for privatising Telstra, is fundamentally flawed. It is flawed because it is based on a Telstra share price which is currently 11 per cent above the current market price; a share price that Telstra has not traded at since May 2002; a share price that even the Secretary of the Department of Finance and Administration admitted should not have been applied in the budget papers. That is rubbery figure No. 1.

There are other rubbery aspects to the assumptions used by the government in the 2003-04 budget. I ask whether the govern-
ment has factored in the impact on the share price of some of the key aspects of this legislation and the Estens outcomes—for example, three-yearly reviews of telecommunications and the requirement to respond to recommendations that arise from these reviews, the use of hybrid securities in the sale, licence condition requirements on Telstra and an upcoming review of the universal service obligation.

These issues would impinge both directly and indirectly on the delivery of telecommunication services in Australia, have a big impact on Telstra and should be factored into the budget estimates for the sale price, cost of sale and net impact on the budget of the sale of Telstra. There we have the fact that the figures the government has assumed—the $11.28 billion per year in the forward estimates—are very rubbery. But when I make my concluding analysis of the budgetary outcome I will still use those government numbers, even though I think they are exaggerated.

More importantly, it is still not clear what the government has in mind for the proceeds from a sale of Telstra. There are two issues here: firstly, how much of the proceeds will the government need to spend to satisfy the NFF and gain National Party support for the bill and, secondly, how will the government spend the remaining proceeds of the sale? The Minister for Finance and Administration and the Treasurer have previously said that the aim of the sale is to eliminate debt but as yet the amount of debt to be retired is unknown. The reason that both the Treasurer and the Minister for Finance and Administration cannot specify the level of debt is that they have spread themselves a little thin when it comes to making promises they cannot keep about the use of proceeds from a sale of Telstra.

How can the government use all that money to retire debt and keep its promise to maintain the Commonwealth bond market? How can the government retire debt when the Deputy Prime Minister is developing a National Party wish list of how he wants to spend the proceeds? I am sure the senators with whom the government is hoping to make a deal about this bill will also have a wish list.

To add to the confusion about the use of sale proceeds, the Treasurer has also said that he may invest the proceeds in a term deposit at the RBA—at an unknown rate of return but clearly less than the bond rate—or, alternatively, he may use them to establish a portfolio of financial assets to enable those resources to be set against government debt elsewhere. But the Treasurer has indicated at the moment, it seems to me, that his preferred option is the term deposit at the RBA.

I have examined a number of Telstra sale scenarios. I want to contrast now some conservative market estimates of future dividends and take into account in the arithmetic how sale proceeds will be used. Under the most conservative scenario estimates, I have revealed a $1.7 billion black hole in the budget’s treatment of the sale. This is based on dividend projections, as forecasted by Macquarie Bank, of 27.5c in 2005-06, 29c in 2006-07, 30c in 2007-08 and 31c in 2008-09. These dividend forecasts are the lower of two private sector forecasts, publicly available, which have been obtained by my office and are treated in a manner which is consistent with the three-tranche sale applied in the 2003-04 budget. The $1.7 billion black hole is also based on the assumption that proceeds will be placed in a term deposit with the RBA at a rate of 4.75 per cent—that is, 25 basis points below the current long-term yield of around five per cent.
An alternative scenario shows the impact that a $3 billion slush fund for the National Party would have on the budget. Reducing sale proceeds by this amount and then deducting the dividends forgone would result in a budget black hole over the forward estimates period of $2.1 billion. These scenarios use the conservative estimates of the cost of privatising Telstra, which I believe understates the cost of a sale. They also use the rubbery ambitious figures of the government for the sale price—the overvalued 2003-04 budget estimate of sale proceeds. Therefore, the budget hole I have discovered is by the very nature of the budget estimates understated and could be much greater than the $1.7 billion to $2.1 billion scenarios that I have canvassed.

I have challenged the Treasurer on many occasions to disprove my calculations, which I have published in detail, regarding the budgetary implications of selling Telstra, and he has failed to respond. Unlike the government’s assumptions, which are secret and—where we have managed to extract them—rubbery, my calculations are soundly based on market derived dividend projections and also take into account the possibility of the National Party slush fund.

There clearly needs to be an alternative approach outlined about how the budgetary implications of Telstra will be dealt with. Once and for all, we must dismiss the argument that reducing government debt improves the macroeconomy or the overall level of savings if this is achieved by selling off our assets. We must also dispel forever the argument that selling Telstra provides budget benefits, that somehow or other there is money available in the budget to spend on pet projects if we sell Telstra, because it always assumes away the massive loss from forgoing the dividends that flow to the budget now—$5.8 billion over the forward estimates period.

I want to make this point very clear. My challenge to the government, to all the government members who speak after me, to the Treasurer and to the Minister for Finance and Administration—a challenge I have raised publicly on several occasions and I raise it again now—is for them to reveal all the underlying assumptions in the budget about the sale of Telstra: the price, which we think we now know; the cost; what you are going to do with the money; the assumption about returns on deposit at the RBA or paying off public debt interest; the assumptions factored into the budget and how they differ from those which I have made or, look at the assumptions which I have outlined and the budgetary implications which flow from them and come forward with a contrasting scenario that shows that there is any flaw in these calculations.

If the government cannot provide alternative analysis of the budget impact, we are entitled to conclude that, over the forward estimates period, we will have $1.7 billion to meet our alternative policy proposals, and we will fund our propositions accordingly. This is a fundamental question. The government talks about the Charter of Budget Honesty. We want a clean and open debate about the implications of a Telstra sale for the capacity of competing governments at the next election—the government and the opposition—to fund our programs. I believe that somewhere between $1.7 billion and $2.1 billion over the forward estimates period is available to the opposition, and not to the government, as a result of our decision not to forgo the dividend flow from Telstra, not to spend $650 million selling Telstra but rather to retain the asset, to retain the wealth, to retain the dividend flow. That is the logical and rational budgetary thing to do.

If the government has a desire to forgo that $1.7 billion to $2.1 billion because it has an ideological commitment to selling Telstra,
it is entitled to have that view but it has to come clean on the arithmetic. Others will engage in this debate about the services, about the equity issues and about the long-term impacts on competitiveness in our economy—which I have spoken about in the past and which I believe is much more important than the issues I am raising. The core question is about the place of telecommunications in a 21st century economy, but there are plenty of people here to make that debate. I want to pose the central question. I have posed it to the Treasurer and to the finance minister over the weeks and months since the budget, and all we get in response is stony silence. I think there is a simple reason for that: they do not have an answer. Let them analyse the figures that I have put forward publicly again today. This is not new; I have done it on a number of occasions. I have done it repeatedly. I did it on 7 July and on 17 July. We continue to put out these assessments and challenge the government to respond—stony silence. It is because the government does not have an answer.

The government knows that when the figures are revealed they will be close to my assessment of the budgetary implication. That has profound implications for the respective capacity of government and opposition to fund new policy proposals going to the next election. It is a central question about the Charter of Budget Honesty. It is a central question about fiscal responsibility. It is a $1.7 billion black hole in the government’s budget. We want the ministers to come clean and answer the questions about the assumptions in the budget and what underlies their figures and, if they wish to challenge our figures, to put out their assessment of the budget implications of Telstra. We have put ours on the table. We believe it has profound importance for the sustainability of the budget and our capacity to fund new programs. I challenge the government to disprove it or, if it cannot disprove it, to acknowledge it and live with the consequences.

Mr McARTHUR (Corangamite)  (7.28 p.m.)—I was interested in the member for Fraser’s comments on the Telstra (Transition to Full Private Ownership) Bill 2003. As usual, he makes an interesting contribution—and he should not leave the chamber until I respond to some of his arguments. He did not fundamentally address the argument of whether privatisation of Telstra is a good thing or in the interest of the Australian people whether in private or public ownership.

The member for Fraser talked about the debt dividend and the $1.4 billion dividend that the government will receive. I note that that was never a great issue when the Keating government wished to privatise a number of assets, which I will talk about a little later. I am somewhat sympathetic to the proposition put by the member for Fraser in relation to the cost of the fees that will be involved in the sale of Telstra. I do think that the fee regime in the privatisation programs of both governments has been fairly extravagant in the way in which the broking fraternity charge their fees. The figure of $650 million certainly seems a fairly big figure to me.

The member for Fraser put forward an argument about public debt and the interest received. However, I note that the Keating government had no compunction about using capital moneys received for current expenditure. There was no concern under the Keating regime that there was a total public debt of $96 billion or that the sale of public assets was not used to reduce the level of public debt. So I totally reject the member for Fraser’s arguments that this is a question of finance or of calculating the figures for the budget. This is a fundamental argument over the best way that Telstra can operate for the benefit of all Australians. The bill before
us amends the Telstra Corporation Act 1991. I remind the House that the Telstra Corporation was set up by the ALP in 1991. It was well supported by those in opposition at that time. We thought that moving to a corporation was the right thing to do, that it would put Telstra in a corporate structure and give it the ability to compete in the market and provide better services for Australians. There was no great argument at that time about privatisation or corporate structure; the then Labor government moved to that position, which we commended.

We are now recommending to the people of Australia that the 50.1 per cent of Commonwealth ownership should be sold to the market. There is no merit in retaining the one-tenth of a per cent share majority that gives the Commonwealth so-called majority holding on the board. The directors have a commercial responsibility to serve shareholders, be they the Commonwealth government or individual shareholders throughout Australia. The bill has a framework for regular and independent reviews of regional telecommunications services, and that has been mentioned by other speakers. Australia is a big continent and telecommunications are important for regional Australians. Obviously this parliament and this government want to make sure, by way of legislation, that regional Australians are well looked after and well serviced. We want to do this by way of regulation rather than by way of owning Telstra as a company. This bill amends the Telecommunications Act of 1997 to enable the minister and the Australian Communications Authority to establish administrative arrangements for the placing of conditions on Telstra for the preparation of local plans.

The longstanding policy of the Howard government has been to transfer Telstra to full private ownership subject to a regulatory framework. I think members of this House ought to be quite clear that the regulatory framework is the key issue here rather than the ownership of this particular company. The regulatory framework can protect consumers, no matter which party is in government; promote competition amongst all players; reform the telecommunications sector; and ensure that there is genuine competition between private sector operators. With the sale of Telstra, Australians can have access to high-quality, innovative and low-cost communications services. Members would be aware of the Estens independent Regional Telecommunications Inquiry report of 2002. That was an effort by the government to ensure that the concerns of rural Australians—who do have difficulties with telecommunications because of the size of Australia and the distances involved—were taken into account. That followed the Besley report of 2000 where a number of these concerns were raised, and I think those concerns were genuinely taken on board by both the government and Telstra.

The bill allows the sale of Telstra on an open timetable so that the government will not be committed to an immediate program. Contrary to the member for Fraser and those opposite, the government will be seeking to ensure maximum returns for its investment. Telstra shares are standing at about $4.70 at the moment. I guess the market will judge Telstra somewhat on the outcome of this bill and on commercial criteria such as Telstra’s ability to perform in the marketplace here in Australia and around the world. So the market will make a commercial judgment. The market would like the company to act in a commercial way, not to keep one hand behind its back because of the 50.1 per cent shareholding held by the government. The bill allows a conventional single tranche sale so that the sale can meet the market’s expectation and its ability to absorb this fairly big sale. It also allows other market instruments,
such as hybrid securities, to make the sale of this very big corporate entity.

The argument we have heard on both sides about the sale of Telstra and its impact on consumers is not the real point here because the government, of whatever political colour, can protect the interests of consumers, competitors and the public generally. The safeguards will remain, such as the universal service obligation or USO. Those of us who have been in the parliament for some time have heard arguments back and forth as to what fully constitutes the USO—be it in Telstra, Australia Post or one of the other instrumentalities where the commercial profit motive is not the key element. The customer service guarantee has improved. Telstra have given a customer service guarantee, but this has not always been the case. The government have moved to put legislative pressure on Telstra to ensure that customers are well looked after. We have the network reliability framework. Again, there has been an argument in rural Australia that some of the services have not been as reliable as they should be—that they should be repaired on time and maintained—and that a telecommunications industry ombudsman should be appointed to take up some of those issues in an independent way on behalf of the government for the Australian people. So there will be further safeguards for regional Australia and the minister can impose licence conditions on Telstra to ensure that some of the local conditions are fulfilled.

We have a bill here that looks after the political interests of regional Australians who do not live in capital cities, remembering that those Australians who live in capital cities have good communication systems in terms of mobile phones and landlines which are close to their local exchanges, whereas rural Australians, especially those in remote Australia, are somewhat disadvantaged by modern communications because of the sheer distance and the sheer cost of ensuring that they are connected. The bill ensures that there will be an independent review every five years to make sure that the aims and objectives of the bill are carried out and that the commercial imperatives of Telstra do not override the importance of looking after both those urban and rural subscribers. The bill also ensures that those people who will be on those committees of review will have experience of rural and regional Australia.

The other key element of the bill is that Telstra will remain Australian owned and controlled by Australian directors. Again, it is very important that Telstra cannot be sold off to overseas interests and that we have genuine directors who will have an understanding of the unique Australian conditions and continue to serve the subscribers and their shareholders, being aware of both demands. The maximum aggregate foreign ownership allowed in Telstra will remain at 35 per cent. We cannot have a major superannuation fund out of New York buying up Telstra because it is a good commercial investment. There will be a spread of the shareholding, ensuring that Telstra is not dominated by an individual group, and the maximum individual foreign ownership level will remain at five per cent.

I will summarise the arguments for why we should sell Telstra. The current arrangements provide a conflict of interest for the government, as it is a regulator of telcos and the major owner of the biggest telco in Australia. The government is a regulator and owner all at once. It is fairly obvious to anyone who has a commonsense view of these matters that there is a conflict between a government and their department setting the regulations and having an interest in the commercial outcomes. The government now regulates 89 telcos, but it has a major shareholding in one major telco—Telstra. As I have said, government ownership does not
lead to better service in itself. It is really the genuine competition between those telcos that will drive the price down.

I go back to the point that it was the Labor Party that put Telstra on a commercial basis in 1991. This is just a further development of that basic concept that the Labor Party and those opposite who have argued so strongly in recent days against the sale of Telstra introduced. The quality of services is really affected by two fundamental factors in market forces: how many people want the services and what price will they pay? It is interesting to observe that the prices have in fact been reduced in this regime. From 1996-97 to 2000-01 they reduced by about 25 per cent. So we see the competitive pressure that has been brought to bear on Telstra by other market operators in the marketplace, competing in the various areas of mobile phones, untimed calls, landlines and trunk calls. They produced pressure to ensure that the consumer had a reduced price. That is a far call from the original concept of Telstra being a totally government operation.

The regulations will look at untimed calls, the universal service obligation, the customer service guarantee, time limits on phone installations—which is very important for a number of our customers—and time limits on fault repairs, which is very helpful to some country people. They are all things that will be decided by the government independent of their ownership of Telstra. I again emphasise that point. The review of future service guarantees could be done by governments, not by the ownership of Telstra. The maintenance of the future of Telstra Country Wide could be looked at in a regulatory process and regular reviews of performance.

I will quickly review the ALP’s performance in terms of privatisation. Time is short, but it is interesting to note that they sold anything that moved during their time in government. They did not tell the people that they were going to privatised these instrumentalities, and I well remember the privatisation of the Commonwealth Bank. They never told anyone. They did not tell their own people. In fact, they had a troika of the cabinet—I think there were three members: the Prime Minister, the Treasurer and one other. They came into the parliament on budget night and said, ‘We’re going to privatised the Commonwealth Bank. We want the money.’ So it is strange that those on the other side come in here and talk about the ills of the privatisation of Telstra.

They also sold Qantas, Australian Airlines, the Snowy Mountains Engineering Corporation, the Moomba-Sydney pipeline, Aerospace Technologies of Australia, the Commonwealth uranium stockpile, the Commonwealth Serum Laboratories, Amdel, the Commonwealth Accommodation and Catering Services, the Defence Services Housing Corporation, the Defence Force home loan franchise and the Commonwealth housing loan assistance schemes. There we have it. That is what the Labor Party did when they were in government—they privatised anything that moved, and they did not tell the people. The Howard government have been very up front about their arguments regarding the privatisation of Telstra, yet the Labor Party come into this chamber and argue strenuously against a concept that they implemented quite rigorously when they were in government.

I would like to finish by talking about Telstra Country Wide. In my electorate, Telstra Country Wide has done a remarkably good job. I think country members would be aware of the success of Telstra Country Wide in the southern area, where the general manager is Laurie Paratz. In my own area, there is Andrew Sheridan at Geelong and Chris Doody at Ballarat. In the old days, Telecom
were an impenetrable organisation in my view. They were not orientated towards customer service or towards members of parliament raising queries. Now they have Telstra Country Wide, where customer service is a very important part of their outlook and philosophy, where we have local management and where they are prepared to look at local problems. The key thing about Telstra Country Wide is that it is profitable in its own right. This new part of Telstra not only looks after rural and remote country people by providing customer service but is working as a profitable unit—so much so that the plans for Telstra Country Wide were improved and endorsed at the end of 2002.

The $187 million that has been allocated by Telstra to rural services is fixing up landlines, especially in areas with a high incidence of faults, such as in my area in the Surf Coast Shire and in Colac Otway Shire, where old cable and trouble spots have been repaired. Also in my area, approximately 300 exchanges have been transferred to digital technology, an upgrade at considerable capital cost. In Geelong, Country Wide have made sure that new base stations for mobile phones were put in the Bay City Plaza and in Deakin University. So we saw local knowledge and local understanding of the issues, and that capital investment took place. GMHBA, a health fund, had a new call centre put in which made the operation more efficient.

So I say congratulations to Telstra Country Wide. They are now in local management in the local community, they are improving telecommunications and making them better for local customers, they are providing better customer service and they are doing a good job. They reflect a new attitude in Telstra and they reflect what would happen if Telstra were fully privatised and had to meet customer needs, competition and government regulations. I strongly commend the bill to the House and I think that those opposite should remember what they did in 1991.

Mr ZAHRA (McMillan) (7.46 p.m.)—I think that the member for Corangamite might have made an argument there for why the ABC should be privatised and why Australia Post should be privatised. His argument is basically that we need to privatise Telstra because we regulate it. We regulate Australia Post. We regulate health insurance as well; there should be no government involvement in health insurance, by that argument. Obviously, we regulate broadcasting, so maybe we should privatisethe ABC—according to the member for Corangamite.

Mr McArthur—That would be a good idea.

Mr ZAHRA—He says maybe it would be a good idea. I am glad he has put that on the record today. Maybe a few more people in the Liberal Party room will be as frank and up front as the member for Corangamite in declaring their secret agenda to privatise the ABC. I just want to come to this point—

The DEPUTY SPEAKER (Mr Lindsay)—The member for McMillan will return to the substance of the bill.

Mr ZAHRA—Very quick off the mark you are too, Mr Deputy Speaker. The Telstra (Transition to Full Private Ownership) Bill 2003 is an important piece of legislation. It is important to be very plain about what we are talking about and what it means to country people in particular. Like the member for Corangamite, I represent a country district. The attitude of country people towards Telstra is that, overwhelmingly, they are opposed to its sale. If the member for Corangamite wants to stand up and tell me honestly that he thinks the majority of people who live in the country districts in his constituency are in favour of the sale of Telstra, I would have to say to him in all honesty that I do not believe him. Those of us who are
close to the action in country districts know that the people who live in our constituencies are overwhelmingly against the sale of Telstra. They are overwhelmingly against it because of their experience of what happens when services are privatised and when there is complete deregulation of service provision.

We have seen it with the banks in country districts. I do not want to have an argument with the member for Corangamite over which one of us has the more rural constituency; let us just call it a draw. I think he probably has a fairly rural constituency as well. He should know just how many banks closed in country districts when people took the view that we needed to leave it to the marketplace, it would sort itself out and somehow, miraculously, we would end up with decent service provision in country districts. It did not work out that way. It did not work out that way at all, and I think people remember that experience when they are forming their views about whether or not it would be a good thing for country people if Telstra were fully privatised. I think it is a case of once bitten, twice shy. We have had our experience with the banks, and our fear is that if Telstra is fully privatised we will have that same experience again, except this time it will be an even more important service that we miss out on—telecommunications.

I want to come back to this point. For those of us in country districts, this issue is different from the issues for people in this place who represent seats in the city—there is no doubt about that at all. We understand in the country that telecommunications hold the great potential to wash away some of the historic disadvantage associated with living outside the metropolitan parts of Australia. We know that through broadband and new telecommunications technology there is the great chance, the great hope and the great opportunity of accessing services that for decades have been unavailable to us. That is what we hope telecommunications technology can do for us. That is what we believe technology can offer us.

But we know that that is not something that a fully privatised Telstra would see as its core business. We know that when a company has as its sole objective the maximisation of profits then they are required—under Corporations Law, no less—to pursue that objective. Telstra would be no different. If Telstra were fully privatised, I have no doubt that it would vigorously pursue every single financial opportunity that it had to maximise its profits, and there are no surprises in me saying that. I do not think it comes as a surprise to anyone in the House that that is what it would do; I think it is generally agreed.

What I disagree about with some of the other country members of parliament in this place, from the Liberal and National parties, is that they seem to want to run out this argument that somehow there is a really good dollar to be made in the country, that Telstra would not focus its energies to maximise its profits on Melbourne and Sydney and that it would focus its services—because there is a dollar to be made—on providing services out to Mudgee, Trafalgar, Orbost, Ballarat and other places in country Australia.

I do not deny there is a dollar to be made in country districts; of course there is—but not as much money as can be made by Telstra Corporation in Melbourne, Sydney, Brisbane, Adelaide, Perth and Hobart. I do not think anyone in their right mind would suggest that you can make as much money off a server servicing 150 people as you can off a server servicing 150,000 people. No-one in their right mind, I think, could sensibly put that point of view. That probably means that some people from the Liberal-National side are gilding the lily in this de-
bate in saying there is a good dollar to be made and that Telstra would be in it and would focus their energies on making that good dollar and being customer service focused in country areas. That is not the case. Telstra will focus the most energy on the areas where it can make the most money, and that is often where there are the most people and the least cost—and that would be the capital cities that I mentioned before.

Like a few members in this place, I have spent a bit of time talking to people in schools, hospitals, community health centres and neighbourhood houses. Overwhelmingly, people are telling me that they do not want to see Telstra fully privatised; that is the overwhelming view. I am conducting a survey of my constituency to ascertain people’s views in a slightly more scientific manner. A community survey is not the most scientific process that can be used, but often it is a pretty good guide. I have sent out a survey to the people who live in the rural parts of my constituency, and overwhelmingly people are against the sale. My office staff enter the results of this survey as they come in and they have produced this set of statistics today. In answer to the survey’s question, ‘Do you support the Howard government’s plans to sell off Telstra?’ 250 people said that yes, they do, and 1,845 people said that no, they do not. In answer to the survey’s second question, ‘If Telstra is sold off, do you think service levels in rural areas will get better or worse?’ 188 people said that yes, they would get better, and 1,817 people said that they would get worse. I just put those survey results before the House today as the views and attitudes of people who live in my constituency in relation to this issue. I am prepared to concede that this survey is not the most scientific process in the world. I have not paid an expensive Melbourne or Sydney based polling company $20,000 to ascertain the views of people in my constituency, but I think this survey probably reflects pretty accurately what people in my constituency think on this issue.

There are plenty of towns in my electorate, and probably plenty of them have for a fair part if not all of their history traditionally voted for the former Country Party—what has now become the National Party. People are pretty straight up with me about this; they are bitterly disappointed in the National Party rolling over in relation to this issue—bitterly disappointed. A lot of people ask me, ‘Whatever happened to the tough old men of the Country Party, the National Party? Whatever happened to those fellows; whatever happened to those guys?’

I grew up in the Latrobe Valley and went to school with plenty of farmers’ kids and people from the rural parts of what is now my constituency. We grew up with Peter Nixon, who was the member for Gippsland, the neighbouring seat. At that time people in the National Party were pretty tough and pretty hard line, and they really stood up to the Liberal Party on behalf of the people that they represented. People like Peter Nixon drove a pretty hard bargain for his constituents and for country people more generally. But we do not have that with the current National Party leadership, not at all, and people are bitterly disappointed about it. I think people in the National Party caucus here in Canberra are pretty disappointed with the National Party leadership as well. You only have to look at the current crop of National Party ministers to see why people in electorates like mine are so bitterly disappointed with the National Party and with what it has become. There is John Anderson, the member for Gwydir, the current Leader of the National Party. He is a fellow who went to the King’s School and then went to the University of Sydney; he has a master’s degree from the University of Sydney and he thinks he is pretty special.
Mr Causley—Mr Deputy Speaker, I raise a point of order. One of the standing orders is that the debate must be relevant to the motion before the chair. This is not relevant. I ask you to bring the speaker back to the point of the debate.

The DEPUTY SPEAKER—I thank the member for Page. The member for McMillan will return to the substance of the debate.

Mr ZAHRA—Thank you, Mr Deputy Speaker. The only reason we have this bill in the House is that the National Party have rolled over and said that it is okay. So of course this is relevant. If what I have said is irrelevant to the debate, then nothing that anyone else has said in this debate is relevant either. I am making a very straightforward point. This bill would not be before the chamber now if it were not for the National Party agreeing to the Liberal Party drafting this legislation. If I cannot talk about it, what is the point of having the parliament? If we cannot talk about these issues in the parliament, what is the point of having the parliament?

The facts are very straightforward. The tough old fellows of the Country Party before it became the National Party would not have allowed this to happen. They would have stood up for the country people in their constituencies and they would have made sure we would not be here today discussing a piece of legislation like this. They would have made sure they were in a strong position to ensure that people in their districts got good services from Telstra Corporation as a government owned enterprise. That is what they would have done; I have no doubt about that today. It is appropriate to talk about the National Party leadership in relation to this because people in country districts do not think the National Party is reflecting their attitude about this. There is no doubt about that at all. I make the point that it used to be that you had leaders in the National Party who had a real rural and regional experience in their life; they had lived there, had gone to school there, had studied there and had worked there, and their families were from there. It seems to me we have now ended up with a group of people leading the National Party who have not had that experience and who do not understand these issues properly.

Mr Causley—Mr Deputy Speaker, I raise a point of order. The bill before the House is very specific, and the member for McMillan is not addressing the bill. I would ask you to bring him back to the terms of the bill.

The DEPUTY SPEAKER—I thank the member for Page. The member for McMillan knows full well that discussion of the leadership of the National Party is not in the Telstra (Transition to Full Private Ownership) Bill 2003. I ask the member for McMillan to come back to the substance of the bill and to debate the substance of the bill.

Mr ZAHRA—Mr Deputy Speaker, I make a very simple point, which is that we would not be having consideration of this bill if we had had strong leadership from the National Party. I am happy to try—

The DEPUTY SPEAKER—Order! The member for McMillan has made his point. He will now return to the substance of the bill.

Mr ZAHRA—Mr Deputy Speaker, this is the substance of bill.

The DEPUTY SPEAKER—Order! The member for McMillan will resume his seat. The member for Adelaide.

Ms Worth—Mr Deputy Speaker, I raise a point of order: the member speaking is actually reflecting on your ruling, and I suggest that he take your ruling very seriously; otherwise, there are other methods in this chamber for dealing with the issues that he raises.
The DEPUTY SPEAKER—I thank the member for Adelaide. I think the member for McMillan may well understand that the chair is very uncomfortable about this situation and would ask the member for McMillan to respect the ruling of chair and to return to the substance of the bill.

Mr ZAHRA—I have great respect for you, Mr Deputy Speaker; in fact, I have great respect for the member for Page, who has made these points. My point is that these matters are of direct relevance to the bill that we are discussing today. Overwhelmingly, people living in country districts do not want to see Telstra sold off; they do not want to see Telstra privatised. People can take points of order. They can do that if that is what the once great National Party is reduced to. They can get up and make points of order, if that is what they feel that they have to do. But the fact is this is how people feel, and I have a right to say in this parliament what people feel in relation to this issue.

It is not as though it is a 55 per cent to 45 per cent situation. People feel very strongly about this issue, and they do not want to see Telstra privatised. They understand that this will mean fewer services for them. One of the other things that people see very clearly in country districts is that, unless you have that strong control and influence over Telstra Corporation, there will be a more direct flow of the industries that are associated with telecommunications to the capital cities—no doubt at all that that will take place. It will mean that the digital divide which exists between country districts and those capital cities will grow. We are hoping that the new breakthroughs in telecommunications technology will lead to a situation in which the disadvantage that has been historically associated with country people will lessen. Yet this government is supporting an exacerbation of those problems we have traditionally encountered relating to the disadvantage of our geographic distance from those major population centres. There is not much ambiguity in relation to this issue.

I just make the point that people look to the National Party in country Australia to provide leadership in relation to these issues. The National Party has traditionally represented a lot of these rural areas but, I tell you what, people have lost confidence in them. They have lost confidence in them under the leadership of John Anderson and Mark Vaile.

The DEPUTY SPEAKER—Order! The member for McMillan must surely know the contents of standing order 81. If the member for McMillan continues to defy the chair, I will sit the member for McMillan down and call on the next speaker.

Mr ZAHRA—I will reiterate that this is a pretty straightforward thing. In the context of the debates that we have had in this parliament, it is certainly not contentious and is something that is as far removed from inappropriate references in relation to this bill as you could possibly imagine. I am happy enough to talk more directly in relation to telecommunications matters. I just want to make the point that the matters that I raise, which are to do with the National Party and the fact that they have not shown leadership on this issue, are relevant to this debate. We would not be having this debate if it were not for them rolling over in relation to this.

I had a forum in my constituency, at Trafalgar, which is an important town in my district. People came from Willow Grove, Thorpdale and the town of Trafalgar and also from Moe and Newborough to participate in that debate. People were pretty fired up, and Lindsay Tanner spoke on our behalf and answered questions. There were small business people, farmers, people who work in certain industries and people who work for themselves and understand the importance of
telecommunications to their capacity to get work from Melbourne. People from the township committee talked about how important the development of broadband in particular was to the township of Trafalgar. So this is not something that affects one or two people; this affects a lot of people in our community, and that is why there is so much overwhelming opposition to the full sale and privatisation of Telstra. This is an important issue, and we want to have an honest debate on this side of the House in relation to it. It might be that the National Party want to gag debate in relation to this issue, but this is an important matter and a proper debate will be held whether they like it or not. 

(Time expired)

The DEPUTY SPEAKER—The member for McMillan, in relation to comments about the National Party gagging the debate, it is the Speaker who controls the House of Representatives and not the National Party.

Mr Zahra interjecting—

Ms Worth interjecting—

Mr Zahra—Why don’t you shut your mouth?

The DEPUTY SPEAKER—The honourable member for Page will resume his seat. The member for McMillan, I ask you to withdraw that comment that you just made to the member for Adelaide.

Mr Martin Ferguson—What about the interchange? It cuts both ways.

The DEPUTY SPEAKER—I asked the member for McMillan to withdraw that comment.

Mr Zahra—Mr Deputy Speaker, I seek clarification. What are you asking me to withdraw?

The DEPUTY SPEAKER—It is unparliamentary to suggest to a member opposite that they shut their mouth. I ask you to withdraw that, and we will move on.

Mr Zahra—I am happy to move on when you ask her to withdraw what she said.

The DEPUTY SPEAKER—Have you a comment in relation to the member for Adelaide?

Mr Zahra—I am happy enough to withdraw.

The DEPUTY SPEAKER—I thank the member for McMillan. Does the member for McMillan have a comment?

Mr Zahra—I took offence at a comment which the parliamentary secretary at the table made, and I ask her to withdraw.

The DEPUTY SPEAKER—Would the member for Adelaide please withdraw.

Ms Worth—Mr Deputy Speaker, if I have to suggest that respect is shown to the chair, that is hardly something that I would withdraw. I think this debate is—

Mr Martin Ferguson—That is not what you said. He has taken offence, and you will withdraw it.

Mr Byrne—It’s true. I heard it.

Ms Worth—What did you hear?

The DEPUTY SPEAKER—Not across the table.

Mr Martin Ferguson—Mr Deputy Speaker, I rise on a point of order. The normal procedure is that, if a member takes offence at comments from the other side of the chamber and a request is made that they are withdrawn, then they are withdrawn. I ask you to uphold the normal procedure in this House.

The DEPUTY SPEAKER—I thank the member for Batman. The member for Adelaide, what were the comments you made?

Ms Worth—Mr Deputy Speaker, I was disturbed that your ruling was not being adhered to.
Mr Martin Ferguson—That is not what it is about. As soon as he sat down you had a go at him.

Ms Worth—Nobody seems to know what I said.

Mr Martin Ferguson—I do.

Ms Worth—I said that there should be some sensible debate and the Deputy Speaker should be respected.

Mr Martin Ferguson—And then you had a crack at him.

The DEPUTY SPEAKER—Order! The chair is at the disadvantage of not having heard the member for Adelaide’s comments. I did hear the member for McMillan’s comments, and I asked the member for McMillan to withdraw. I thank the member for McMillan for withdrawing.

Mr Zahra—I am happy enough to withdraw, Mr Deputy Speaker—

The DEPUTY SPEAKER—You have already.

Mr Zahra—and I did. To facilitate your judgment on this, I am happy enough to say that the parliamentary secretary at the table said to me across the chamber, ‘You’re just a little boy.’ She said that—I heard her. Three people on this side heard her say that. I think that, if it is good enough for me to withdraw for telling her to shut her mouth after she said that, it should be good enough for her to withdraw as well.

The DEPUTY SPEAKER—I thank the member for McMillan. Does the member for Adelaide have a comment on that?

Mr Martin Ferguson—Tell the truth.

Ms Worth—I have no difficulty telling the truth, but I think this is deteriorating, and the debate would be improved and the—

Mr Martin Ferguson—Just withdraw and be decent about it. He did.

The DEPUTY SPEAKER—The member for Batman!

Ms Worth—that is not what I said.

The DEPUTY SPEAKER—I accept the explanation from the member for Adelaide. I think we should move on.

Mr Causley—Mr Deputy Speaker, I rise on a point of order. The member for Batman, the member for Holt and the member for McMillan are determined to not allow me to speak in this particular debate. That is why they have come into this chamber. I ask you to rule against them.

The DEPUTY SPEAKER—I thank the member for Page. I do not think that is a legitimate point of order.

Mr Martin Ferguson—Mr Deputy Speaker, I rise on a point of order. Three members on this side of the House heard comments that the member for McMillan regards as unacceptable. He has requested that those comments be withdrawn in the same decent way in which he acted when you requested it so that the proceedings of the House can proceed. The way we are going raises questions of people potentially misleading the House and the chair with respect to what was said.

The DEPUTY SPEAKER—I thank the member for Batman. I think the House is a little overheated at this stage.

Mr Martin Ferguson—Ask her to withdraw.

The DEPUTY SPEAKER—I did not hear what the member for Adelaide said. I have accepted the member for Adelaide’s explanation, and I propose that we move on with this debate.

Mr Martin Ferguson—Mr Deputy Speaker, on the point of order: three members on this side of the House heard the comment that the member for McMillan took offence at. You did not—
The DEPUTY SPEAKER—The member for Batman will resume his seat. The chair has ruled on this matter.

Mr CAUSLEY (Page) (8.12 p.m.)—I listened very closely to the member for McMillan, and I have listened very closely to the debate on this subject.

Mr Zahra—Mr Deputy Speaker, I rise on a point of order. A pretty robust debate was had, and I was prepared—

Mr Martin Ferguson—Parliamentary Secretary, you lied to the House too.

Ms Worth—I did not.

Mr Martin Ferguson—You did, and the record will show it.

The DEPUTY SPEAKER (Mr Lindsay)—The member for McMillan will resume his seat. The member for Batman will withdraw the comment he made across the table.

Mr Martin Ferguson—I withdraw the reference to the fact that the member lied and maintain my view that she misled you with respect to what she said.

Mr Zahra—Mr Deputy Speaker, to facilitate the House, I was given a pretty robust time by a few people here while I was giving my speech, but that is part of the political process. What is not part of the political process is the parliamentary secretary at the table yelling out and saying to me, ‘You’re just a little boy.’ That is not an appropriate thing to say—

The DEPUTY SPEAKER—The member for McMillan will resume his seat. I have ruled on this matter.

Mr CAUSLEY—I have listened with interest to members on both sides in the debate on the Telstra (Transition to Full Private Ownership) Bill 2003, and I am yet to hear any policy. I have listened to the member for McMillan, the member for New England and the member for Calare. I have also heard comments from the member for Hume on the subject of Telstra. The real issue is not the sale of Telstra. This is an enabling bill. The real issue is: how do you protect regional and rural Australia into the future? I think that is the most important point in this debate.

If you have a close look at what has happened in recent times with Telstra, you will see it is fairly clear that the Labor Party have nothing to offer. The only thing the Labor Party and the Independents can offer is the fact that they are opposed to the sale of Telstra. They want to take some spots off the National Party because they see us as the opposition to attack in this particular debate. We want to hear from Independents and the Labor Party what they are prepared to do in the future, because the whole issue about Telstra started with the deregulation of the telecommunications industry. From there on, of course unprofitable services from Telstra were going to be at risk. The coalition government have recognised that rural and regional Australia, with their unprofitable services, were going to be at risk.

If you go through some of the actions that this government has taken to try and overcome that, it is patently clear that this government has runs on the board as far as the protection of regional and rural Australia is concerned. In the first tranche in the sale of Telstra, $250 million was set aside to look at the infrastructure problems in telecommunications. In the second tranche of the sale of Telstra, $670 million was set aside to improve communication services. The total money that has been expended by this government on improving services to the bush is more than $1.2 billion.

We hear from the member for McMillan, the member for New England, the member for Calare and the member for Hume about these juvenile surveys that they have taken. But did those members ever ask their con-
stiuents whether they are prepared to go back to the monopoly of Telstra? Are they prepared to go back to 35c calls? Are they prepared to go back to STD calls? Areas like Bonalbo in my electorate, which is only 60 or 70 kilometres from Casino, used to be on STD calls. Are they prepared to go back to limited calls? Are they prepared to go back to the overseas charges that we had in the past? They are the issues you should be asking your constituents: are they prepared to go back to those types of services? We continually see the services that are offered at the present time. For instance, local area calls are 15c and we see unlimited time phone calls overseas for $2 advertised on television quite regularly.

Mr Deputy Speaker, I put it to you that there will always be a need to support unprofitable regional and rural services in Australia. What I want to hear from the Labor Party and the Independents is whether they are prepared to support, in the future, government support for these particular services, because that is the most important point and that is the point the National Party brings up regularly. Are those opposite prepared to support these services? The member for New England continually raises the point that you cannot bind a future government. Apparently he does not believe in democracy, because the government of the day has the right to change legislation—that is obvious. But I put it to the member for New England that this government has shown its spots, it has shown what it is prepared to do for regional and rural Australia. If he wants to guarantee that the services into the future will be guaranteed for regional and rural Australia, then he should vote for the coalition government. Do not vote for Independents, do not vote for the Labor Party; vote for the coalition government, because we have shown what we will do for regional and rural Australia. That is how you guarantee services into the future.

The telecommunications industry is very competitive and technology is changing fast, there is no argument about that. Were we arguing five or six years ago about mobile phones? Were we arguing about broadband access speed? Of course we were not. They were not available. Now the biggest issues that we have got are access to mobile phones and access to high-speed Internet broadband—they are the issues. I put this to you, Mr Deputy Speaker: technology is going to keep on changing and needs are going to keep on changing, and there will always be an unprofitable service somewhere in Australia. What we want to hear from these people—not these carping arguments and juvenile surveys; we do not want to hear about those—is whether they are prepared, in government, to give us the assurance that they will support these areas. That is what we want to hear: some policy. These Independents are coming out here—

Mr Byrne—What about Alby Schultz?

Mr CAUSLEY—yes, and one of our own members as well, the member for Hume—on a populist bent, saying ‘I’m putting out this juvenile survey about what people think.’ That is not what we want to talk about; we want to have an intelligent debate about this, about what is going to happen in the future. Where are we going in the future? Technology will change, and you only have to look at the services that have been provided in my electorate to see that. I am pretty fortunate in my electorate. I am pretty happy in fact, because I have had a lot of money spent in my electorate. For instance, there was $1.5 million for Norlink, which was a wireless local loop; Richmond Valley Telecentre got $110,900; Yamba Chamber of Commerce got $75,000; TAFTCo got $894,000; Northern Rivers Internet Marketing got $83,250—the list goes on of the services that this government has provided to these local areas.
If you look at some of the tranches that have been put out, you will see that it is a very interesting list. If you look closely for regional and rural Australia initiatives, you will see that there is funding to meet the telecommunications needs of remote island communities, $20 million; Internet access, $36 million; continuous mobile phone coverage along designated highways, $25 million; Building Additional Rural Networks, $70 million; local government fund, $45 million; expanded mobile phone coverage; connecting Tasmanian schools—the list goes on. Would you believe that in the last election, the Labor Party made it very clear that they wanted to remove some of these government

Mr Martin Ferguson—Mr Deputy Speaker, I rise on a point of order: I understand that, during the course of the contribution by the member for McMillan, when he made some comments about the National Party you ruled those comments out of order. Would you believe that in the last election, the Labor Party made it very clear that they wanted to remove some of these government

The DEPUTY SPEAKER—I did.

Mr Martin Ferguson—I, therefore, seek a similar ruling from you with regard to the comments by the member for Page about a member of his own party—the member for Hume—the Independents, the Greens and the Labor Party that those contributions are out of order based on your previous rulings.

The DEPUTY SPEAKER—I thank the member for Batman.

Mrs De-Anne Kelly—Mr Deputy Speaker, I rise on a point of order. While recognising your decisions in this matter, this is a wide-ranging debate. I think this is an attempt to curtail the member for Page’s time. Let me just say—

The DEPUTY SPEAKER—The member for Dawson will return to the point of order.

The DEPUTY SPEAKER—I thank the member for Dawson. In the interests of the operation of this House, I ask the member for Page to return to the subject.

Mr CAUSLEY—I thank the member for Dawson, though I did not really need her support. It is fairly clear that the member for Batman is not prepared to listen to the text of this debate. All he wants to do is go out there and spoil; he does not want to listen to what the debate is about.

The DEPUTY SPEAKER—The member for Page will return to the substance of the debate.

Mr CAUSLEY—The substance of the debate is that the Labor Party will not give an assurance that the services that have been provided to the bush will be maintained. The
coalition government has made its position very clear. It has seen that in this deregulated market there will always be areas that will be disadvantaged, and it is prepared to support those areas of disadvantage. I want an assurance—and I have not heard it—from the Labor Party and the Independents that they will support that position. That is the position that rural Australians want to hear. They want to hear whether in fact they have bipartisan support for the services they are entitled to.

Another point I want to make in this debate is that Telstra is half government and half private. There is no doubt that technology is changing and that it is very expensive. If technology changes quickly, companies have to adjust quickly because, if you are not running fast in this environment, you go under. I put it to you, Mr Deputy Speaker, that the position taken by the Labor Party and the Independents will eventually destroy Telstra. Telstra is a great Australian company. It has the technology to compete on world markets but, if it is not allowed to go out and compete, it will go under—there is nothing surer than that. If Telstra had new technology that would help it lead the market and it needed $10 billion for that technology, I ask you, Mr Deputy Speaker: do you honestly believe that the Treasury would put forward 52 per cent of that $10 billion? I have been dealing with treasuries for something like 10 years and I can assure you that it would not happen.

These people are trying to hobble Telstra. The Labor Party and the Independents want to hobble Telstra and eventually destroy it, because if you do not allow Telstra to go free and compete it cannot provide the services that Australia needs. If governments—both sides of government—are not prepared to commit themselves to the unprofitable areas of these services, isolated and rural Australia will certainly not get the benefits they are entitled to. That is the real issue I want to hear about from speakers from the other side. I have not heard it; all I hear is carping criticism of the National Party and about why the government wants to sell Telstra. I will make one final point and ask if contributors for the Labor Party would tell me one thing: what did they do with the sale of assets when they were in government? Did they pay off Australia’s debts or did they spend it indiscriminately? I challenge the members for Batman and Holt—the member for McMillan has made a contribution—to guarantee that we will have the services in the bush if they ever get into government. (Time expired)

Mr MARTIN FERGUSON (Batman) (8.27 p.m.)—I welcome the opportunity to speak on the Telstra (Transition to Full Private Ownership) Bill 2003. This bill is about the complete disregard by the Howard government for people living and working in the outer suburbs of our cities and in rural, regional and remote Australia. The bill repeals the provisions of the Telstra Corporation Act 1991 that require the Commonwealth to retain majority ownership of Telstra. The bill does not stipulate the timing of the sale or the process—it will be left to the Minister for Finance and Administration to determine when and the manner in which the sale will happen.

The passing of this bill and its implementation would be a calamity for many Australians, including workers and people living in the seat of Herbert. It would further entrench the divide between the have and the have-nots. It would exacerbate the ever increasing divide between the prosperous, globalised inner city regions and the outer suburban and country regions. As we all appreciate, Telstra services in outer metropolitan and country regions lag well behind those of inner city regions such as those represented by the member for Adelaide, and that many members of the government suggest otherwise beggars belief, honesty and integrity. Any
government member representing an outer metropolitan or country electorate who says otherwise is clearly not listening to the people they purport to represent, nor are they telling the truth.

As I travel around this country I meet with thousands of people. Never once have I heard anyone speak up in support of the further privatisation of Telstra, and there are very good reasons why people do not support it. They know that they will be the losers if this bill is passed and implemented. They know that the privatisation of Telstra would stymie their hopes of expanding opportunities for the growth and development of their communities and regions. These people have a deep respect for Telstra—a respect that goes back more than 50 years to a government owned and operated business that delivered for Australia and Australians irrespective of where they lived, irrespective of whether they worked or were unemployed and irrespective of their age or whether they were retired. It was a company that was prepared to deliver for all Australians. It delivered a very sound telecommunications service to all of us, but importantly it did far more than that.

The predecessors of Telstra—the PMG and Telecom Australia—were part of the backbone of many regional communities. They employed and trained large parts of communities and they contributed significantly to their economies—and this is exceptionally important in historical terms in Australia. Telstra and its predecessors are historically recognised and respected as part of the driving force that established Australia as a highly skilled country. Telstra was about more than just delivery of telecommunications; it was also about training Australians and, especially, delivering training and many skills for people who worked in regional Australia. Therefore, people in these communities fondly remember the PMG and Telecom.

When people in regional Australia tell me about their respect for the PMG and Telecom, they invariably outline their fears if Telstra is fully privatised. They tell me over and over again that their access to information and telecommunications technology is decreasing relative to inner city people, and they know that it will only get worse if Telstra is further privatised. People tell me this everywhere I go. I find it unbelievable that members of the government are not hearing the same message. Maybe they have been bullied by the Prime Minister into simply not listening but accepting his will, despite what their constituents believe.

Regional development is dependent—as Deputy Speaker Causley appreciates—on the provision of effective and efficient infrastructure such as roads, rail, energy, water and telecommunications. More importantly, telecommunications are part of the fundamental infrastructure that can drive future economic and job development in regional Australia. Access to information and communications technology is vital to support regions, to create opportunities, to create economic prosperity and to create jobs and training opportunities for young people.

Access to telecommunications technology facilitates the development of internationally competitive businesses. It is these businesses that help diversify the economies of our communities and create jobs and opportunities for our people. These businesses rely more and more on information and data. For them to be competitive, they will need equitable access to services such as broadband. Communities with access to broadband will have a greater chance of business growth and development, and communities without access will fall further behind.
Only majority public ownership will ensure that Telstra will act in the national interest as new services such as broadband are rolled out. If Telstra is privatised, broadband services will be rolled out only to places where it is profitable. We can only surmise that the release of the government’s own study into the needs of regional businesses, the Regional Business Development Analysis, is being delayed—it sits on the desk of the Deputy Prime Minister and Leader of the National Party—because it highlights the need for coordinated government action for the provision of vital regional infrastructure such as telecommunications.

Future services such as broadband are important not only for new and expanding businesses. They are also vital for the development of critical social services within communities and regions. In particular, future telecommunications services are vital for education. Our schools, TAFEs and universities are becoming more and more dependent on access to reasonable and equitable communications and data systems. Many of these organisations already have high-speed Internet access and electronic communications facilities; however, we must be very aware that it is not only the administration of these important institutions that rely on services such as broadband. Increasingly, research and development by students and academics rely on access to broadband. This research is not just taking place at the TAFE or the university; it is taking place in homes and in workplaces, including remote mining work camps, where workers are encouraged to not only work but also further their education and training on the job. I therefore believe that it is not enough to provide a single point of access at the learning institution; these services must be available in the homes and workplaces of Australian workers.

Regions and communities with reasonable and affordable access to these services have an advantage over communities that do not. At present it is the inner city suburbs in places such as Sydney, Brisbane, Adelaide and Melbourne that have this access, and outer metropolitan and country regions are disadvantaged—areas such as many towns in your own seat, Mr Deputy Speaker—

The DEPUTY SPEAKER (Hon. I.R. Causley)—I remind the member for Batman that when I sit in this chair I do not have a seat.

Mr MARTIN FERGUSON—As I have frequently visited the seat of Page, I understand the need for these telecommunications systems to be improved. And I am not convinced that they will be improved in seats such as Page and Richmond if Telstra is fully privatised.

This takes me to the importance of higher education institutions to regions, something that is, without doubt, part of our future. It is irrefutable. Better access to broadband would not only support an increase in student numbers but also facilitate closer engagement of the institutions with their communities. Regional universities have to accept more than ever that they are part of the leadership of these regional communities and they therefore need the tools of a decent communications system to enable them to accept that leadership position and to assist local communities, especially those lagging behind on the economic and employment front.

Broadband will facilitate the transfer of data and information between members of the community and researchers. With this information, researchers will be able to localise their research and provide better and more specific information back to the community. The development of these interrelationships will strengthen the competitive advantage of local businesses, creating more opportunities for their communities and regions.
A privatised Telstra will not facilitate the expansion of broadband services to outer metropolitan or country regions. A similar position potentially applies to the all-important service of health. The expansion of equitable access to broadband services to outer metropolitan and country regions will facilitate more efficient delivery of health services. Rather than forcing patients to travel to our capital cities, the expansion of access to broadband will enable doctors, with their patients, to consult with specialists via videoconferencing. What a bonus this would be to regional communities such as the town of Bunbury. It would keep the patient in the community, it would keep a lot of money in the local economy and it would provide more incentive for doctors to service these regions. It is about improving health services and access in regional communities.

It is only a very clear, definitive decision for Telstra to remain in majority ownership that will see reasonable and equitable broadband services expanded into outer metropolitan and country regions. But it is not only Labor and Labor supporters that have been calling for Telstra to remain in majority government ownership. The opposition’s position on this is very clear and has always been so, but the same cannot be said about the government, especially the increasingly junior partner in the coalition, the National Party.

I suggest to the House that in the debate on Telstra and the bill before the chair this evening the National Party purport to represent the views of country Australians—people living in rural, remote and regional Australia. I simply note the electoral pendulum: more and more, the National Party are disappearing from regional communities. Their parliamentary party decision to support this bill, without proper consultation with their rank and file membership, is a clear indication that their representation is a sham. They are not interested in playing a role in the development of regional, remote and rural Australia. They are completely out of touch with the people living outside our capital cities.

Just like their coalition partners, they have been completely seduced by the financial community. As with the provision of televisions to the Prime Minister and to the Minister for Communications, Information Technology and the Arts, perhaps more than ever—as is evident in this House during question time—they can be bought with generous donations from the private sector. The facts speak for themselves. Just like their coalition partners, the National Party have no heart. They have got no guts; they have got no determination and no will to stand up and speak and fight for the communities they have traditionally sought to represent. They are not the National Party that we knew 30 and 40 years ago, when they had decent leadership committed to regional communities. They are in essence a pale image of a party that once had some standing and respect in the Australian community.

The DEPUTY SPEAKER—The member for Batman is straying a long way from the leave of the bill. I ask him to come back to the leave of the bill.

Mr MARTIN FERGUSON—Mr Deputy Speaker, I am dealing with a very important debate: it is about the issue of Telstra and the question of ownership, the decision-making processes related to that and whether or not the patronage of the coalition government of the day in this House can be bought. It is the financial community that will be the only winners if Telstra is fully privatised.

Mr Hardgrave—Mr Deputy Speaker, I rise on a point of order. I am very concerned that the member for Batman is in fact impugning certain motives in his conduct here tonight. A number of his comments have strayed way beyond the debate. The
strayed way beyond the debate. The suggestion, which he has not corrected on the record—

The DEPUTY SPEAKER—I have the point of order. The member for Batman has strayed from the leave of the bill. He will come back to the leave of the bill.

Mr MARTIN FERGUSON—Thank you, Mr Deputy Speaker. I was dealing in a very proper way with the issue of Telstra and whether or not there has been undue influence brought on potential decisions relating to where parties stand on their support or opposition to the sale and full privatisation of Telstra. It is part of the debate. I know suggestions about this embarrass some people on the other side of the House—and so they ought to, Mr Deputy Speaker. You and I know that the carpet outside the doors of the offices of the Treasurer, the Minister for Finance and Administration and the Minister for Transport and Regional Services has been worn out by the lobbying done by the financial community, demanding the full sale of Telstra. That is what it is about—the full sale of Telstra.

Mrs De-Anne Kelly—Mr Deputy Speaker, I rise on the same point of order that the member for Batman raised on the previous speaker—keep to the relevant topic.

The DEPUTY SPEAKER—I thank the member for Dawson. The member for Batman is at the present time within the leave of the bill.

Mr MARTIN FERGUSON—Most definitely, Mr Deputy Speaker. Perhaps the member for Dawson would like to talk about whether or not undue influence was brought on her with respect to the issue of ethanol and her position on the matter.

Mr Hardgrave—Mr Deputy Speaker, I rise on a point of order. I suggest the member for Batman needs to rethink his approach with his speech and to withdraw such an imputation on the member for Dawson and what he attempted to say tonight about the Prime Minister and on the Minister for Communications, Information Technology and the Arts with his nonsensical assertion regarding televisions that were loaned to them. He needs to withdraw those comments.

The DEPUTY SPEAKER—I have the point of order. The member for Batman knows that, if he wants to attack another member in this House, it has to be done by substantive motion. I ask him to speak to the bill.

Mr MARTIN FERGUSON—Yes, Mr Deputy Speaker. As I was saying—

Mrs De-Anne Kelly—Mr Deputy Speaker, I rise on a point of order. There has been an accusation that I am guilty of corruption. I want that withdrawn now. I want it withdrawn, Mr Deputy Speaker.

The DEPUTY SPEAKER—The member for Dawson will resume her seat! I think it is an overreaction—

Mrs De-Anne Kelly—that is what he said. Nobody leans on me.

The DEPUTY SPEAKER—The member for Dawson will resume her seat! I think that is an overreaction. But the member for Batman had strayed from the leave of the bill. I ask him to come back to the bill.

Mr MARTIN FERGUSON—I agree with your ruling, Mr Deputy Speaker. It was an overreaction by the member for Dawson.

The DEPUTY SPEAKER—I am not asking for an agreement; I am asking you to come back to the bill.

Mr MARTIN FERGUSON—As I said, on the privatisation of Telstra the coalition has fallen for the approaches from the financial sector of Australia hook, line and sinker. The opposition opposes the passage of the
Mrs De-Anne Kelly—Mr Deputy Speaker, I rise on a point of order. He is at it again. He is going on about people’s motives. Get him back to the bill!

The DEPUTY SPEAKER—I do not believe so.

Mr MARTIN FERGUSON—Rather an emotional performance, Mr Deputy Speaker.

Mr Snowdon—Mr Deputy Speaker, on a point of order: there has been a reflection on the chair by the honourable member. The words I heard were, ‘You listen!’

The DEPUTY SPEAKER—Thankfully, I did not hear it.

Mr Snowdon—I did—

The DEPUTY SPEAKER—There is no point of order.

Mr Snowdon—and I am concerned about your status in this place.

The DEPUTY SPEAKER—I think the member for Lingiari is taking the member for Batman’s speaking time.

Mr MARTIN FERGUSON—I thank the member for Lingiari for defending your honour, Mr Deputy Speaker. As I said, the opposition oppose the full privatisation of Telstra. Labor listen to people in the outer metropolitan and country regions of Australia. We know that they will be disadvantaged by the passage of this bill. Coalition support for this bill is another indicator of the city-centric policies of the Liberal Party and the National Party. It confirms that the National Party members are completely out of touch with their communities and that they are completely in the pocket of their Liberal Party masters.

Mrs De-Anne Kelly—I rise on a point of order, Mr Deputy Speaker. Can we get back to the substance of the bill and not political issues?

The DEPUTY SPEAKER—The member for Batman is on the substance of the bill.

Mr MARTIN FERGUSON—The Telstra (Transition to Full Private Ownership) Bill 2003 is a disgrace. It reflects the fact that the National Party is merely a tail on a Liberal Party dog. It has no substance, no guts and no determination and the member for Dawson is a reflection of why the National Party is in decline in Australia.

Mrs De-Anne Kelly—Mr Deputy Speaker, on a point of order: this is political ranting. The member is not addressing the bill.

The DEPUTY SPEAKER—The member for Dawson might be offended by the comments, but they are not out of order.

Mrs De-Anne Kelly—The previous Deputy Speaker ruled in this member’s favour.

The DEPUTY SPEAKER—The member for Dawson will respect that I, as Deputy Speaker, am ruling on this issue. While you may not be comfortable with the comments, they are not out of order.

Mr MARTIN FERGUSON—Mr Deputy Speaker, I commend you for your even-handedness in sitting the member for Dawson down. She is out of her depth in this debate.

The DEPUTY SPEAKER—I do not need any support from the member for Batman.

Mr MARTIN FERGUSON—She has sold out the seat; she does not represent the views of her constituents. She is a disgrace to the National Party. (Time expired)

Mr Martin Ferguson—I rise on a point of order, Mr Deputy Speaker. There were a series of frivolous points of order taken by the member for Dawson.
The DEPUTY SPEAKER (Hon. I.R. Causley)—I did not hear any points of order. I think that in the spirit of what has just been discussed we will ignore what has gone on.

Mr Martin Ferguson—I am prepared to accept that give and take provided that you have a word with the previous occupant of the chair. His lack of even-handedness and give and take in the way he treated the member for McMillan reflected on him and the chair and it is about time he grew up.

The DEPUTY SPEAKER—The member for Batman would realise that there has been a fair amount of tolerance tonight with points of order, including those from the member for Batman.

Mr PROSSER (Forrest) (8.48 p.m.)—
The Telstra debate and whether or not to fully privatise Telstra has largely moved on in my electorate of Forrest. The issue is not so much about privatisation or about the government’s dividend from Telstra but more about how best we can guarantee service levels in areas and electorates such as mine that are rural and regional in nature.

I remember that when I came into the parliament Telstra was a fully publicly owned service and their service was just appalling. The main complaints were: ‘I don’t have a phone and cannot get one,’ or ‘My phone has been out of service for several weeks and I want it fixed.’ In those days it did not seem to bother people that they did not have a phone for a week or so. I guess we were all less dependent on technology.

Telstra, to its credit, lifted its game and when we privatised the first tranche of Telstra the big issue was mobile phone coverage. With the closure of the analog network, digital and CDMA coverage—or more precisely the lack thereof—became the focus of complaints to my office. I still cannot believe to this day that members opposite agreed to the closure of the analog network. It puts people in my electorate at an extreme disadvantage. The Wireless West project that was put in place to infill mobile phone coverage in the south-west is of course CDMA.

My electorate has a very strong tourism focus. Members will be familiar with Margaret River, but lesser known places such as Nannup and Northcliffe have access only to CDMA coverage. This is a real disadvantage for tourists from Perth who only have digital phones, and anecdotal evidence suggests that lack of mobile phone coverage does and can impact on the tourist trade.

I supported the first two tranches of the sale of Telstra, T1 and T2. I was pleased that so many of what are termed ‘mum and dad investors’ bought shares. I am disappointed now that those shareholders have found their share price hamstrung by the uncertainty of a half-privatised Telstra. While their dividend stream is good, I am sure those investors would be feeling a lot more comfortable if their share price were not constrained by the government’s 50 per cent holding.

As we approach this hopefully final bill—the Telstra (Transition to Full Private Ownership) Bill 2003, which will give the government the ability to sell the remainder of Telstra—I take stock of the numbers of complaints that come into my office about Telstra. I can advise that one of the biggest concerns is Internet speed. I have welcomed the advent of the Internet Assistance Program, which helps people get up to speeds of 19.2 kilobytes per second. I have to tell you that in this day and age as a standard it is woefully inadequate. People want and expect faster and more reliable data connections and data speeds—and this includes people living in rural and regional areas. In many ways it is more important for people in regional and rural areas such as the residents of my electorate, who now rely heavily on the Internet for communications and for business.
I mentioned Margaret River earlier. To illustrate the problem we have been having with data speeds, many of the famous wineries down Caves Road cannot operate EFTPOS machines because of the problems with the data speed of the copper wires and the pair gain system. I think you would agree that EFTPOS facilities are almost a business must these days. It is for these reasons that I welcome the commitment to future proof our regions. The federal Liberal government’s commitment of $181 million will do much for our regions and for my electorate. I look forward to the identification of problems and to urgent work to improve the reliability of Telstra’s worst performing exchanges. I am certain that the south-west will have several on this list.

The $181 million will also lock in the benefits of the Internet Assistance Program as part of Telstra’s licensing conditions—although, as I stated earlier, I do not think 19.2 kilobytes per second is really good enough these days. I also note that the bulk of the $181 million will be for a national broadband strategy, at a cost of $142.8 million. The national broadband strategy includes a higher bandwidth incentive scheme to provide a financial incentive for providers to offer broadband services in regional and rural areas at prices comparable with those in urban areas. I hope providers take up this initiative, because I can assure them that there is demand for the service.

Bunbury was one of the first regional areas to get ADSL—which, for the uninitiated, is broadband via cable. In Bunbury you can get ADSL but in South Bunbury you cannot. The reason for this is it is slightly more than five kilometres from the exchange and ADSL is only available within a five-kilometre radius from the exchange, even if it is at a rate of 19.2 kilobytes per second. Perhaps even worse are those that are classified as remote customers. Their phones operate by radio link to the exchange. The best they can hope for in terms of data speed is 9.6 kilobytes per second.

In terms of assistance we have drawn a line on a map. If you are on one side of the line you are an extended zone customer and the government has extended subsidies for two-way satellite connection; if you are on the other side of the line you do not get a subsidy. We need to recognise that with technology it is not as simple as drawing lines on a map; rather, it should be about the type of service you get. I believe the broadband strategy and the $181 million to future proof Telstra finally acknowledge this.

I know this will be a relief for a constituent of mine who, although not living too far from the exchange, is bordered by quarantined forest and, as a consequence, is connected to the exchange via radio link. My constituent, himself a former Telstra technician, will be relieved by the broadband initiative, as his son wishes to pursue an IT career and will need broadband as part of his computer course. Currently the only option open to him would be two-way satellite, but he currently does not receive a subsidy because he is not in the extended zone. The privatisation of Telstra and the implementation of the broadband initiatives would make a real difference to their lives.

I mentioned future proofing before. Part of the future-proofing initiative will require that as a part of Telstra’s licensing conditions there will be a need to keep the Telstra Country Wide offices and maintain a presence in regional Australia. Telstra Country Wide have made a difference, but there is more to be done. The culture of Telstra still needs to change to recognise and value their rural and regional customers. Telstra Country Wide are on the ground regionally. They do get out and about and they are willing to meet people face to face, which is great, but there is
still more to be done in terms of Telstra Country Wide.

When Telstra spruiked the importance of the Country Wide initiative it was all about how decision making and authority had been devolved to local management—which in the south-west is Ray Philp. I regularly see Mr Philp’s smiling face in advertising talking about how he is our local man from Telstra—and, to give him his dues, he is always available. However, when I asked him to meet with people who have been seriously disadvantaged by a Telstra legal department decision, he did not wish to go out to their property but rather wanted the meeting on safe ground and was only prepared to defend the Telstra position if he did meet with them. It appears that he did not have the authority to change the position.

The legal decision to which I am referring relates to a farming family in Harvey who had a new house built. The couple waited more than 10 months to get their phone on. I might add that it was only when I got involved that the phone was finally installed. The couple live on a road which, due to some vagaries, has one name at one end and a different name at the other end. Despite telling Telstra that there was cable pit down one end of the road which was closer to their house, they were instructed to dig a trench from the other end and run the cable up the road. They did this because Telstra assured them that there was no cable pit at the other end of the road.

When the technicians came to install it, they did not have enough cable and—surprise, surprise—discovered there was a cable pit at the other end of the street which was actually closer and they debated whether they should dig a trench and run the cable the shorter distance. Naturally, the couple put in an application for compensation for the delays and the additional cost. Telstra’s legal department issued a ruling saying, in effect, that they can tell people to connect the phone from wherever they like. It is my firm belief that Telstra made an error. They do not want to admit it and have hidden behind this legal department ruling.

Naturally, this case is now before the ombudsman, but what appals me the most is that the local manager does not have the ability to help this couple and override this decision that Telstra made. My point is: it is okay to legislate and require Country Wide to stay in regional and rural Australia, but we need more than just a presence and a business unit which sells broadband; we need an actual commitment to rural and regional customers.

I also note that the federal government has committed, as part of the sale, to regular reviews of the adequacy of regional telecommunications services to be conducted by an independent review group. Perhaps if we had this all along, these fundamental infrastructure issues may not have arisen. There is no doubt that our infrastructure, particularly in regional and rural areas, has not kept pace with the changing and increasing uptake of new technologies. The challenge for us as a nation and as a government is to ensure that rural and regional areas which are perhaps not as attractive to the telecommunications market continue to advance. I would point out that this did not happen when Telstra was fully government owned; it only just started to happen when Telstra was half privatised. I am convinced that the telecommunications industry and market will operate better with a fully privatised Telstra which is backed up and reinforced by regulation to protect rural and regional residents.

I am convinced that this bill provides certainty, provides choice for consumers and, more importantly, future proofs telecommunications for rural and regional people. I look forward to the day when Telstra will be fully
privatised and my customers can get the service they demand, whether that involves broadband or other services. The industry is fast-moving and we can really only keep pace with those sorts of technologies if in fact we fully privatise Telstra and give those mums and dads who are shareholders of Telstra the ability to have their share value as well as their dividend improve in accordance with market conditions. I commend the bill to the House.

ADJOURNMENT

The SPEAKER—Order! It being 9.00 p.m., I propose the question:

That the House do now adjourn.

Tasmania: Textile, Clothing and Footwear Workers

Mr SIDEBOTTOM (Braddon) (9.00 p.m.)—Five hundred textile jobs—or more—in my local community are under threat. Recently I was invited to speak at a textile workers rally at Devonport. I assured workers and their families that the Labor Party supported their cause and would strongly resist the further destruction of the textile, clothing and footwear industries in the name of free trade that is not fair trade. In Devonport the local full-time work force is approximately 5,200 people. Of these, 500 workers or 10 per cent are employed at Australian Weaving Mills—AWM—and Ulster Tascot Carpets, located in East Devonport. These businesses draw on services and supplies from over 110 companies within a 30-kilometre radius of Devonport. The workers at these two fine companies are drawn from all points on the north-west coast of Tasmania. Over $20 million in wages enters our local community each year.

Mr McArthur interjecting—

Mr SIDEBOTTOM—Clearly, member for Corangamite, if these 500 jobs are threatened or lost the social and economic implications will be huge—and no laughing matter. When supporters of AWM and Ulster Tascot speak about assistance to the TCF industries, they are not talking about propping up inefficient or ailing industries. Those days have long passed, as we all know, and these companies are two of Australia’s best. ‘Assistance’ means positively supporting a viable industry so that it can compete fairly in the global market over time. For this reason, the future of the TCF industries in Tasmania should not become a race to the bottom by competing on wage costs.

Ms Panopoulos interjecting—

Mr SIDEBOTTOM—The member for Indi does not need to shout interjections. How can our businesses compete with countries that pay less than $2 per hour in labour costs? Does the member for Indi want to argue about that as well? So what is threatening our local textile jobs? It is not our local skills, our managerial expertise, our productivity or indeed our products. No, it lies in the preferred options advocated by the Productivity Commission inquiry into the TCF sector which is reporting to the Howard government. The Productivity Commission’s initial report released for public discussion proposes continuing existing levels of industry support—that is, the SIP—between 2006 and 2010, slashing this by half until it ends in 2015 and reducing tariffs to five per cent in 2015. Local workers; their union, the TCFUA; the industry peak body, the TFIA; and Labor do not support these options. They have the potential to cause great job losses and the dislocation of communities such as Devonport, Ulverstone and Latrobe—

Ms O’Byrne—And Launceston.

Mr SIDEBOTTOM—And indeed Launceston, as my colleague the member for Bass points out. These options also have the potential to cause a drop in research and development and capital investment in the TCF
sector—the very things that have made AWM and Ulster Tascot so competitive and viable to date. Labor, industry workers and employers have vigorously argued that SIP assistance should be maintained at least at current levels until 2015 and should be made more flexible. With regard to tariffs, it is Labor’s view, supported by the TCF industries, that the Productivity Commission’s review has failed to make the case for further tariff cuts.

In addition, Labor believes that before any proposed 2005 tariff cuts take effect—if they must—a review must be undertaken into the tariff and non-tariff barriers practised by our trading competitors and the likely social and economic impact of further tariff reductions on TCF workers and the broader community. Furthermore, unlike this government, Labor supports a national employee entitlement scheme based on the principle that employees should receive 100 per cent of entitlements, including superannuation entitlements, due to them. Local jobs in the textile industry are at risk if the Howard government adopts the preferred options of the Productivity Commission. It is incumbent on all Tasmanian Liberal senators to vigorously oppose these options as we do. To accuse, as one local Liberal senator did, the TCFUA of being ‘too narrow-minded’ in its campaign to preserve the jobs of its members is an insult both to this union and, significantly, to the hundreds of local textile workers it represents. Workers and their families do not want excuses; they want their jobs.

Mr Hardgrave interjecting—

Mr SIDEBOTTOM—If the minister thinks that is funny then he is wasting his time being in this House. (Time expired)

Australian Broadcasting Corporation: Behind the News

Mr LINDSAY (Herbert) (9.05 p.m.)—Tonight I seriously question the competence of Australia’s national broadcaster, the ABC. In what appears to be a decision designed to embarrass the government, management has decided to axe a program that fulfils a core responsibility of the ABC charter. I cannot believe that the ABC has taken a decision to cease production of the long-running and widely watched Behind the News. This is a program that costs less to produce than what it costs the ABC to have a fleet of cars for its executives. It is a program that goes to the very heart of what the ABC is funded to produce and broadcast, yet we have a decision made that the program is to finish.

I have received personal representations from many young people and schools in my electorate who are also at a loss to understand why the ABC chose to cut its educational programs, in particular the popular Behind the News. They tell me that they value watching BTN and that they believe it would be a tragedy if it was cut. Many of the young people who have written to me have demonstrated a mature grasp of current events, stating that BTN helps them understand current issues. They say that BTN helps explain what is going on instead of just talking about an issue and moving on quickly to the next subject, as is the case with general news services. My young constituency want BTN to stay so that they can keep up to date with what is happening in the world. Many schoolchildren and their teachers who contacted me pointed out that this program is an important part of contemporary education. The ABC should listen to these young voices. I have written to the managing director of the ABC making my views, and the views of my electorate, clearly known. If the ABC implements this decision then it runs the risk of making itself irrelevant as a national broadcaster. I warn the ABC that implementing this decision may have serious consequences.
I was pleased to learn tonight that Australia’s CNN—Sky News—is considering providing a ‘behind the news’ service to schools, thereby taking up the role of the ABC. I have found that Sky News provides an extraordinarily professional, up-to-the-minute, impartial news service covering all major current events. I have noted that Sky News often covers events of national significance live when other networks, including the ABC, do not. I find myself questioning why Sky News, with 107 hours of production per week and a total staff—including accounting staff—of 75 people, can produce a news service that in many respects is better than Australia’s national broadcaster.

It makes you wonder if it is time to rethink where government resources are directed. If Australia’s national broadcaster is not going to fulfil its charter obligations, if it is going to continue with an overhead that is three or four times higher than that of comparable broadcasters, if it is not going to be broadcasting national events as they happen, if it is not going to broadcast a fair and impartial news service and if it continues to try to embarrass the government by taking decisions to cut a program like BTN, then it might be time for the government to support a broadcaster that will fulfil those obligations.

Family Services: Carers

Ms GEORGE (Throsby) (9.08 p.m.)—Caring for people with disabilities, the sick, the aged and the frail is one of the most essential but, regrettably, unrewarded tasks conducted by so many of our fellow citizens. The physical and emotional support provided by carers is priceless. These services have been estimated to be worth at least $16 billion annually to our economy. In some reports—such as a recent one by the Institute of Health and Welfare—their contribution has been estimated to be in the order of $27 billion on an annual basis. Whatever the figure, I do not think any Australian can dispute the enormous savings to our society, the community and the economy from the collective efforts of carers throughout the length and breadth of our country. Their contribution is enormous, and you cannot put a price tag on it.

Having said this, it is a great disappointment that our carers do not receive the public recognition and support they rightly deserve. But far worse than that is when the actions of the Howard government compound the pressures in the daily lives of our carers—and that is exactly what this government is doing right at this moment to the families of children with disabilities. The government is creating untold distress and anxiety with its heartless decision to subject such families to a review of their entitlement to the carer allowance.

Ms O’Byrne—An appalling decision.

Ms GEORGE—Absolutely. Their bottom line is just cast in dollars and cents, and that is to cast adrift approximately 30,000 families in Australia and deny them an entitlement of $87 per fortnight. Let us consider that. That figure of $87 per fortnight equates to about $6 a day to help compensate families for their unpaid contribution as carers and, in this case, as carers of disabled children. How miserable and heartless is this action? The government’s decision to attack families of children with disabilities has, quite rightly, been roundly condemned across our community—so much so that the Minister for Family and Community Services, Senator Vanstone, has been forced to make a hasty retreat. But it is really just a beginning. The concession that Senator Vanstone has made to public pressure is to merely add six disabilities to the list of recognised disabilities for those families who are then exempt from the review. Mind you,
it is hardly a concession to recognise that Down syndrome, cystic fibrosis and epilepsy are serious disabilities. It is cruel and heartless to submit these families, as the minister wanted to do, to a process requiring them to continually prove their children’s disabilities. It is an insult, it is insensitive and it is heartless.

However, the situation has not been resolved to the satisfaction of all families who care for children with disabilities. I am pleased that six recognised disabilities have been added to the list, but I understand that already 5,000 carers in Australia have lost their carers payment—among them families whose children suffer from cerebral palsy, diabetes and severe asthma. They have been cut adrift by Senator Vanstone. A number of families in my electorate are among them. I will refer to the cases of two of them. There is the Rasmussen family, whose daughter suffers from cerebral palsy and hydrocephalus. It is amazing that we could have a government that acknowledges that cerebral palsy is in fact the disability it is, providing that the child’s immobility can be proven by being confined to a wheelchair or to the use of crutches. In the case of the Rasmussen family, their daughter is waiting to be fitted with callipers, but their family does not automatically qualify. They have been told that they have to fill out a ridiculous 30-page survey. Similarly, there is the Gann family, whose daughter suffers from a cardiac disorder requiring periodic corrective heart surgery, and the allowance goes to assist that family to meet their medical bills. It is unconscionable that both these families have been denied their allowance. At the same time, as 5,000 families have been stripped of their payment, this government extends largesse to more than 18,000 families who earn at least $100,000 per year, as they can avail themselves of a family tax benefit—and, of these families, 15 earn more than $1 million a year. It is time this minister got the priorities right and looked after those who genuinely require government assistance. (Time expired)

Tasmania: Textile, Clothing and Footwear Workers

Civic Values

Ms PANOPOULOS (Indi) (9.13 p.m.)—I rise this evening to speak about civic values and commitment, but before I do I would like to touch on some of the comments that the member for Braddon made. I know he was not in this House when the previous Labor government introduced disastrous policies without compassion and without thought of the impact on workers in the textile industry, but let me remind him of them. The Labor Party’s last policy when in government was to drastically cut tariffs from 55 per cent to 25 per cent in 1990 and to cut the tariff on shoes from 45 per cent to 15 per cent. They provided no industry assistance or investment in research and development—unlike this current government, which has provided historically unprecedented assistance to the textile industry.

Under this government that actually cares about research and development, $678 million has been put into the strategic investment program and has subsidised up to 90 per cent of eligible research and development investment. I know that companies in my electorate of Indi, such as Bruck Textiles and Australian Country Spinners, have received significant and substantial support, and more than $100 million has been provided to the industry under this program in the year 2001-02. But that is no surprise, because this Labor Party—the Labor Party which, as Kim Beazley senior said, is now made up of the dregs of the middle class, not the cream of the working class as was the situation in his day—does not actually care about workers.
Mr Sidebottom interjecting—

Ms O’Byrne interjecting—

The SPEAKER—Order! The member for Braddon and the member for Bass!

Ms PANOPoulos—When the current Labor leader was minister for employment, how much did he care for Australian workers? He cared so much that the unemployment rate was 10.3 per cent. I am pleased to announce that the unemployment rate in my electorate of Indi is around five per cent now.

Ms O’Byrne interjecting—

The SPEAKER—If I have to keep interrupting, the member for Bass will find herself outside the chamber. The member for Indi has the call.

Ms PANOPoulos—So perhaps a bit of a historical lesson for the member for Braddon might be appropriate. I now go back to the reason why I was compelled to rise to my feet this evening, and that was to speak about civic values. Of course, Ben Chifley’s Labor Party understood what civic values and civic commitment were, but I am sure today Simon Crean’s Labor Party does not. I was recently pleased to present a Myrtleford local resident, Mr Kevin Rothenberger, with a certificate.

Ms O’Byrne—Mr Speaker, I rise on a point of order. I ask that the member for Indi refer to members by their seats and not by their personal names.

The SPEAKER—The member for Bass will resume her seat. The member for Indi has the call. I will listen closely to what she is saying.

Ms PANOPoulos—I presented Mr Kevin Rothenberger with a certificate and commemorative plaque in acknowledgment of his service to Army medical research during World War II in Cairns between 1943 and 1944. In 1942 more than half of the Australian troops in New Guinea were infected with malaria and there were concerns within the Australian war cabinet that there would not be enough manpower to sustain a prominent force in the country. Following these concerns, the malaria experiment group was formed in Cairns in June 1943, under the direction of Colonel Neil Hamilton Fairley. Mr Rothenberger was one of the many Australian servicemen who courageously volunteered to be part of medical experiments to contain the spread of malaria. The research experiment was the largest clinical research program ever undertaken in Australia that involved experimental transmission of a disease to human subjects. American historical accounts have acknowledged the significant contribution that Australian soldiers made to this experiment.

Through Mr Rothenberger’s action in volunteering, and that of many others, a most important and effective contribution to the fight against malaria was made. Adequate control of malaria was achieved, the effects of which were felt right around the world. It is these types of selfless and courageous actions displayed by such individuals that have made Australia the wonderful place it is today. On behalf of the people of Indi I was pleased to be able to officially recognise Mr Rothenberger’s gallant service to medical research within the Australian Army and to formally present him with a certificate, along with a commemorative plaque bearing the Australian flag. I would like to read the words on Mr Rothenberger’s certificate:

A grateful nation expresses its thanks to Kevin Rothenberger. In recognition of your valuable contribution to the War Effort by voluntarily submitting yourself to experiments in Army Medical Research. I congratulate you on your devotion to duty and the fine example you have given to your comrades.

He is an example to many young people in this country today, and it saddens me that members on the other side of the House...
laughed mockingly as I was expressing my words of gratitude to this wonderful con-
stituent of the electorate of Indi.

Families: Policy

Ms O’BYRNE (Bass) (9.18 p.m.)—I look forward to making sure that the member for Indi’s electorate actually understand her view on the tariff and that she is quite happy to see their jobs go completely down the tube. It has often been said that it takes a village to raise a child, yet today in Australia we expect parents to raise children and cope with day-
to-day pressures with next to no assistance from a government that is tight-fisted and completely greedy—a government that, de-
spite all its talk, does not understand the needs of many families and in fact has absolu-
utely no real interest in helping families who are on low to middle incomes. The member for Indi was talking about not recognising a working class family; I am pretty sure she would not know one if she fell over one.

This government continues to penalise families through its disregard and mean-
spirited treatment—a mean-spiritedness that is manifested in numerous shameful policies that have begun to backfire on the govern-
ment. In the last 2½ months alone we have seen the government flip-flop all over the place on family policies—policies such as the family benefit, the carer allowance, the disparity in income between the top 20 per cent and the bottom 20 per cent, paid mater-
nity leave and the government’s very helpful suggestions on how to clear family debt. This week we have seen a situation come to light where millionaires have been taking advan-
tage of a loophole in the family benefit—a loophole that Minister Vanstone had no in-
tention of doing anything about until Labor released the information obtained through Senate estimates and forced the government to conduct an inquiry into the system.

While it might be excusable for an inci-
dent like this to come about as a one-off—
maybe—this situation has come on the back of the deplorable government attitude to the carer allowance, an attitude that has been very vocally and strongly put by the member for Throsby tonight. This is the carer allow-
ance that Minister Vanstone threatened to take away from the parents of children with disabilities, a carer allowance that gave par-
ents the princely sum of an extra $87 a fort-
night to cover the costs of doctors’ appoint-
ments, medications, travel costs and the other very necessary costs of caring for chil-
dren with high needs. As we are all aware now, many parents with children with dis-
abilities were sent a review form to fill in which asked parents to justify the care pro-
vided to their children.

Ms George—Disgraceful.

Ms O’BYRNE—Exactly; it is a disgrace-
ful situation. This was a form that had to be filled in by a GP or, in some cases in my electorate, by a paediatrician—a specialist who invariably does not bulk-bill, meaning the parents had to pay for an extended ap-
pointment with a doctor who usually had very little in-depth knowledge of the child. The undercurrent of this review was the be-
lief that people were rorting the system—rorting the system for an extra $87 a fort-
night. This type of heartless disregard for the daily struggle that these families endure is condescending and patronising. But that is not all. The July figures from the Australian Bureau of Statistics revealed that the in-
comes of the top 20 per cent have grown seven times faster than the bottom 20 per cent.

Mr Sidebottom—Seven?

Ms O’BYRNE—Seven times faster. The member for Braddon is, quite reasonably, surprised by this. This means that almost two-thirds of couple families with children
have had growth in their weekly income of less than $34 over the last four years. That is not enough to cover the increase in education and health care costs, let alone any other household costs. This increase is compared to the average weekly gain of $109 for the top 20 per cent of income earners. Yet this government continues to deny the increasing gap between the top and bottom income earners. But wait, there is more.

The government has been very vocal in its commitment to turning around the falling birth rate—something that I have done my very best to assist with—but it refuses to concede that the introduction of family friendly policies, such as paid maternity leave, might actually ease the burden on families and make it easier for them to think about having children. The Australian Social Policy Conference recently heard that there was a clear link between generous child support packages provided by governments and fertility rates. Surely this government does not really believe that refusing to assist families economically will have no impact on the decision by families to have one parent leave the work force to care for children.

And there is still more, Mr Speaker—I know that you are surprised, but there is more. Minister Vanstone also recently made a suggestion that families that had acquired family payment debts to the government had the option to pay these debts by credit card, thereby allowing them to increase their fly-by points. This is a ludicrous suggestion.

Mr Sidebottom—Fly-by poverty.

Ms O’BYRNE—Fly-by poverty; exactly. It is a suggestion that proves this government has no idea of the situation that many families are actually in. By suggesting that families should pay off one debt and accrue another that would attract a high rate of interest is irresponsible and negligent. Families need access to family friendly policies and flexible working arrangements that allow them to afford basic needs and to have a quality family lifestyle. Families do not need more broken promises and empty commitments from a government that clearly does not care about them.

Under a Labor government, families will have the right to negotiate family friendly workplaces that will allow them to create balance in their lives. Labor will also introduce paid maternity leave and improved access to affordable child care, and it will ensure that Australian parents do not have to choose between their children and their work.

Mr JOHNSON (Ryan) (9.23 p.m.)—I am pleased to speak in the House this evening about a group in this parliament that I do not believe has received much attention and recognition for the work it does. I would like to take the opportunity this evening to promote that group and, also related to that group, to speak about a delegation that I had the great honour of leading to the Philippines in July. The All Party Parliamentary Group on Population and Development was formed to advance Australia’s commitment to the aims of the 1994 Cairo program of action by providing a forum for discussion by members and senators of the Australian parliament on population development and reproductive health issues. The group organises seminars for both parliamentarians and those in the community to hear experts speak on issues that are very important for economic prosperity and social cohesion.

The All Party Parliamentary Group on Population and Development organised a study tour to the Philippines in July which, as I have said, I had the great privilege of leading. The delegation that I had the opportunity to lead included the member for Charl-
ton, who was the group’s deputy leader, the member for Franklin and also members from state parliaments in Western Australia and South Australia. We also had the pleasure of the company of three members of three different countries in the Pacific: the Speaker of the House of the parliament of Kiribati; a member of the parliament of Tonga; and the Hon. Lady Carol Kidu from the Papua New Guinea government, a very distinguished individual indeed.

The delegation went to the Philippines with the charter or the opportunity to observe reproductive health, population development and environmental projects. We had the opportunity to meet with senators and representatives of governments and with local officials as well as village officials from various communities in the Philippines. The delegation was concerned that the national fertility rate in the Philippines is some five and nine times higher than in other parts of the Philippines, and this will double by 2030.

The group visited organisations and communities in Leyte, Cebu and Iloilo that are working to combat the effects of rapid population growth and environmental degradation through the provision of reproductive health services, microcredit projects, reforestation, replanting of mangroves and other opportunities. The group expressed its strong praise for the leaders in the Philippines, like the mayors of Concepcion and Ajuy and the governor of Iloilo, who are working very strongly in effective partnership with NGOs to create sustainable communities. Communities of course also take ownership of their projects and make very positive outcomes. The group is very strongly supportive of the partnerships that have been formed. I want to pay tribute to AusAID as well, because the contribution AusAID makes in the various developing countries of Asia and South-East Asia is often unheralded. In this case we had the opportunity of seeing some of the projects that AusAID funds in the Philippines.

This study tour also gave us the opportunity of developing some links with, as I said, three members of Pacific countries—Papua New Guinea, Tonga and Kiribati. All three members would confirm that their trip to the Philippines opened up their eyes to some of the challenges regarding population and environment related issues and, of course, reproductive health. Personally, I am pleased to see how the Philippines, particularly at the local level, is addressing the serious challenges in population growth and the development issues that it confronts. As I said, this group consists of members across party lines; it is very bipartisan and very genuine in its interest in some of the issues that we looked at. Again I just want to compliment those who made the trip possible. The Australian Reproductive Health Alliance sponsored the group. The trip was financed by the David and Lucile Packard Foundation. A shoddy piece of journalism in the Courier Mail said that this trip was taxpayer funded; it was far from that. It was generously supported, as I said, by the Packard Foundation.

**Middle East: Israeli-Palestinian Conflict**

*Mrs IRWIN* (Fowler) (9.29 p.m.)—I want to draw to the attention of the House policies, which we should all find appalling, that are advocated by a member of the Israeli Knesset. Mr Beni Elon, a member of the Knesset, is reported to be an advocate of the mass expulsion of Palestinians. One journal quotes Mr Elon as saying that Israel has the right to bring upon the Palestinians another catastrophe similar to that of 1948, when an estimated 700,000 Palestinians were expelled during the Arab-Israeli war. The idea is dismissed outright by the former justice minister. But Prime Minister Ariel Sharon has not repudiated the idea of mass expulsion. This is not something reported in some left wing
journal; it is quoted from the Christian Science Monitor. And who is Beni Elon, this advocate of ethnic cleansing? He is not just a member of the Knesset but also a member of the Israeli cabinet—the same cabinet commended in the parliament on Monday in a private member’s motion by the member for Mitchell, Alan Cadman.

The SPEAKER—Order! It being 9.30 p.m., the debate is interrupted.

House adjourned at 9.30 p.m.

NOTICES

The following notices were given:

Mr Ripoll to move:

That this House:

(1) recognises the contribution of the Royal Australian Air Force to the defence of Australia;

(2) recognises and acknowledges the importance of the F111 fleet to the security of Australia and the region and the contribution this aircraft has made to Australia’s defence;

(3) congratulates the Australian Defence Force Parliamentary Program for giving Members of Parliament greater access and a better working knowledge of the daily operations of our defence forces;

(4) congratulates RAAF Base Amberley for the great work it does as a defence base and recognises the expertise of the RAAF personnel working at the base; and

(5) recognises the contribution RAAF Base Amberley makes to the city of Ipswich and the community link that has been fostered over many years.

Ms Hoare to move:

That this House:

(1) recognises the development and distribution of the tetanus vaccine in developed countries such as Australia has lead to the virtual elimination of the disease;

(2) notes tetanus continues to be a major cause of fatalities in many developing countries,

with some 100 million people still at risk of contracting the disease;

(3) calls for measures to be implemented that will lead to the elimination of tetanus in developing countries; and

(4) recognises the efforts of UNICEF and its programs in attempting to reduce tetanus in communities around the world.
The DEPUTY SPEAKER (Hon. L.R.S. Price) took the chair at 4.30 p.m.

SOLOMON ISLANDS

Debate resumed from 14 August, on motion by Mr Abbott:

That the House take note of the paper.

Mr KING (Wentworth) (4.30 p.m.)—It is my pleasure and indeed honour to support the motion before the House relating to the deployment of our forces, together with the forces of other Pacific island countries, to Solomon Islands in respect of the current emergency in that country. I do so from three points of view. First, I am pleased to support this proposal because, as a barrister, I am admitted to practise in Solomon Islands and I have been admitted for more than 15 years. I like to think that I have a deep knowledge and understanding of the law of Solomon Islands and that country’s institutions. You might note, Mr Deputy Speaker Price, that I said ‘Solomon Islands’ and not ‘the Solomon Islands’, because that is its correct designation. I have had the pleasure of appearing in the High Court of Solomon Islands on several occasions, initially in 1993 and most recently in 2000. The impression I have had over that period of time has been of a country in decline whose institutions have been under severe pressure. In spite of the fact that it had a legal system that I would describe as sound a system of law based upon legislation and the common law precedents familiar to those of us in this country who practice law and a system which was essentially sound in its composition and constitutional foundation, sadly, over time that institution—and in particular the courts, the police and the jails—have suffered. They have suffered because they have been attacked from within and without by elements in Solomon Islands which regrettably were initially in areas of the state, departments and bureaucrats, and more recently by criminal elements. The tragedy of Solomon Islands is that the boundary between government and those who would trash the system and the institutions of Solomon Islands has completely disappeared. From that point of view I see it as absolutely necessary that Solomon Islands be given a helping hand. I can think of no better words to describe the program of deployment than ‘Helpem Fren’, which is the name given to our deployment in Solomon Islands.

Second, I am pleased to support this motion because the second part of the motion concerns our endorsement and support of our personnel in the armed forces who are going to Solomon Islands. Some 1,500 personnel will be deployed, including 155 Federal Police, 80 members of the Australian Protective Service and a small number of officials drawn from relevant government departments, including Treasury, Foreign Affairs and the Australian Agency for International Development, the Attorney-General’s Department and DOFA. In all, the deployment will be of approximately 1,800 personnel, and our military deployment will be led by Colonel John Frewen of the ADF 2nd Battalion—a distinguished Australian soldier. It is headed by Mr Nick Warner, a senior official from Foreign Affairs and a former High Commissioner of Papua New Guinea. He has a long record of dealing with Pacific countries in crisis, such as Solomon Islands is in at the moment.

As a commissioned officer in the Royal Australian Navy Reserve, I am delighted that our forces are leading the way in Operation Helpem Fren. Sometimes when you are up, you have to help those who are down, and that is the situation in the Pacific at the moment. Australia is
a country that has shown that it has not just the right values but also the strength to help others who are in difficulty. Thankfully, those who are in difficulty are looking to us for leadership and assistance and not elsewhere. They are not looking to the darker forces that have sought assistance from al-Qaeda and others; they are looking to us and to the values that we all share and espouse on both sides of the House. Therefore, I am particularly pleased to be able to support the deployment on that ground as well.

Our forces have a long history of involvement in Solomon Islands. If you recall, Mr Deputy Speaker, only last Friday, 15 August was Victory in the Pacific Day. Significant numbers of Australian troops were involved in the Second World War at Guadalcanal. If one goes to Guadalcanal today, one can still see the old tanks and landing barges that were attacked and hit by the Japanese, whose incredibly superior forces took on our landing forces and did amazing damage, yet we triumphed. Only the other day the Manoora was in Guadalcanal, and it dropped a wreath where the Canberra was sunk by Japanese aircraft, with 80 lives lost, as it was supporting the landing forces at Guadalcanal. Interestingly enough, one of the naval personnel on that ship was the father of our current Minister for Defence. Thankfully, he survived. Australia has a long history in the Pacific and in defending values that are important to our country and to countries such as Solomons in the Pacific.

Mr Danby—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER—Is the member for Wentworth willing to give way?

Mr KING—Yes, with pleasure.

Mr Danby—Thank you very much. What is the member for Wentworth’s attitude to the differential in pay between Australian Federal Police and ADF personnel in the Solomon Islands? I understand that it is $100 a day and, surely, that must be of great upset to defence personnel deployed in the same region, doing the same kind of work.

Mr KING—I am glad you asked that question, because that issue has been addressed, as I understand it, by ADF personnel officers in a way that, I am sure, will be satisfactory to them and for the appropriate resolution of the deployment. Certainly Nick Warner has indicated that that issue has not in any way affected the outcomes that he is looking for and the effectiveness of our forces on the ground. Sometimes in relation to those issues adjustments need to be made, especially where you have personnel from different parts of the Commonwealth working alongside defence personnel.

Third, Australia should be in Solomon Islands because it is in our own national interest. It is in our own national interest because national security is broader than just protecting the borders of our own country. We have seen that in the ravages that occurred in East Timor. Earlier this year I was in Taiwan, where I attended a very interesting conference on Asia-Pacific security. We heard from many representatives of countries around the Pacific who felt under pressure in relation to national security issues and who felt that it was terribly important that all countries worked together in the Pacific to ensure that those outcomes were in the interest not just of each other but of the whole. Australia’s national security interests are involved. Those interests require our presence in Solomon Islands. All of us—I am speaking as an ordinary Australian—have a deep concern in ensuring that the national security of that country is protected, because it is also in our own national interests. With those considerations in mind, I warmly support the motion.
The problem in Solomon Islands has become one of utter lawlessness. The Townsville Peace Agreement of 2000 and the subsequent international peace monitoring team attempted to deal with interethnic conflicts in Solomon Islands, but those ethnic tensions have quickly degraded into a shocking fight between criminal gangs and those who would bludgeon institutions of government, commercial interests and ordinary shop owners. I remember having perhaps the best Chinese meal that I have ever had anywhere in the world—and I have had a few around the place—in Honiara, back in 1993. There were some wonderful Chinese restaurants along the waterfront there, but they have all gone. Small business now finds it impossible to operate.

Many expatriate Australians who lived in Honiara and, indeed, in the outer islands in the west and in other parts of Solomons have found it impossible to live there with their children. We had the recent example of a churchman, who was working as a pastor in one of the villages, being slaughtered. I have also had involvement with timber companies that have found it impossible to get their product to market simply because of the utter lawlessness that has occurred. Over the last six years per capita GDP has halved, falling below $US500 in 2002, and the economy contracted by 14 per cent in 2000 and by another nine per cent in 2001. It really is a shocking situation. Perhaps it reached its nadir with the slaughter of Sir Alfred Soaki, the former police commissioner and National Peace Councillor who was assassinated in February this year, and cabinet minister Father Augustine Geve who was killed in August of last year. Women are unsafe on the streets. Kidnappings, murder, rape and torture—all of these have gone unchecked.

I want to speak briefly about the longer term. I want to propose that Australia help this break-down of law and order in the system not just through Operation Helpem Fren and the $200 million that we are putting into the operation but also by looking at a new measure. I believe there is a need for Australia to show leadership, as we are doing through aid programs in other countries, such as Cambodia, where we are putting significant aid into the establishment of court, police and jail systems. We need to do that in Honiara to get these people back on their feet. But we also need to ensure that they are not going to fall by the wayside again. Australian taxpayers cannot be expected to go back, time and again, to solve these sorts of problems. We need to know that Solomon Islands is going to be re-established as a secure, stable country that continues to see Australia as a friend, and which we see as a friend, with values that are not dissimilar. Therefore, I am proposing that a legal system rather similar to the Privy Council system that formerly existed under the British Commonwealth be established across the Pacific islands and the Pacific countries, that there be a high court of the Pacific, and that a legal system that seeks to reinforce the values of law and order that exist in this country, New Zealand, Fiji and formerly in Solomon Islands be established. In the future, we will be proud of what our troops have done if we adopt such a measure now and in the longer term.

Mr DANBY (Melbourne Ports) (4.44 p.m.)—The opposition supports the decision of the government to join with governments of other Pacific countries in responding to the request of the Solomon Islands government for assistance in restoring law and order and the structure of government in that country. I join with other members of the opposition and the government in congratulating the ADF, the Australian Federal Police and other Australian personnel in Solomon Islands on the operation so far. I am pleased to see that this mission, Operation...
Helpem Fren, appears to be already marked by considerable success, particularly as shown by the surrender of gang leader Harold Keke. Nevertheless, this exercise will be an expensive one and will impose further strain on our overstretched defence forces. Whilst I am keen to maintain the bipartisan tone of this debate, it would be irresponsible not to point out the size of the intervention and the burden it will place on our defence personnel, which is already great. A deployment of this scale, it is my contention, might not have needed to be so extensive if early warning signs about the situation in Solomon Islands had been heeded by the government some time ago. There have been problems in the Solomons for many years. There were interventions by armed gangs during the so-called coup of 2000. The first two months of 2002 saw the shoot-up of the police headquarters in Gizo, a government minister accused of extortion, daily acts of intimidation of businesses and individuals, an increasing number of home robberies, hijacked vehicles, the murder of police personnel and the assassination of government officials. Some of these were outlined by the previous speaker. They have all been part of the worsening situation of the last three years.

Solomon Islands is an excellent example of what happens when a colonial power withdraws from a country and then leaves it to its own devices with a state structure which cannot be sustained because the state has insufficient revenue, because there are not enough trained personnel to maintain the state infrastructure and because the postcolonial system takes little account of ethnic and regional differences. This is not an argument for continued colonial rule; it is an argument for the view that postcolonial states must continue to receive active assistance from their wealthier and more developed neighbours when these problems occur in order to overcome them. Sadly, the Solomon Islands did not receive this timely support. The former colonial power must take some blame for this, but so must the Solomons’ wealthy near neighbours, Australia and New Zealand.

The Howard government signalled its lack of interest in the past in Solomon Islands—not ‘the Solomon Islands’, as the member for Wentworth pointed out in his remarks—and our other neighbours when it came to office and abolished the post of Minister for Pacific Island Affairs, which had been filled with distinction in the Labor government by the former member for Kingston, the Hon. Gordon Bilney, a former diplomat and the predecessor to the current excellent member for Kingston. Our neighbours correctly interpreted this as a sign of indifference. So did people like George Speight in Fiji and the ethnic warlords in Solomon Islands, who assumed that they could intimidate and loot weak postcolonial governments without fear of punishment.

The government cannot claim that it had no warning about the impending crisis in Solomon Islands. I agree with the member for Griffith when he argues that the foreign minister should have taken notice of the warnings he was given three years ago by, amongst others, the member for Denison. He and the government should have agreed to a modest deployment of police in the Solomons at that time. The present extremely expensive deployment, as I said previously, might not have been necessary if this had been attempted. The intervention would have had the support of the Solomon Islands government and would have been welcomed by the people of Solomon Islands. It might have encouraged the people to stand up to ethnic gangsterism. I was a bit taken aback by the interjection of the foreign minister at question time that thousands of people had had their lives saved by interventions that he had been in-
volved in. I thought that was a bit of hubris. Timely action at the time might have been more appropriate in the case of Solomon Islands.

The government hoped, at the time, that a patched up Townsville agreement would solve the country’s problems. I am not suggesting that Australia should have gone in, guns blazing, at that point. It should have been obvious, however, that ethnic disputes were the real problem in Solomon Islands, and a number of informed people said at the time that this was the case. The real problem was the collapse of the state’s revenue and hence its infrastructure. The reason that people in Solomon Islands began to take the law into their own hands was that they no longer had any confidence in the state to protect their lives and property. A sign from Australia, at the time, that it was willing to bolster the rule of law in Solomon Islands with more than words might have saved Solomon Islands from the troubles of the past three years. We could also now say that it would have saved the Australian taxpayer a lot of money.

I would like to focus on some remarks by a former foreign minister of the Solomon Islands Labour Party, who was speaking on the ABC on 5 June 2003 about Australia’s lost opportunities. He said:

Obviously, when the government in any country is not in control of enforcing the rule of law in that country, then the Government cannot function, and that was the situation the PM of Solomon Islands was in when he asked for assistance.

When Australia sort of decided that maybe that was not a good course of action, instead of discussing the matter with the PM, it seems to me that it was just ignored, and it has been left, and now it’s too late to do anything about it.

This Australian government often seems to forget where we are in the world. We are in the South Pacific and we are in Asia. The government should focus on that. We cannot pretend we are part of Western Europe or tucked away with our friends from North America. Our first priority must be this region of the world. As Dr Stewart Woodman from the Australian Defence Force Academy says:

We could have seen this thing coming for some time, I believe, in the Pacific, but in some ways I suspect our focus has been, shall we say, in larger games to the north.

Despite this, there was a clear need for police intervention. David Hegarty from the Research School of Pacific and Asian Studies at the ANU said just a few months ago in a submission to the Senate Foreign Affairs, Defence and Trade References Committee:

In the past, Australia has, appropriately, said that it respects the national standing of neighbouring island states and that it deals with them on a government-to-government basis. But the legitimacy and efficiency of some governments is likely to reach the stage where those conventions of basic international discourse cannot be sustained. Australia may well face the circumstances where it will have to intervene in more direct ways. Presumably this will be done in concert with regional nations, but it will require high levels of sensitive diplomacy and make high demands on armed and unarmed services required to work in what may well be chaotic circumstances.

When considering interventions of whatever kind—from military to humanitarian assistance—policy planners will need to be alert to the principles that not one size fits all, that interventions must be designed to meet specific circumstances .... Lessons can be drawn from the three successful interventions in the region—East Timor, Bougainville and Solomon Islands—which illustrate the necessity of:

- understanding the particular local circumstances
- getting the shape and nature of the intervention force right
- appreciating the limitations of intervention...
It is on this issue of a postconflict crisis in our region that I want to make some remarks. Such issues as disarmament, demobilisation, rehabilitation and indigenous leadership of the peace process are all important issues that we must take into consideration. Similarly, the Solomon Islands Labour Party said to the same inquiry:

Australia should give priority to getting law and order in Honiara back on track. There was a project by AusAID known as the Institutional and Capacity Strengthening Project. In this project, advisers are provided to the Royal Solomon Islands Police. However, this has proved not to be capable or an effective measure of assisting the Solomon Islands Police Force return to normalcy.

This is not surprising, as most of the high-ranking police officers whom the Australian advisers have been assigned to advise are heavily implicated in the events of the ethnic crisis and the coup of 2000. Also the relationship between these high ranking police officers and the so called former militants ... is basically intact ...

It is the view of the Solomon Islands Labour Party that the only way to break this nexus between the law breakers, law makers and law enforcers is for a neutral force to be dispatched to the Solomon Islands to support the efforts of the majority in the country who want to clean up this mess.

That is why, as the Leader of the Opposition stated:

The principal aim of this intervention is to restore peace and stability in our region. As such it is fully consistent with Labor’s foreign policy, which focuses on the region. The action forms part of a consistent pattern of Australian intervention in regional conflicts, from Cambodia in the early 1990s to East Timor and to Bougainville in the past few years.

However, there are some problems with this intervention. The people of Solomon Islands do welcome this police intervention—

A division having been called in the House of Representatives—

Sitting suspended from 4.55 p.m. to 5.09 p.m.

Mr DANBY—As I was saying before the suspension, people from Solomon Islands welcome the restoration of law and order. There is widespread concern about the heavy Australian Defence Force presence there, however. There are 1,500 ADF personnel now in Solomon Islands. Australia must be alive to how this is perceived by people there and in the region. While there is an obvious need for the AFP contingent to be protected, other countries have expressed concern about the number of ADF personnel present. Just like the US intervention in Iraq, it would be much better for the people of Solomon Islands, for the people of Australia and indeed for the people of the United States if there were a policy of ‘quick in and quick out’. As soon as the security situation is restored, having only a minimal level of security profile and presence would be ideal for the restoration of Solomon Islands sovereignty.

Some valuable political lessons have been learnt by this government. When we have a military deployment like that in East Timor, the people rally around the flag and the leader. The Prime Minister might want to keep Australian troops deployed in Solomon Islands month after month until the election next year—I hope that is not the case.

I also want to draw attention to something in the intervention—that is, defence personnel and Federal Police officers are working side by side in the same operation, with troops getting $1,059 a week and police getting $2,200 a week. In my view, this discrimination against Australian soldiers is a disgrace. Justifiably, many of the defence personnel deployed to Solomon Islands are angry that such a discrepancy exists between troops and Federal Police officers. I
know that the Federal Police officers union negotiated a very good arrangement, but Austra-
lian troops should be treated equally. Both the Federal Police personnel and the defence troops
face the same hardships and possibly the same dangers in performing this important national
task.

The Minister for Defence has stated that defence personnel are authorised to shoot to kill if
needed, under what he termed ‘military rules of engagement’, yet the Howard government has
authorised a deployment allowance of just $55 a day, with no tax concessions on salary. At the
same time, the government has granted Federal Police officers sent to Solomon Islands an
exemption from income tax, and a number of additional allowances. This leaves a Federal
Police officer $170 a day better off when compared to what they would receive in Australia.
In my view, there is a dramatically different treatment of defence personnel as compared to
that of police personnel on the same mission. Only after being questioned in parliament by
Labor did the government release details of the terms and conditions given to the AFP per-
sonnel.

On top of being short-changed compared to the AFP personnel and being confined to base,
defence personnel have been surviving on hard rations for at least three weeks. While fresh
food is available from locals who are just four hours flight away in Townsville, ADF person-
nel have been forced to eat dry rations. As any of us who have spent time with the ADF will
know, eating from ration packs is certainly not something that one wants to do over a long
period of time—indeed, not even for a short period of time. This is an example of the ADF
personnel being treated rather poorly.

I conclude by saying that, despite this, I and the opposition support the intervention be-
cause it is the right thing to do to help our Pacific neighbours. It is right for the people of
Solomon Islands. It is a responsible exercise of Australia’s role in the region. I am very
pleased with the way that the deployment has worked out at this stage. Labor hopes this inter-
vention will show similar gangster elements in other Pacific countries that such deployments
might happen if they try to abuse their power against the legitimate governments of our
neighbours in the Pacific. Labor supports the motion.

Mrs GALLUS (Hindmarsh—Parliamentary Secretary to the Minister for Foreign Affairs)
(5.13 p.m.)—More than ever before, Australia is engaged in assisting our neighbours in the
Asia-Pacific region. We now have more than 150 police and Protective Service officers and
about 1,500 military personnel engaged in assisting the Solomon Islands. Let me address
some of the points made by the member for Melbourne Ports, who clearly had misunderstood
something that he had read and did not understand the situation in regard to both salaries and
allowances. All ADF and AFP personnel deployed as part of the Regional Assistance Mission
to the Solomon Islands are entitled to the same tax treatment under the Income Tax Assess-
ment Act. The salaries and allowances of all ADF and AFP personnel will be tax free after a
qualifying period of 91 days of continuous service in the Solomons. The tax exemption ap-
plies from the first day.

Where the member has become a little confused is with regard to allowances. The Austra-
lian Federal Police receive a deployment allowance of $48.86 a day, which is tax free after a
qualifying period of 91 days of deployment—as you would realise, the AFP will, of course, be
there for a lot longer than the military. By comparison, ADF personnel receive a deployment
allowance of $55.50 a day in recognition of the level of threat. This allowance is tax free from
Although the agreement to assist the Solomon Islands to resolve their current problems was signed only four weeks ago, progress to restore law and order has been above expectations. As the parliament would know, Harold Keke, whose activities have terrorised the Weather Coast on the south side of the island of Guadalcanal, recently surrendered to the regional assistance mission. Harold Keke and his senior offsiders are now securely in custody while police investigate their alleged crimes.

Australia’s presence in the Solomon Islands has been welcomed by everyone in the country, including rebels such as Harold Keke, former members of the Malaita Eagle Force, civil society, the parliamentary opposition and, of course, the government, which initiated the request for help. When asked, we responded to the call for assistance on condition that there was a formal request from the government of the Solomon Islands, that enabling legislation was passed through the Solomon Islands parliament and that unanimous support was received from the nations of the Pacific Islands Forum.

At this point, I stress that this is not solely an Australian operation. Australia is leading a joint regional operation, with personnel from New Zealand, Fiji, Tonga and PNG serving alongside Australians and with contributions expected next month from Vanuatu, Samoa, Kiribati and the Cook Islands. As the largest nation in the region, it is appropriate that we take the majority of the burden. But, without the support of our neighbouring Pacific countries, Australia would not have been prepared to take on the engagement in the Solomons to the extent that we have. We are a neighbour; we are not a neo-colonial power. We are taking the lead as part of a cooperative intervention. Operation Helpem Fren is part of Australia’s continuing assistance to the Solomon Islands.

Unfortunately, over several years the Solomons have faced a number of difficulties. In late 1998 ethnic tensions escalated when the people of Guadalcanal became resentful of the large number of people from the neighbouring island of Malaita who were settling on Guadalcanal. By mid-1999 the Guadalcanal Revolutionary Army, later named the Isatabu Freedom Movement, had taken control of much of the land around the capital of Honiara. As a result, up to 20,000 Malaitan settlers were repatriated from Guadalcanal to Malaita. In response, the Malaitans formed the Malaita Eagle Force and took armed action against the IFM. In June 2000 there was a coup, with MEF militants, together with disaffected police officers, seizing control of key installations in Honiara and forcing the then Prime Minister to resign. Following the coup and in response to requests for assistance, Australia brokered a ceasefire between the factions.

With a long history of involvement in supporting Pacific island states, in August 2000 Australia was able to initiate the Townsville Peace Agreement, which effectively brought the end to much of the ethnic conflict. The peace agreement was then implemented with the help of the international peace monitoring team, which Australia led and largely funded. Unfortunately, although ethnic fighting largely ended, new problems started to emerge. In the last few years law and order in the Solomons has deteriorated, undermining the stability of the country and contributing to its decline.

As part of the breakdown in law and order, government officials, including the Prime Minister and his cabinet ministers, have been threatened with violence by ex-militants, criminal
gangs and rogue elements of the Solomon Islands police. As a result of these problems, per capita GDP has halved, exports have dropped 80 per cent and budget deficits have spiralled out of control. The police force has shown that, by itself, it cannot restore law and order.

Under the Howard government, more than ever before Australia is taking a key leadership role in the Asia-Pacific region. When asked for help by the East Timorese, this government stood up for the Timorese and provided the assistance needed to help Timor Leste become the world’s newest independent nation. When we received a request from the Solomon Islands for help, we marshalled support from the region and as a result today we have the regional assistance mission restoring law and order in the Solomon Islands.

As I mentioned earlier, the progress to date has been outstanding. About 2,500 weapons have been handed in with a couple of days still to go until the 21 August deadline when the weapons amnesty ceases. Harold Keke has surrendered and members of the former Malaita Eagle Force have handed over a number of weapons. The people of the Solomon Islands are starting to feel secure and hopeful for the future.

Our contribution to the Solomons is much greater than just our leadership and contribution to the regional assistance mission. As was the case in East Timor, our involvement will not stop with the cessation of military activity in the Solomons; Australia will remain to assist with the rebuilding of that country. In recent years, Australia has been contributing over $35 million a year in development assistance to the Solomon Islands. This has included community projects to support peace building and to provide a ‘peace dividend’ to Solomon Islanders. These projects help the communities to help themselves—for example, by supporting local villagers to build their own schools by using their own labour. We have assisted in training and strengthening the Royal Solomon Islands Police Force. We have also helped keep rudimentary health services running throughout the Solomon Islands—essential support that has saved lives. However, because of the situation in the Solomons, Australia will now provide significantly increased aid, continuing to build on the work we have done to date and increasing our support in two key areas. These two areas are law and order, and economic stability.

Under the law and order part of the Australian aid program, we will be assisting the Solomon Islands to complete their new prison so there will be a secure facility in which to hold those who have broken the law. We are also helping to train the prison service staff who are responsible for guarding the prison. Australian personnel will be assisting Solomon Islands magistrates and other parts of the justice system by providing training and on-ground support. Similarly, we will be building on the present gains with the Royal Solomon Islands Police Force to further improve their capacity to maintain law and order.

The second part of our increased aid program will focus on economic recovery. There is an urgent need for strict budgetary processes to be put in place in the Solomon Islands so that the basic government functions can be afforded—for example, so that government employees can be paid the wages they are currently owed. The program will fund experts to work with their Solomon Island counterparts in such areas as finance, revenue collection, customs, debt management and public sector reform.

Under the Howard government, Australia is engaged in our region more than ever before. We are playing a leadership role that will create stability in the Solomon Islands. We are helping our neighbours reach their potential, economically and socially, and as Australians we should be proud. And we should be proud of our forces who are serving in the Solomons, both
the Australian Federal Police and the Australian Defence Force. In answer to a complaint made by the member for Melbourne Ports in regard to food, I assure the member for Melbourne Ports that a kitchen is now open on the Solomon Islands and for the past couple of days everybody has been receiving fresh rations and will receive them into the future. The member for Melbourne Ports can be reassured about that. In conclusion, as a nation we should be very proud of what we are achieving together with our neighbours, and we should be proud of the friendships we continue to forge in the region.

Mr MOSSFIELD (Greenway) (5.24 p.m.)—I rise to support the remarks of the Leader of the Opposition and other Labor Party speakers who have indicated our support for the Australian Regional Assistance Mission to the Solomon Islands. This intervention force is led by the Australian Federal Police, the military and Protective Service personnel. As the Leader of the Opposition says, it meets all the criteria that Labor believe to be necessary for an effective and legitimate Australian commitment to a peacekeeping effort in the Solomon Islands.

Australians have read with concern and seen on TV screens that lawless gangs have virtually taken control of Solomon Islands and turned ethnic disagreement into a reason for armed attacks on innocent civilians. If we are able to provide military personnel to conflicts in far-off Iraq and Afghanistan, it is only fair that we come to the assistance of our near Pacific neighbours when specifically requested to by their elected governments. It is also only fair that we provide security as well as social and economic assistance to small Pacific states such as the Solomon Islands which provided a blanket of protection to Australians in the Second World War and which, since that time, have been locations for outgoing tourism. I have had the pleasure of visiting a number of our Pacific neighbours, such as Vanuatu, Tuvalu, the Cook Islands, Fiji, Papua New Guinea, Tonga and Kiribati. I notice that these states will be providing some peacekeeping forces to the Solomons. I have also had an overnight stop in Honiara. The other thing I should mention when talking about our assistance to these countries is that volunteers from Australia provide great assistance to these people, particularly in the medical field. Only a week or so ago, in my office, I presented certificates to a couple of people who were volunteering their services in Fiji.

In general, people from these regions are peace-loving, family-oriented people. Their relaxed culture centres on family, church, singing, dancing and, of course, sport, particularly rugby union. We are fortunate to have many of these communities living in Australia today. We are able to enjoy their culture, and their sporting skills strengthen our various sporting codes. But this unique Pacific culture can easily be destroyed by corruption, lawlessness, poverty and environmental damage. The Solomon Islands, which gained its independence in 1978, is facing numerous political and economic challenges. It has seen corruption, resource exploitation and economic stagnation. These pressures have led to ethnic disputes over land and jobs, resulting in violent clashes between ethnic groups, with casualties on both sides. The violence has been made possible in some cases by the use of a number of illegal weapons which have come from the long-festering conflict in nearby Bougainville. It is pleasing to see that, as a result of the intervention of our peacekeeping forces, many of these weapons are now being turned in and destroyed and one of the leading troublemakers, Harold Keke, has surrendered and is now in custody. It is reported that, when the gun ownership amnesty expires this Thursday, 21 August, some 950 guns and 17,000 rounds of ammunition will have
been surrendered since the Australian troops arrived in the Solomons on 24 July. This is a pleasing result.

The Labor Party has urged a proactive role for Australia in the Solomon Islands. It did not agree with the government in 2001 when it held that the solution to the Solomon Islands’ problems was home-grown. The member for Denison, in his contribution to this debate, pointed out that the Australian government should have acted earlier when the Solomon Islands situation was less serious than it later became. When an Australian delegation, led by the President of the Senate and including the member for Denison as deputy leader, visited the Solomon Islands in April 2000, the Prime Minister of that country at that time asked the delegation why the Australian government had not supported the Solomon Islands request for a Commonwealth intervention force of approximately 50 police to reinforce their local police force. At the time of this request, the elected government was still in office, key institutions of the administration were still functioning and the police force, with some difficulties, was still providing law enforcement in the capital, although, of course, it would have been greatly assisted by a further injection of police from neighbouring countries. Unfortunately, this request was not taken up by the Australian government. Only a short time later the country descended into anarchy, with the armed kidnap of the Prime Minister and his forced resignation. Many people died in the violence that followed.

The Labor Party saw, as outlined in the Leader of the Opposition’s speech, that the problem of lawlessness in the Pacific islands was of great importance to Australia’s long-term foreign policy interests. Indeed, the Labor Party created the position of the Minister for Pacific Island Affairs when it was in government. The Pacific islands are in our immediate geographical region and, while our trade, military and cultural ties are stronger elsewhere, we nevertheless have an obligation to engage in our region. The ALP has always recognised this.

The lawlessness in the South Pacific had the potential to create an environment where drug running, people-smuggling, money laundering and other transnational crimes could flourish. Of future concern in today’s terror-charged climate is that terrorists themselves could use our Pacific neighbours as a stepping off point to attack targets in Australia. This would be more likely to happen in a country where law and order have broken down. That is why regional stability is so important and why this peacekeeping mission is supported by the Labor Party.

It is important for Australia and New Zealand to be seen as the goodwill leaders in the Pacific because this is our region of influence—not Iraq or Afghanistan. We are prepared to subject Australian taxpayers to finance our military operations in faraway lands, but we cannot afford to fuel up our own naval patrol boats in the Pacific so that they can fully patrol their area of responsibility. This is another fact that we were advised of during my two trips to the Pacific. In many cases, the patrol boats were tied up and limited in their operations because of the cost of fuel.

The other issue that I observed in my two trips to the Pacific is the growing influence of other nations, particularly China. This will grow if Australia and New Zealand leave a vacuum. There are considerable strategic, social, environmental and humanitarian reasons for accepting the Solomon Islands government’s invitation to be part of a peacekeeping force, and it is good that the Australian parliament is able to accept this invitation in a bipartisan way. Quite clearly, the assistance to the Solomon Islands, subject to that government’s request,
needs to go beyond restoring law and order. Restoring the economic and commercial structures will also be important.

Earlier media reports have referred to the virtual collapse of the banking system in the Solomons. In an article in the *Sydney Morning Herald* in May this year by Tom Allard, it was reported that ANZ, Westpac, the National Bank of the Solomon Islands and the Solomon Islands Central Bank had closed their branches following visits from ‘well-known Solomon Islands enforcers’ demanding to open an account. The ANZ spokesman is quoted in the Allard article as being ‘concerned that the request to open an account could serve two purposes—to provide the means to launder money or to encourage irate investors to besiege its premises demanding promised returns’.

The issue of Australia’s responsibility under international law also needs to be examined concerning our involvement in the Solomons. The shadow minister, the member for Griffith, covered this point in his contribution in this debate. The Solomon Islands situation is that a sovereign government and the parliament of that country requested intervention, and therefore the doctrine of state sovereignty which forms the core of the UN charter is preserved. Also, the fact that the mission to the Solomons has been endorsed by the Pacific Islands Forum again reinforces the doctrine of state sovereignty. I believe that the Australian government should not simply stop at restoring law and order; we should offer the Solomon Islands assistance in restoring their domestic economy, which, because of the law and order problems, is on its knees. The CIA’s *World Factbook*, which was updated on 1 August this year, states:

The bulk of the population—

of the Solomon Islands—

depends on agriculture, fishing, and forestry for at least part of their livelihood. Most manufactured goods and petroleum products must be imported.

The islands are rich in undeveloped mineral resources such as lead, zinc, nickel, and gold. However, severe ethnic violence, the closing of key business enterprises, and an empty government treasury have led to serious economic disarray, indeed near collapse.

Tanker deliveries of crucial fuel supplies (including those for electric generation) have become sporadic due to the government’s inability to pay and attacks against ships. Telecommunications are threatened by the non-payment of bills and by the lack of technical and maintenance staff, many of whom have left the country.

The Australian government’s natural desire to withdraw troops as soon as possible should be tempered by the need to work with the Solomon Islands authorities to restore the economic and civil infrastructure. It is highly likely that this will take more than just a few months. We have seen in Afghanistan and Iraq that winning the peace is a lot harder, in many cases, than winning the war.

We see in the Solomon Islands that the civil infrastructure has collapsed. There is a lack of confidence in the local law enforcement agencies and the judiciary. Politicians have been accused of corruption. There are disagreements on land rights and the rights of various tribes. The present government also needs to restore its authority. Now that we are there, Australia must ensure that we achieve for the people of the Solomon Islands a situation that will enable them to return to their relaxed, peaceful lifestyle. As a means of playing a greater role in the very difficult circumstances facing our Pacific neighbours, the federal government should consider reintroducing a minister with Pacific island responsibilities.
We have a responsibility to our region as well as to our allies elsewhere. The intervention force in the Solomon Islands, along with our troops in Bougainville and East Timor, are examples of the leadership role that we can and should be playing. I support the motion.

Mr LINDSAY (Herbert) (5.37 p.m.)—I would like to use my contribution in this debate to recognise the extraordinary professionalism that the men and women of the Australian Defence Force in Townsville contribute to Australia’s peacekeeping operations overseas. Townsville has been the centre of most of Australia’s military operations overseas in the last 20 years, and the Solomon Islands deployment is no different. Many of the resources of the ADF have come out of Townsville, and many ADF people in Townsville, both in the Army and the Air Force, have been involved.

I pay tribute to the Commander of the 3rd Brigade, Brigadier David Morrison, who as leader of the 3rd Brigade has responsibility for the operations of the 2nd Battalion in the Solomon Islands and of the 1st Battalion in Timor. I also pay tribute to the men and women of the Royal Australian Air Force and, in particular, to Wing Commander Glendon Krause, base commander of 323 in Townsville, who almost on a daily basis is servicing and supporting the airlift movements that occur from Townsville direct to the Solomon Islands in resupply operations and other movements. Townsville indeed is the centre of Australia’s overseas responses, particularly in relation to the Solomon Islands.

The 2nd Battalion has been a very busy battalion this year. Not only is Lieutenant Colonel John Frewen, the CO of the 2nd Battalion, with his company in the Solomon Islands; he also has a contingent in Iraq. That particular contingent has the role of protecting Australia’s diplomatic post in Baghdad and protecting airport operations at the airport in Baghdad. Later this year, in October, the 2nd Battalion has been chosen to trial the United States Land Warrior system. This is a revolutionary, state-of-the-art system where the soldier operates in the battle space as a system. It is quite remarkable. The equipment enables the soldier not only to remain much safer than currently is possible but also to be much more highly effective than currently is possible. It does that through a number of mechanisms, and these mechanisms will be trialled by the 2nd Battalion at the high-range training area and perhaps at the Tully jungle training area in October.

Soldiers wear a kit which is basically a computer, battery packs, computer controls, a GPS, a wireless LAN and a radio communications system. Attached to all that is a weapon that has both thermal and visual sights on it so that the soldier can operate whether it is day or night. The beauty of this system is the safety that it affords the soldier in the battle space. The soldier can be out of harm’s way while effectively being a very dangerous element to an enemy. The commander, who may not even be on the battlefield and might be in another country, through an eyepiece that the soldier wears can present to the soldier a topographical map of the battle space that the soldier is in. On that map can be the exact location of all other members of the company who are part of that operation. On top of that, the commander can superimpose the locations of the enemy so that at all times soldiers know where the enemy is and where the friendlies are.

Because the weapon that the soldier carries has imaging sights on it, the soldier does not even have to be able to see the target. The soldier can be safely behind a wall, in a building or on the edge of a cliff and can put his weapon around the corner or over the cliff and see the target without actually being in danger. A few weeks ago I was very privileged to trial the
Land Warrior system in the United States. I was given five live rounds and I was able to hit the target five times without actually ever seeing it. It is a great system. The wireless LAN is just revolutionary. It comes with all the computer LAN facilities that we have in a normal office but it is on the battlefield. You can have access from one soldier to another soldier, one soldier to all soldiers or one soldier to the commander. It has endless possibilities, as it operates as a local area network.

On top of that, there are more developments coming which Australia will be part of. For example, there will be a photovoltaic soldier’s uniform which will charge the batteries, and the soldier will not even know that his uniform is charging them. There will be fibre-optic controls that will allow certain other sensor operations—which I cannot speak about—to operate, with the soldier not even being aware that he is a sensor in the battlefield and giving the commanders very accurate information indeed.

The 2nd Battalion is without doubt currently Australia’s prime battalion in the Australian Defence Force. I congratulate the men and women who operate within that battalion on their professionalism. But I do not want to forget the 1st Battalion, which is also based in Townsville and is currently on rotation to Timor. In two weeks or so I will be seeing Lieutenant Colonel Stewart Smith and his people over in Maliana. I look forward to renewing old acquaintances. They are over there again in relation to Australia’s national interests and looking after the people of East Timor.

The government have put enormous resources into making sure, as we have in the Solomon Islands, that our national interest is well supported by the Australian Defence Force. We could not allow a failed state to exist in our region and we cannot allow future failed states to exist in our region. That is why the Prime Minister’s attendance at the South Pacific leaders forum has been so important. All the nations have come together with the same common purpose and view. Australia will play its part in whatever needs to be done to ensure not only the homeland security of our country but also the security of our friendly neighbours.

There has been some misinformation put about in relation to the Solomons. I am very sad to see that—the Australian Defence Force should not be used as a political tool. There have been some in the community who have not played the game and that is disappointing. There have been allegations, for example, that the allowances that our soldiers get in Timor are considerably less than what the Australian Federal Police get. Nothing could be further from the truth. I want to put that particular allegation to rest. The Australian Federal Police personnel in Timor receive an allowance of $48.85 a day. In comparison, ADF personnel receive a daily allowance of $55 in recognition of the Solomons operational environment as determined by the Chief of the Defence Force, not by the government. Contrary to the assertion that police officers are better off because they are entitled to tax-free salaries, AFP, APS and ADF personnel deployed to the Solomon Islands are all entitled to the same tax treatment under the tax act—let us be very clear about that.

In relation to the claim that the ADF members are not allowed to move around, there is a very good reason for that. The commanders have determined that it is not wise to have too many uniforms in the wrong places. Whilst the commander there has now allowed some of the troops into Honiara, it is done on a rotational and managed basis so that it does not present the wrong view to those who are in the Solomon Islands. In relation to ration packs, there was the claim that the members of the Defence Force had to eat hard ration packs while the mem-
bers of the AFP were basically doing it very nicely, thank you very much, with fresh food. Before the soldiers left Townsville they were told and they understood that they would have to go onto hard ration packs until it was prudent to make other arrangements. Those other arrangements have now been made and the soldiers are able to have fresh food. That will be ongoing. But make no mistake about it: when it comes to operational matters the ADF will do what needs to be done in the interests of mounting a proper operation. They are not going to take the way out which says, ‘First and foremost, when you go to a foreign country we will have toffee and ice-cream for you.’ The ADF does not work like that and nor do they expect it. It is to their very great credit that the members of the ADF are indeed so professional.

I would like to indicate that as well as being a centre for the Army and the Air Force Townsville is also a very important port for Navy ships, principally the Manoora, the Kanimbla and the Tobruk. The LPAs in particular—the Manoora and the Kanimbla—have been to Townsville so many times this year, taking heavy lift equipment out of Townsville to the Solomons and elsewhere, that there is a case to be made for the Manoora and the Kanimbla to be home ported in Townsville. I have raised this before, and currently the Navy has decided that the Manoora and the Kanimbla should be forward based in Townsville, meaning that it is likely that they could be tied up for 75 days a year. With the way that the Manoora and the Kanimbla have been supporting the 3rd Brigade in Townsville—the 3rd Brigade is their major customer—it is probably sensible to base those two ships in Townsville and to establish a Navy base. It is high time that Defence considered that. That would save running up and down the coast in the way these ships do going back down to Sydney, where they are currently home boarded. It is high time to move them to the North, because that is where their need is and where their customer is. I will be again raising with Defence the prospect of home porting the Manoora and the Kanimbla in Townsville, and I hope that I will get a favourable response from Defence in that regard.

I, too, hope that it will not be too long before we see the 2nd Battalion back home in Townsville. As I said, they have had a very busy year, and they will go back to being the online battalion in the not too distant future when the 1st Battalion returns to Townsville. They are doing a mighty job. All Australians are proud of what the ADF have been able to do in the Solomons, the very efficient way in which they have been able to do it and the results we have been getting. There is every confidence that the deployment will be of a shorter rather than a longer duration. In closing, I would like to pay a tribute to the sometimes forgotten members of the ADF team—that is, the families who remain at home. I thank them for their support of their partners and spouses by remaining in good spirits back home in Townsville. I hope that we will be able to reunite families in the not too distant future.

Ms GRIERSON (Newcastle) (5.51 p.m.)—I also rise to support the Prime Minister’s motion for intervention in the Solomons by Australian police and defence personnel as part, unfortunately, of a combined regional support force. That this intervention was the result of a formal request from the Prime Minister of the Solomon Islands, Sir Allan Kemakeza, and was formally endorsed by his parliament is of some comfort for us in the opposition that this time the government got the process right. This decision, unlike the one taken to engage in war in Iraq, means that intervention takes place as a direct result of a majority-supported request from the parliament of the Solomon Islands, within the context of public support for the restoration of confidence in the state by its citizens and its regional neighbours. Law and order is
definitely the key to building a prosperous, safe and fair society. Without law and order and some governance certainties, domestic strife, crime and corruption do grow and good people can be forced to look the other way. Eventually, we were observing a once proud and strong society fragmenting with sadness and fear.

This intervention is significant and will not be free of difficulties and sacrifice. But just what has occurred to make this intervention necessary? It is possible to detail the historical events in the Solomons that reflect the decline in statehood, but it is also important to study Australia’s role and responsibilities in that decline and in its restoration. Security in the Solomons declined steadily following the emergence of ethnically driven violence on the island of Guadalcanal in 1998 particularly. The tension arose from the Guadalcanal people’s resentment of the influence of settlers from other islands, particularly Malaita. By mid-1999 the Guadalcanal militants had taken control of the countryside around Honiara. This violence triggered an exodus of some 20,000 Malaitan settlers back to Malaita.

In June 1999 a state of emergency was declared and, in spite of the Honiara peace accord, law and order continued to deteriorate. In 2000, after a military coup, the Townsville Peace Agreement was signed after talks assisted by New Zealand and Australia. A peace monitoring council was formed to enforce that agreement, and in 2001 observed elections saw Sir Allan Kemakeza elected Prime Minister. In spite of his early reform efforts, the finance minister, Laurie Chan, resigned on 7 December 2002 in protest against the cabinet’s decision to pay $6.2 million in response to extortion demands from local police. Throughout this period of instability, the economy of the Solomon Islands rapidly declined. Per capita GDP was halved from a high of $US1,000 in 1996 to below $US500 in 2002. The total amount of public debt that the Solomon Islands bears at the moment is estimated at some $2 billion in their local currency.

After Laurie Chan’s resignation, the Solomon Islands government considered replacing the Prime Minister. I was in the Solomon Islands, as part of a delegation led by the Minister for Foreign Affairs, Alexander Downer, the very day that was being considered by the Solomon Islands parliament. Even as a relatively new backbencher then, the evidence of our neglect of our relationship with our Pacific neighbour was evident. The minister and his parliamentary secretary had perhaps come too late, too infrequently, after doing too little.

The tension in Honiara on that December day in 2002 was palpable, with an atmosphere of unrest and anticipation of imminent violence. Honiara appeared to me, as a visitor, as a male-dominated city—too many young men, with too much time on their hands, little money, no work, spasmodic education and very little to do. A casino and betel nut were perhaps the main distractions.

As part of the delegation I visited our aid projects, ranging from the Community Peace and Restoration Fund program to the Lighthouse Rehabilitation Resource Centre for adult literacy. In both places I saw genuinely hardworking people with great motives and motivation, but they were certainly constrained by some of our requirements in aid. It was sad to see a Community Peace and Restoration Fund program perhaps dominated by the bureaucratic demands of paperwork and strategic plans; one wondered whether that was really the way to achieve the best outcomes. At the Lighthouse Rehabilitation Resource Centre, where adult literacy was a major goal, I saw happy people working very proudly to attain some outcomes, but I
also saw teaching aids that would have had very little success and which were very inappropriate.

At the Honiara hospital there was great dedication by our aid workers who were assisting with record keeping and administration, but it was obvious that resources were low and that hygiene standards were lower than we would expect. That the fracture clinic dealt mainly with beaten women was a sad reflection of the disharmony in that local community. During that visit the female MPs spoke with women leaders who told us of their difficulties in becoming involved in governance in their country. With a high birth rate—an average of five or six children is common in families, with nine, 10 or up to 12 in some village communities—women have a primary role in maintaining family life and therefore have few opportunities to be involved in the decision making end of that community life. However, it is women who have a real vested interest in restoring harmony within their communities and who are generally the community builders and peacemakers. I hope that our continuing Australian aid projects in the Solomon Islands attempt to give more opportunities to women to participate in the rebuilding of their nation’s strength.

The Solomon Islands is one of our nearest neighbours. It is only three hours flying time from Brisbane. Over the past five years, sadly, it has become a nation in decline, suffering a political and security crisis which has stifled its economy, disrupted our aid programs and donations and inflicted hardship and much suffering on its people. But there have always been many strategic imperatives for Australia in maintaining a strong relationship, one of mutual benefit including humanitarian, economic, security and diplomatic concerns. The Solomon Islands’ dive towards state failure has been evident for some time and it has been evident that they have needed our help. I strongly support this motion because I know how much it is needed.

More aid has never been a solution. Withdrawing aid under threat was also not a solution. Building a strong and respectful diplomatic relationship has always been essential and that takes a great deal of effort, consistency, trust and certainly respect. This new approach that we have seen in the Solomons has been needed, and I was delighted to see the recent Pacific Islands Forum signalling that some of this will be a lasting beginning which will be beneficial—and jointly beneficial to our Solomon Islands neighbours. It will be beneficial because it has that joint control and involvement and genuine cooperation and consultation. Australia must not be seen as a benevolent colonial type, interfering in the domestic policies of other countries. There is no room for paternalism and we must avoid the perils of neo-colonialism. We must intervene in a way that is appropriate to the interests of the Solomon Islands and to our national interest as well.

Reform is essential. Some of the reforms discussed at the Pacific forum are being fleshed out in the right way. Good ideas have been put forward. No-one has accepted anything they felt uncomfortable with. There is a great opportunity for pooling of economic resources. There will be an opportunity for regional training. The approach to establish a college to train a regional police force, should it be successful, will be a great measure that has arisen from this forum. It is better, though, to assist with the basics first. The basics are, of course, law and order. Cooperation in other ventures can perhaps come later.

The appointment of Greg Irwin as the next Secretary-General of the Pacific Islands Forum has been welcomed. Fortunately, consensus does exist that he has the correct diplomatic cre-
His brief is to reform the regional organisation of the forum that has existed for three decades and its secretariat. The opposition encourage him and congratulate him on his appointment. We clearly cannot tolerate deviations from this important initiative and agenda, but we certainly must make sure we continue our aid programs and that anticorruption measures are built into those in the right way. The outcome should always be important in judging and funding our aid projects.

Currently, assisting the sense of self-determination and sovereignty that our neighbour the Solomon Islands aspires to is paramount. Sustaining the national pride that that country has always had is important. When I was in the Solomons there was an amazing contrast between the very remote islands and the sad situation in the city. We must show our respect for the cultural independence of our island neighbour but realise that we cannot stand by and watch any longer the decline and deterioration that can result, as we know, in corruption and crime. The government and the opposition have shared real concerns that that decline could result in organised gun running, money laundering and other crime—and even assist the efforts of terrorism in our region.

We congratulate the Pacific forum. It has set a new check list of good governance, and that has been accepted. It asked the governments in its member countries to respect the rule of law and democratic institutions and to display honesty in dealing with their people and their legislature. Those are noble ideals. The forum has endorsed the Australian led intervention and decided to establish the regional police training initiative, with Australia being a major contributor. Multilateral cooperation is a better model and one that the Labor Party have always endorsed. We have seen success in Cambodia, Bougainville and East Timor from this approach and we are pleased that it is guiding the Solomon Islands intervention process now.

There has been discussion of the need for some standing regional forces to be set up. That is something that requires very careful negotiation. It can only be initiated at the will and with the agreement of our Pacific neighbours. It must have a role in assisting them with crises of all kinds, particularly as that area is prone to the problems of weather extremes.

The real task now is to help each nation of our Pacific region to maintain their identity and independence through stronger mutual involvement in and cooperation with all nations in the region. Pacific nations will need to be convinced that Australia’s agenda is supporting Pacific foreign policy, not our own independent foreign policy or one dependent on existing alliances. It will take a sustained and comprehensive multinational effort—and we are hoping that that is what we will see—to solve the violence and corruption, and restore order and safety. But we must be prepared this time to make a sustained effort. We cannot be there for the short haul; we must be there for the long haul.

We in the opposition praise the Australian Federal Police and our military personnel who have been sent to the Solomons. We are proud of our forces and know that they act with integrity. However, I support Senator Evans’s comments that there are issues of treating our forces with consistency and equity. It is true that the Australian soldiers in the Solomon Islands are being paid much less than their police colleagues while on this assignment; $56 per day for our defence personnel compared with $166 per day for their police comrades cannot be building harmony at the moment. There are no tax concessions on those salaries either. I urge the government to consider that our defence forces make a marvellous contribution and give very unselfishly. It is time we considered that they have been under great strain for some time.
I would also just like to make special mention of Dr Chris Miller, a Newcastle doctor, who is now in the Choiseul province as a primary health care administrator. He is supported by generous donations from the people of Newcastle. I think three containers of medical equipment have already been sent over—all donated and all assisted locally. I know that Chris is being received very well by the community of which he is now a part. He details in some of his emails the problems with TB—a disease which we have perhaps forgotten about but which is very real in that community.

Finally, I support the motion and praise the involvement of New Zealand in negotiating towards this outcome. Obviously our New Zealand neighbour is very highly regarded by Pacific nations for its integrity. I wish our forces and our personnel a safe return and, of course, I wish peace, harmony and a strong nation state for the people of Solomon Islands.

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (6.06 p.m.)—The member for Newcastle has given a neat summary of the sequence of events which has led to the impasse and the crisis which preceded Australia’s leadership of the Regional Assistance Mission to the Solomon Islands. It is perhaps sad that it takes these moments of crisis to force members and senators in this place—and perhaps Australians more generally—to a more intimate understanding of the special circumstances and challenges faced by our neighbours. I suppose the whole human race suffers from an intrinsic tendency towards self-centredness and towards the squeaky wheel.

We need to move towards an attitude of greater engagement and an active building of human relationships with all of our Pacific neighbours, who have suffered in the past from the smallness of their size and the remoteness of their geography. The nation of Solomon Islands would constitute about three electorates in this federal parliament in terms of population. Nonetheless, when even a very small neighbour goes through a period of crisis, which some in diplomatic circles describe as verging on becoming a non-state, the whole world feels it. Even at this great distance, we feel it. It demonstrates, in a way, that the whole of humanity is in fact connected. The hand cannot say to the foot, ‘You are not a part of this body.’ When one part feels pain and injury, the whole body feels it.

That injury has been growing in Solomon Islands—in particular since December 1998, which saw the formation of the Guadalcanal Revolutionary Army. Members may be aware that Solomon Islands is an archipelago made up of a vast number of coral atolls and inhabited and uninhabited islands. Although it has a population of only 500,000, it is serviced by 30 airports and boasts 120 indigenous languages. That, I think, is an expression of the geographical isolation and remoteness of these small settlements dotted across the archipelago. For different reasons, Papua New Guinea likewise has a vast number of languages and different tribal and clan groupings, which has made the formation of a unified nation state a very great challenge.

We in this country, having in effect completely marginalised the small Indigenous population of Australia, have had the benefit of a largely ethnically, linguistically and religiously homogenous population for the first 160 years of our existence as a modern nation. Of course, the Solomon Islands is not in that fortunate position. So, as the people of Malaita converged in search of employment and access to services around the capital of Honiara in the Guadalcanal Province, we saw growing tensions between the two ethnic groups. These tensions began with relatively innocuous skirmishes and expressions of criminal behaviour.
I recently spoke with some Solomon Islanders who said that when the troubles first started they just assumed it was a few of the boys playing up. They never imagined that a mere five years later their country would be coming to the attention of the world as a consequence of the civil war which has brought the small island nation to its knees. The signature form of engagement and the particular method of killing in the strife that developed between the Guadalcanal Revolutionary Army—which subsequently became the Isatabu Freedom Movement—and what was then called the Malaita Eagle Force was the decapitation of victims by machete, which of course struck terror throughout these communities. As a consequence we saw the economy go into freefall and the cash agricultural crops collapse because markets could not be found, and travel between and on the islands became impossible.

I recently had a Solomon Islander in my office who talked, with a beaming smile, about the fact that since the arrival of the regional assistance mission, led by Australia, for the very first time he was able to get a taxidriver to drive him from Honiara to his village up on the ridges in the hills surrounding that capital city. It is difficult for us to visualise the challenges and problems faced by this country, which even in peacetime faced significant policy dilemmas, such as the dying of the coral reefs which surround the island, long-term problems of deforestation as the pressure for cash crops became great, and problems of soil erosion. To those natural environmental challenges were added violence, lawlessness, the tendency for extortion, the compromising of the police force and of most of the organs of government, the emergence of organised criminal gangs, the assassination of prominent figures active in the peace movement, the closure of banks, and the freefall of the economy.

We are now engaging in this. It has been suggested that we did too little, too late; in fact, to be fair to the government, Australia has been quite actively engaged in this process for some time. It was aboard the HMAS Tobruk in July 2000 that the ceasefire was first negotiated, which subsequently led in October 2000 to the signing of the Townsville Peace Agreement. Australia was very active in providing monitors, along with numerous other states, for the elections which took place in December 2001 at which a mere 12 out of the 50 incumbents were re-elected. At that election, Sir Allan Kemakeza was elected to again lead the Solomon Islands as Prime Minister. By all accounts he is working with great industry to try and stabilise the situation, with the help of the regional assistance mission.

Australians sometimes will express a patronising frustration with the apparent institutional incapacity of the Solomon Islands to get their act together, but in debating a motion such as this we ought to acknowledge that we do not come to the debate with entirely clean hands. I cite merely one example. It was Alvaro de Medana, the Spanish explorer who first discovered gold 400 years ago at the mouth of the Mataniko River in the Solomons. That deposit, according to most estimates, has the capacity to provide 30 per cent of the gross domestic product of Solomon Islands. In fact, an enterprising Australian company, Ross Mining, responded to the government tender to develop the resource and in the end was successful after an exhaustive process involving negotiations with 21 clans and 600 signatories and the establishment of an excellent relationship with the Gold Ridge landowners association, who, under the agreement that was finally negotiated, were given a guarantee of 1.2 per cent of the production of the mine regardless of the profitability of the mining company.

That mine stands idle today, with the millions of dollars of expenditure that Ross Mining had made gone completely to waste, not because of bickering among the landowners but very
largely because of the actions of an Australian law firm acting in support of an unscrupulous businessman, Denis Reinhardt, supported by Slater and Gordon out of Brisbane, who worked for three years to frustrate every attempt to open the mine, primarily because their client wanted the contract to provide the mine with electricity. In a matter that was determined at first instance and then appealed and appealed again to the Solomons appeals court—a matter heard by Sir Anthony Mason, a former judge of the High Court in Australia—this Australian law firm was guilty of a range of tortious actions in maintaining a legal action for the improper purpose of seeking to gain revenue from the outcome. At a time when we are critical of Solomon Islanders for their obsession with compensation and with a ‘cargo cult’ mentality, it is deeply regrettable that respected Australian law firms have been setting that kind of example. So today a resource worth potentially a third of the entire gross domestic product of this country is lying in desuetude.

I conclude by making a few remarks about how Australia ought to constructively engage in the rebuilding of this small island neighbour of ours. Other speakers have referred to the dangers of a colonial or postcolonial mentality of paternalism, of patronising an island people. On the other hand, it is perhaps true that, out of fear of the accusation of imperial, arrogant behaviour, we have tended not to be engaged enough in the affairs of our island neighbours. Somehow we have to find a balance which involves a high level of institutional and human engagement with our neighbours but which at the same time does not convey arrogance from the leading and largest economy in the region. We have to find ways to strengthen the institutions of Solomon Islands without a blanket template imposition of Australian values, traditions and structures.

I note that The World Factbook describes the system of government in the Solomon Islands as a ‘parliamentary democracy tending towards anarchy’. It must be our hope that, over the decades ahead, the people of the Solomons can make their parliamentary democracy a truly indigenous institution, that the police force can be characterised by consistency and integrity, that the economy can be restored to some measure of stability and prosperity, and that the natural resources of the Solomons, which are in some abundance, can be effectively harnessed in an environment of peace and respect for the rule of law.

We ought to begin this most recent chapter in the engagement between Australia and the Solomons with a recognition that we do not have 20/20 vision, we do not have the answers to all the problems and we have not had a record of sparkling success in standing alongside our Pacific neighbours in a non-patronising but actively engaged leadership role that allows them to strengthen their own institutions in their own way while moving towards a position of stability and the freedoms which come from the rule of law, which we all take for granted in this country. I commend the motion, and support and acknowledge the level of expertise and interest that my colleagues have demonstrated so far.

Mr PRICE (Chifley) (6.21 p.m.)—Firstly, I want to make it very clear that, like all opposition members, I am supporting the government in this initiative. We welcome the initiative. We believe it to be in our own best national interest. Earlier in the debate, when I was in the House, there were a couple of issues raised to do with personnel that I thought I should deal with. Firstly, the Parliamentary Secretary to the Minister for Foreign Affairs said that the ADF troops there now were no longer getting ration packs and were getting fresh food. I welcome that and I am pleased about that. The honourable member for Herbert seemed to think that it
was okay that the Australian Federal Police and others in the Solomon Islands should be getting fresh food and the troops getting MRE meal packs, because, before they departed, the troops were told that that is what they would be getting for three weeks. That may be the case, but the honourable member for Herbert usually displays a greater keenness for the welfare of troops than that comment reflects.

The other point I would make is that there is a degree of controversy about the relative pay of the Australian Federal Police, who are receiving $170 a day in allowances and concessions, and the ADF personnel, who are receiving $55 a day. There is a difference of about $120 a day. As I understand it, the defence people are saying that, given the nature of the deployment, $55 a day is the appropriate ADF allowance. I am happy to accept that reassurance, but we do have a problem, because our troops are more likely, I think, to face a hazardous engagement. After all, that is why they were sent there in such numbers; it was not merely for display, although there is some display. They are there for real engagement, although hopefully that will not be required. We do have a problem when there is this anomaly. I do not think it is good enough for the government to dismiss it in the way that they have. We need to sit down and work out a system that appears to reflect relative justice to all those that are there. I am not saying the police do not deserve the money they are receiving. That is not my argument. My argument is that, if we have two groups of people there doing very important work, there should be a measure of wage justice. Please do not so easily explain it away.

While I am on that, can I say that the hallmark of this government is to deploy troops to situations without a defined time line for their deployment and a defined exit strategy. That causes me concern. I raise this not in a really partisan way. I raise this as someone who knows only too well that in Rwanda and Somalia people pleaded with us to stay but we said, ‘This is what we’re sending our troops for. This is what they’re expected to achieve. This is when they’ll be pulling out’—and they did. I accept that there is difficulty in transitioning a situation from that heavy reliance on troops to a more normal situation. It is not easy to achieve but unless we put these time lines on we put our troops’ lives at risk.

I would say that I am probably a little bit the odd one out within the Labor Party about my concerns for East Timor. I have always taken the view that the only people who can bank on future security are really the Indonesians. We need to build up the in-house capability of Timor Leste but, most particularly, push the relationship and the dialogue and the understanding. In East Timor, again our troops are going to have their allowances halved. Madam Deputy Speaker, you may say that is fair enough as the situation is very different from when they were first there and, after all, we are shortly to draw down from over 1,000 troops to a ‘company group’ of about 383 troops—and that is going to happen. But what I do not think is clearly understood by the Australian people is that their area of responsibility is going to increase by a third. So we are reducing our troops by two-thirds but at the same time we are increasing the area of responsibility by one-third and we are cutting their pay in half. It is predicated on the assumption or belief that East Timorese are going to be able to take over some of the functions. I am not in a position to talk about that. I regret to say—and I have said it to some of my colleagues, not being one of these smart people that always have this great hindsight—that on the recent Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade trip to East Timor we did not speak with the East
Timorese and we did not speak to the UN about their assessment of the ability for these functions to be taken over.

So what am I saying? I am saying that, like all Australians, I hope things go well and on track, but there are possibilities that they may not. That is a concern to me. This deployment of troops to the Solomon Islands is very necessary. I do not argue about it, but what is the time line? We know that we are going to have an involvement in the Solomon Islands for some years, but how long are we going to have the troops there? What are the preconditions for bringing them out? When will they come out? I cannot answer those questions. If there is a government member here that can provide those answers, I would be very pleased if they would.

While I am talking about these things, I want to put on the public record that in recent times no government has asked more of the ADF in the national interest and the pursuit of government policy. I believe the ADF has responded magnificently. However, I also think that the ADF is dreadfully stretched and none more so than Army. We now have the absurd proposition where Army is saying that it is government policy not to support the 1-1-1 principle—that is, one unit deployed, one resting and one training up. That has been rejected. We have five reserve brigades and we now have a combat company out of each reserve brigade—that is one 100 people, if we are using 100 as a number; numbers are always rubbery in Army. Out of more than 3,000 troops, you get 100—a company brigade—and they are supposed to be the combat element that will provide assistance in protecting buildings and in a general protection role. Having a defined role for reserves is great, but a few years ago I was advised that the training and proficiency required for the protection role were not as high as they were for regular soldiers. That troubles me.

We are also using the five brigades to provide slots for the Army—the so-called slot theory: where there is a deficiency, you pluck someone out of the reserve and put them into full-time service to provide slots. That has proved to be useful, but at the end of the day, if you are spending nearly $1 billion—$950 million—on your army reserve, you want to get more than five companies out of it. I should also add that they are blended companies; they are not formed units. So you will not necessarily have a full platoon or a company stationed at one depot; you will have bits and pieces spread all over the place, and they will be blended to make that company. How you get training proficiency on an individual basis or with one or two people working together defies my belief; I have not seen the military theory that supports that. If you are spending $950 million on the reserves, you need to do a lot more than that.

Under the Howard government, we have never had a ministerial statement about the reserves. I have spoken in the House about—I will be guarded in my language—the change to high-readiness reserves and all that. We have not had one ministerial statement on the combat reserve. As a member of the Defence Subcommittee of the Joint Foreign Affairs and Defence Committee, I can say to the House that I have pleaded time and time again to see the sustainability model of Army, because I have significant doubts about what it is currently premised on. We are currently doing an inquiry into Australia’s maritime strategy. We cannot get—but we have asked for—threat assessments. You cannot judge the strategy—not that we want to be critical—if you cannot get the threat assessments.

These are concerning things. I have said in the past that the very success of the ADF can lead to problems of complacency, of resisting the urge to change. With defeat comes the ne-
cessity to change. Our very success—and I am one to hail the success—brings with it problems with regard to properly reforming the place.

I apologise that I have strayed into broader defence issues, rather than speaking about the Solomon Islands initiative. I just remind government members that the previous government had a junior minister responsible for Pacific island affairs. I am not saying that it is the absolute panacea to all the problems, that it is the ultimate solution, but I think that it is an appropriate thing to contemplate, especially as in the Constitution the federal government was given exclusive responsibility for Pacific island affairs.

The now Minister for Foreign Affairs, when in opposition, was always accusing us of taking our eye off PNG. Ironically, I guess, the problems have developed in the South Pacific. The Solomons are considered to be a failed state. I regret to say that there are other countries which, if we do not call them failed states, are at least in a very worrying condition. Hopefully, this will be a model of regional cooperation and of Australian initiative and partnership with countries in our region that will bring long-term and sustainable—that is the key point—benefits to our region and in particular to the 500,000 people who comprise the Solomon Islands. I commend the paper to the House.

Mr GEORGIOU (Kooyong) (6.35 p.m.)—I wish to speak in support of the motion moved by the Prime Minister regarding the Regional Assistance Mission to the Solomon Islands. It is important to highlight at the outset that all parties in the parliament have expressed their support for Australia's mission in the Solomons. The Leader of the Opposition left us in no doubt last Tuesday as to Labor's strong bipartisan support for the regional intervention force and for the processes by which the decision to commit Australia's resources was taken. I also note Mr Crean's acknowledgment of the fact that the Prime Minister had briefed the opposition on the government's plans. In the Senate, the foreign affairs spokesman for the Australian Democrats and the leader of the Australian Greens both reported their support for the motion. This is indeed an important example of cross-parliamentary support for a government initiative that bodes well for the success of the mission.

Criminal lawlessness cannot be tolerated in any society. In the Solomon Islands, such lawlessness has created the basis for a social and political failure. It has manifested itself in an upsurge of kidnapping, murder and torture, as criminal elements in that community fight amongst themselves. Police have been unable to control the criminal element and innocent people have been caught up in a situation which is not of their making and which has assumed such proportions that the Solomon Islands parliament has called for assistance.

The Solomon Islands is one of Australia's closest neighbours, and over the past five years its political and economic life has descended into a deep crisis. The government has found it nigh impossible to maintain the functions of public service and public administration. The Solomon Islands people have undergone suffering and hardship, and the situation has been exacerbated by the doubts of international donors that aid can any longer be used effectively. Australia and other Pacific nations were confronted with the reality that inaction on their part will almost certainly allow further disintegration of public order and allow the prospect of any semblance of government in this small and vulnerable nation to disappear.

This difficult situation has emerged from a troubled national history. After the Second World War, control of the islands reverted to Britain and the formal machinery of national government was established. What failed to develop in the intervening two decades before
independence was granted in 1978 were the institutions and ethos needed for effective self-government. This led to a feeling that is still widely held amongst Solomon Islanders that, because it was so poorly prepared for independence, the country was not given a decent chance right from the start. During the 1980s and later, Solomon Islands governments were characterised by their erratic use of government resources, and in fact corruption did become endemic. Not surprisingly, people began to lose confidence in government and the formal political processes of that country.

Disputes between ethnic groups over land provided the genesis for the current high malaise. Since the war, people from the island of Malaita have progressively moved to the island of Guadalcanal to work in agriculture and urban jobs in Honiara, including the public service. Resentment grew as the Malaitans intermarried and bought up land from traditional landowners on Guadalcanal. Without rehashing this long history, the bottom line is that, in 1998, tension escalated out of control and clashes between the two sides resulted in significant casualties. The government was unable to maintain law and order, particularly as armed police had split and taken sides along ethnic lines. Tourist resorts, the main palm oil plantations and the Gold Ridge goldmine—in fact, all of the country’s key export earners—ceased operating. Without adequate revenue, government services faltered. Foreign nationals were evacuated as armed gangs roamed the streets.

Despite local Solomon Islands women’s, church and youth groups working to establish a more settled environment, a gang culture took root in parts of the country, especially in and around Honiara and on the south-west coast of Guadalcanal, the Weather Coast. The culture of corruption deepened; government credibility and authority eroded and the economy effectively collapsed. GDP fell by 14 per cent in 2000 and 10 per cent in 2001. It has halved in real terms since independence in 1978, while population has grown at the rate of 3.3 per cent per year. The statistics since 2001 are usually marked by blanks and N/As. Exports fell 60 per cent in the five years to 2001.

Some of the problems of governing the Solomon Islands were poignantly outlined by the Solomon Islands foreign minister following the Pacific Islands Forum meeting in June. He said:

You’re looking at the economy … You’re looking at Treasury being harassed and intimidated. You’re looking at Cabinet not being able to meet in its Cabinet. We’d have to go into different locations for it. You’re looking at militants shooting at the Prime Minister’s house … there’s a whole bunch of problems we have that we need to address. And anything, any prerequisite for economic recovery, must look at the law and order situation.

This recitation of problems reveals a cluster of characteristics of a state verging on failure. The risk, as the Prime Minister has said, is that if this downward spiral is not arrested the result could be ‘the total collapse of Solomon Islands’ governance and sovereignty’.

There is good neighbourliness in the mission to the Solomons, but the reality is that there is a great deal of enlightened self-interest as well. In recent years we have developed an increasingly acute awareness of the potential danger that failed states pose not only to their own citizens but also to the international community. A study published in The Washington Quarterly says:

... failing or failed states draw terrorists, where the breakdown of authority gives them the ability to conduct their operations without risk of significant interference.

MAIN COMMITTEE
Failed states offer a place where terrorist organisations can conduct training, store arms, base communications facilities and develop businesses to generate income for terrorist acts. Terrorist organisations and organised crime networks can establish transshipment points for drugs, weapons and money. Ineffective or non-existent law enforcement permits terrorist groups and criminal groups to engage in smuggling, drug trafficking and other activities which provide the funds for terrorist operations. Weapons held by the armed forces of the failed state may fall or be transferred into the hands of terrorists. Indeed, in the Solomons, a police armoury was raided and weapons were stolen. Thus, to the humane concern for the wellbeing of citizens of failing states, the association between failed states and transnational crime and terrorism adds a very real security imperative for intervening to stop the failure of sovereign nation states.

Australia’s aid to the Solomons has almost trebled in the last five years, from $13.2 million in 1998-99 to an estimated $37.4 million in 2003-04. This has had a positive impact—for example, it has increased government revenue and kept rudimentary health services across the country running. Australia helped to broker the Townsville Peace Agreement in 2000 and was a key contributor to the international peace monitoring team overseeing the agreement’s implementation. When the situation deteriorated dramatically earlier this year and the Solomons sought strengthened assistance, the Australian government was willing to provide it on three conditions: firstly, that the Pacific Islands Forum supported the initiative; secondly, that there was a formal request from the Solomon Islands for assistance; and, thirdly, that legislation was enacted in the Solomons to authorise the presence of external personnel.

At the meeting in Sydney on 30 June, ministers representing all 16 Pacific Islands Forum countries agreed:

... the extent of the problems facing the Solomon Islands now called for a concerted regional response, as envisaged by the Biketawa Declaration.

They unanimously:

... endorsed the provision of a package of strengthened assistance to the Solomon Islands including a policing operation to restore law and order, supported, as required, by armed peace-keepers and a program of assistance to strengthen the justice system and restore the economy and basic services.

This regional commitment is a significant one for Australia. As the Prime Minister has said:

With the Regional Assistance Mission to the Solomon Islands, Australia has signalled it is willing, in a cooperative and collegiate way, to play a supportive, stabilising and, if it is required, more interventionist role in the region.

Over and above the unanimity of purpose in the region, the mission does have United Nations endorsement. Secretary-General Kofi Annan commended the Pacific Islands Forum countries’ collective action to support the government and the people of the Solomon Islands in their quest for the restoration of law and order and stability. The Secretary-General particularly noted the leadership offered by Australia, together with New Zealand, in close partnership with other countries in the region. He emphasised that the United Nations was fully prepared to contribute actively to peace building in the Solomon Islands. So this is a mission with both regional and general international backing.

The second requirement was that a formal request for assistance be made by the Solomon Islands. The Prime Minister has received such a request from the Solomon Islands Governor-General on behalf of the Solomon Islands cabinet. Moreover, the Solomon Islands parliament...
has endorsed the strengthened assistance offer. The third and final requirement was met on 17 July when the Solomon Islands parliament unanimously passed legislation giving powers and immunities to enable police and other personnel to carry out law enforcement functions. As well as being a necessary formality, this is also symbolic in a context where the mission is seeking to restore one of the essential elements of a strong and independent nation state—namely, an effective legal system. As the foreign minister has said:

This intervention ... has to be done in a way that is consistent with the normal processes of Solomon Islands law.

Thus, with all three of these conditions met, on 22 July the Australian government agreed to deploy the regional assistance mission, and the mission is of course now under way. The mission essentially involves two stages. The first is to stop the violence, get the guns and other weapons out of the community and restore law and order. Having restored a secure environment, the second stage is to implement economic and governance reforms, rebuild the police force, the judiciary and correctional services, stabilise government finances, ensure the delivery of basic services, undertake economic reform and rebuild the essential machinery of government. This fundamental and wide-ranging agenda is intended to provide a basis for the future independent security and prosperity of the Solomons.

The strength of Australia’s commitment to restoring to the Solomon Islands peace and security and control of its own affairs is evidenced by the scale of its likely costs in terms of both money and time. The mission is estimated to cost between $200 million and $300 million annually for up to 10 years, covering the commitment of military forces—which is expected to be short term—and an expectation that the Australian Federal Police, aid officials and economic advisers may be involved in the Solomons for many years.

As reported in the press today, the Australian Defence Force chief, General Peter Cosgrove, after visiting the regional intervention force, has confirmed the success of the mission so far—a success further highlighted by the events at the Pacific Islands Forum over the weekend. At the same time, General Cosgrove did underscore the need for avoiding complacency and the fact that much does need to be done. But the reality is that this early assessment is very encouraging for the mission and for the future of the Solomons.

In conclusion, to all the personnel conducting this mission on the ground, from Australia, New Zealand, Fiji, Tonga and Papua New Guinea, I offer my appreciation of their efforts and I offer my best wishes for their safe and successful return. I note particularly the Australian contingent of 155 Australian Federal Police, 80 Australian Protective Service personnel, 1,500 defence personnel and various government department officials. The thoughts of the whole parliament are with them and their loved ones. I commend the motion to the House.

Ms JULIE BISHOP (Curtin) (6.50 p.m.)—It is the accepted responsibility of developed nations to assist less fortunate nations. This is, after all, the rationale for foreign aid, of which the Australian government provides around $1.8 billion annually. The substantial proportion of that aid is spent in our immediate region, most particularly in Papua New Guinea and in the other nations of Melanesia, Vanuatu and the Solomon Islands. This too is a given. Papua New Guinea is our former colony. There is a fraternal responsibility on our part for that nation’s future development as well as a strategic return on our investment. Similarly, Vanuatu is a former Anglo-French colony which received its independence in 1980, and the Solomons was granted independence by Britain in 1978—so far, so usual.
But this moment marks a turning point in a three-decade-long national approach to the Pacific islands. The Australian government has agreed to escalating calls for intervention in the Solomon Islands. Fifteen hundred Australian troops supported by 500 colleagues, including from New Zealand and Fiji, are now in the Solomon Islands to support the efforts of civilian administrators and police led by the former ambassador to Port Moresby and former ambassador for counter-terrorism, Nick Warner, to restore order to that troubled nation. In essence, Australia is now offering actions, not merely words, in response to pleas for assistance.

We have not necessarily been so responsive in the past. From the Solomons alone Australia has in the past ignored governmental requests for military intervention, notably just prior to the 2000 coup in Honiara. This inaction has not necessarily been unwarranted nor has inaction been necessarily callous. The planning response to the 1987 Fijian coups revealed the significant degree to which the Australian Defence Force was incapable of deploying military force away from our shores, particularly without the support of the United States military. It is only now, after a much needed investment in the ADF capability and after the experience garnered in Timor, Afghanistan and Iraq, that such a deployment is a ready option. Thus the deployment of the civilian and military forces to the Solomons is to the government’s credit. Australian intervention signals to our friends and neighbours and to the rest of the world that we are serious about the alleviation of suffering and the defence of liberty.

It must be said that there are issues of strict national interest that propel us towards preemptive action in the Solomons. One reason surely is that a failed Solomons threatens a domino effect across Papua New Guinea and Vanuatu, and further afield. Another is the ever-present threat that the political vacuum in Honiara will be filled by undesirable states—for example, Libya, whose interest in neighbouring Vanuatu has long been noted—or non-state actors such as terrorist groups. The ABC has already reported the news that suspicious Pakistani nationals have been observed visiting the islands. But as Dr Robert Ayson of the ANU Strategic and Defence Studies Centre has noted, it is not, nor should it be, a narrow realism that motivates Australian intervention. We have an obligation to our neighbours to come to their aid when required. This is not paternalism; far from it. This is fraternalism. Our historical responsibilities, our shared past, our hopeful future together draw us back into the region. Five hundred thousand Solomon Islanders look to Australia for their salvation, and the world looks to us to meet that test.

Not that the test in question is not difficult. I had the opportunity to join the foreign minister, along with a number of other parliamentary members, in Honiara last December, and I had the privilege to meet the resolute but embattled supporters of democracy in the Solomons both within and without government. During my visit to Guadalcanal I was shocked by a realisation that there was a sense of sheer fear from just being on the streets of Honiara, a capital wrenched by ethnic war and civil disorder in a nation bloodied by violence. We would not expect an Australian to live in such conditions and we ought not to expect our neighbours to do so.

A variety of issues needed to be addressed before an intervention was green-lighted. These included, firstly, that intervention could proceed only at the instigation of and with clear support from the Solomon Islands government. Such notice was prefigured by Prime Minister Sir Allan Kemakeza, the Right Honourable Father Sir John Ini Lapli, the Right Honourable Sir Peter Kenilorea, Malaitan Premier Reuben Moli and Deputy Commissioner of the Royal
Solomon Islands Police Wilfred Akao. On 11 July, the parliament of Solomon Islands confirmed a formal request for assistance by the Governor-General and has since passed enabling legislation to facilitate coalition operations on its islands. The intervention has the strong support of the people and government of the Solomon Islands.

Secondly, it required a firm understanding of the costs. It has been estimated that a 10-year-long civilian engagement could cost Australian taxpayers $850 million and could risk the lives of Australian soldiers and police as well as civil servants. These costs, however they have been estimated, must be considered in light of the more than $100 billion in aid to the Pacific which constitutes our response to regional dysfunction to date and the greater costs that might accrue through inaction.

Thirdly, another basic requirement was multilateral support of and participation in an intervention. This does not necessarily mean the involvement of the United Nations. There is already a good general understanding on this issue among Australia, New Zealand and the other members of the South Pacific Forum as well as a broader Commonwealth concern that might include the United Kingdom in related operations. This is essentially a matter of balance between operational efficacy and the sharing of risks and costs. On 30 June, the Pacific island foreign ministers met in Sydney and unanimously agreed to support intervention. As I have already noted, Wellington and Suva have backed up that declaration with a military commitment.

Fourthly, it requires the realistic provision of armed support. Given the existing situation on the islands, particularly on Guadalcanal’s Weather Coast, any multinational police force that is dispatched must be able to rely on combat-ready military backup. Late last month hostilities were apparently reopened by Harold Keke, and up to 10 local militia supporters were killed in gun battles. It is positive to note that the particular problem of Harold Keke has been resolved—he is in the custody of the intervention force. Furthermore, the effect of the civil war and the dissolution of the Royal Solomon Islands Police Force has been to distribute across the community a number—possibly 1,000 or 2,000—of military style firearms. The dispatch of a 2,000-strong military component was therefore a realistic reaction to possible interference with the civilian mission, and therefore appropriate rules of engagement have been formulated and underwritten by resolution of the Solomon Islands parliament. In the first instance, the army is there to assist in the achievement of civilian goals, not vice versa.

Fifthly, Australia should be prepared for a long-term commitment in the Solomons which will necessitate broader economic and governmental reforms so as to ensure the state’s future viability. We also need to reopen consideration of how Australia’s domestic policies impact on the Pacific—most particularly our immigration policy for islanders. This is important given the continuing population pressures, the need for remittances and our approach to regional trade.

It seems appropriate in this instance to talk at some length about the Solomons themselves. Originally inhabited about 1,000 years before the birth of Christ, the several hundred islands spread over 645,000 square kilometres of the Pacific Ocean were discovered by the Spanish in 1568. The six largest islands of the archipelago carry the bulk of the population of 500,000. Geography is therefore a great asset and a great liability for the Solomons. Geography has given the nation a barrier from much of the trouble in the world, although it could not prevent Guadalcanal being one of the principal battlefields of World War II.

MAIN COMMITTEE
But the geography of the Solomons has also left their future marginal. Just one per cent of the land is arable; the rest is largely coral reef. Cyclones are usual in the summer wet season. There are only 34 kilometres of sealed road and no internal waterways or, for that matter, railways. While tourism was once a useful money-spinner, particularly from visiting American veterans, that industry has largely been destroyed by the violence. The country ranks 177th in international living standards with per capita GDP around $A780. What non-subsistence enterprise that does exist is centred on palm oil, timber and fishing, with some mineral deposits such as gold, copper and bauxite.

Literacy runs at about 62 per cent and conditions in the health system are so extreme that patients at the Honiara hospital have in the past been expected to provide their own meals. Those Solomon Islanders who are able to access a comfortable lifestyle are generally public servants. As a result, the state’s bloated wage bills have savagely eroded the national wealth.

There is also a significant problem that has been identified by Australian public health professionals: demography. Nearly half of the population is aged under 30. It is the young urban men and teenagers, 80 per cent of whom are unemployed, who swell the ranks of the gunmen. Even if an educational future can be found for these youths, there must be jobs for them to go to once they leave the classroom.

So why the need for military intervention in particular? The answer to this question lies back in the late 1990s. The fundamentally weak economic and social condition of the islands after independence allowed ethnic tensions to spill over into politics and eventually conflict. Since the war, many islanders from Malaita had settled on Guadalcanal, the island home to the capital, Honiara. Over time, Malaitans came to dominate the Guadalcanal economy and the public service. Interestingly, underlying much of the Guadalcanalese-Malaitan tensions was the issue of gender relations. Guadalcanalese are matrilineal in their traditions, the Malaitans patrilineal. Thus in 1998 a number of Guadalcanalese men presented demands for compensation from the government for alleged Malaitan damages. In response to refusal these men formed the Guadalcanal Revolutionary Army and began to seek the forced repatriation of Malaitans.

By 1999 some 20,000 Malaitans had been driven into Honiara from the countryside. Others fled back to their home island. Violence intensified when the Malaitans formed the Malaitan Eagle Force, which included considerable numbers of serving police. With the police split and the government split, the country descended into anarchy. Both sides petitioned the government for ever-larger compensation. The goldmines shut, the palm oil plantations emptied and government revenue disappeared. Despite an attempt at Commonwealth mediation, the final step downwards was in 2000 when the then Prime Minister requested foreign military intervention to save his government. On 5 June members of the Eagle Force openly backed by police seized the Honiara armoury. The Prime Minister was deposed and armed gangs walked the streets. Only after the Townsville Peace Agreement, brokered in October, was a ceasefire called. That has been maintained only at a cost of further reconstruction.

I have not been unduly focused on the history of the Solomon Islands. I am indebted to the Australian Strategic Policy Institute and their remarkable historical summary for this account. The results of the last five years have been: an unresolved ethnic war; a sidelined parliament and governor-general; numerous armed factions, including Keke, who is involved in the revolutionary army; an expectation that government can be extorted into paying off militants—
early July, over 200 militants demanded goodwill payments from the Prime Minister to desist from violence; a delegitimised police force unable and on occasion unwilling to end the violence; an economy built on pyramid schemes, public service wages and foreign aid; and over 1,000—perhaps 2,000—weapons at large.

The passive approach has had its successes. More money is going into building better governance practices, a neutral party from the Greater Manchester Police has been appointed to head the police and weapons have been returned under an amnesty. But the passive approach has reached its end. Only active intervention can facilitate the possibility of reconstruction and an end to the violence. In consequence, only active intervention can secure Australia’s humanitarian and strategic interests in Melanesia. To some extent, this enterprise may serve as a useful template should—God forbid—a similar exercise be required elsewhere in Melanesia in the future.

I conclude by expressing my appreciation not only for the leadership of the Australian government on this matter and in particular the work of our foreign minister but also for the diligence of the Solomon Islands High Commissioner to Australia, Mr Milner Tozaka, who has done much to drive Australian interest in his homeland, and the independent policy think tank, the Australian Strategic Policy Institute, whose report *Our failing neighbour: Australia and the future of the Solomon Islands* was released in June. That report should be required reading for all Australians interested in our foreign relations and is testament to the useful role being played by the Australian Strategic Policy Institute in public debate. Despite the looming challenge in the Solomons, I am reminded of the apt comment made by the ABC’s veteran South Pacific reporter Graeme Dobell in an address to parliamentarians back in February. He said: There is no exit strategy for us in the South Pacific. After all, this is where we live.

I commend the motion to the chamber.

Mr HUNT (Flinders)  (7.05 p.m.)—I rise to give my strong support to the actions of the Australian government in helping to coordinate, organise and execute Operation Helpem Fren, otherwise known as the Regional Assistance Mission to the Solomon Islands. Operation Helpem Fren is a major undertaking. It represents a commitment by Australia, in concert with other parties throughout the region, to work in assisting the stabilisation, development and securing of the long-term democratic structures of the Solomon Islands. Government is ultimately about doing the difficult things, not the easy things. Governance is that process where a government is committed not to self-perpetuation but to the pursuit of regional and national development. This action in relation to the Solomon Islands, which follows on from actions in relation to East Timor, Fiji and Bougainville in Papua New Guinea, is about a government exercising the role of governance. It would have been easy to turn a blind eye. It would have been easy to be passive. It would have been easy to take no action. But action has been taken.

In that context, I want to view this from the perspective of what is happening in the region. What we view when we look at the South Pacific and parts of South-East Asia is that there is a postcolonial challenge, and that postcolonial challenge comes in two parts. It comes, first, in relation to the legacy and, second, in relation to the responsibility. The postcolonial legacy has meant that there are effectively three issues which cover many of the states in South-East Asia and the South Pacific in our immediate neighbourhood. It is a neighbourhood that does have significant challenges.
First, there are significant economic challenges both in development and in scope and viability. Many small states in a modern economy are on the verge of crossing or not crossing the threshold into viability or unviability. Secondly, we also see that there is significant social tension, whether it is in parts of Indonesia, which draws together a series of different cultures; in parts of Papua New Guinea; in the Solomon Islands, where you have the Malaitan and the Guale people; and in other microstates throughout the region.

Thirdly, vying with these two facts of perilous economic viability and significant social instability in some countries—and I do not want to overstare the issue but identify it as a real and significant challenge—there is a security challenge. That security challenge is twofold. Firstly, it is about the question of internal stability—the ability of states through the governance procedures in their own countries to provide and protect the security of their internal population. Secondly, it is about external security, regional security and regional stability. We have witnessed over the last five years a very clear testimony worldwide to the fact that, where there is a vacuum in state structures, these are the places where those who are committed to instability, to using the opportunity of a vacuum, will flock. They come because they can use that as a base for actions designed to breed instability in the broader structures. That is the lesson above all else of Afghanistan: there was massive instability and a vacuum, and that was used as a base for an international terrorist organisation.

When you look at the regional context, who has responsibility? We see two layers of responsibility. There is self-responsibility, and we should never, ever walk away from that notion. Those who are in government and those who have societal roles in these microstates have self-responsibility to take action. They simply cannot look to the legacy of the colonial past and abrogate their own responsibility. So a part of our role is helping to ensure that there is recognition of self-responsibility. Secondly, Australia has a role in terms of its own regional responsibilities. We do not walk away from that, because when we look at the region we see, as I mentioned earlier, significant challenges and difficulties which countries and microstates have to overcome. Three immediate ones prior to the Solomons come to mind.

Firstly, with Papua New Guinea we saw the Sandline crisis, where there was an attempt to bring mercenaries into the country as a way of quelling the instability that was occurring in Bougainville. As part of that, Australia played a significant role in helping to develop, with New Zealand and other states, a binding and effective peace process which brought together the Bougainville islanders and the mainlanders from Papua New Guinea. Although the process is continuing, although it is not resolved and although there are difficulties, there has been enormous genuine progress which makes a practical difference on the ground to the lives of the people in places such as Loloho and Arawa—areas which I have been fortunate to visit and in which I have seen first-hand the challenge facing Bougainvilleans.

Secondly, there is Timor. Australia played a very significant role in the process of independence, in securing the area and in the birth of the state of East Timor. Prime Minister Howard wrote to President Habibie. He wrote a letter, which was not in any way historically determined—it was a conscious choice; he could have or he could not have taken the step—in which he pushed President Habibie to offer East Timor an act of independence: a choice, a referendum, a plebiscite on its future. That was taken up. Australia then played a very significant role in the election preparation and it played a critical role in helping to put together, lead
and broker the United Nations peacekeeping force, INTERFET, which helped secure the peace and the long-term future of East Timor.

Thirdly, Australia has helped Fiji—perhaps in a more delicate way and, fortunately, without having to resort to some form of military presence—to stabilise the government after it faced its most recent coup. Australia played a very important diplomatic role in helping to bring the parties together. Against that background of regional difficulties, there is an overlay of the global environment. Where there is regional instability, we also find developments in international security at the global level. Over the past five years, these developments have melded into the challenges we have within the region.

The core change that we recognise here is that, in terms of international security, there has been the development of non-state actors. Non-state actors are groups which are committed to acting as if they were a state or to bringing down existing states or existing structures. In particular, I refer to al-Qaeda. It is a group not just with a minor vision but with a 100-year vision of an extremist globe. It is not about being Islamic; it is not about any one religion; it is a sliver extremist group which attacks, first and foremost, the mainstream of those from its own religion which it purports to represent. As a number of people have said, it betrays the religion which it purports to represent. Its vision is of a Taliban style Afghanistan writ large across the globe over a 100-year period. It has an interim 30-year goal. It has the vision of securing a base within a series of core Islamic states: Saudi Arabia, Indonesia, Pakistan and Egypt. That is where it does its primary work in terms of trying to fragment the state or, if not to fragment the state, to displace the government. Either of those will help serve its purpose and provide a base.

In pursuit of the 100-year vision and the 30-year milestone, it is developing staging platforms. That is where the global security element comes into the question of the Solomons, because what we see is that collapsed or collapsing states create a security vacuum. In that environment al-Qaeda and other non-state actors who seek to perpetrate acts against the existing system try and establish themselves. That is why there were two great concerns with the breakdown that occurred in the Solomons. Firstly, there was a humanitarian concern to do with stability, basic governance, human rights and the day-to-day lives of individual citizens. Secondly, on a regional level, there was a concern that this vacuum, if not filled by the international community—by a benign presence with the aim of genuinely restoring the rights and day-to-day freedoms of ordinary Solomon Islanders—would certainly be filled or be at risk of being filled by those who would seek to destabilise and use the Solomons as a base for much more malign purposes. The current conflict between the Malaitan and Guale people has led to financial collapse in the Solomon Islands. It has led to a collapse of services and it has led to a breakdown of law and order. Those two risks to society—humanitarian damage and a security vacuum—are both present and clear. In that context, Operation Helpem Fren was established at the request of the Solomon Islands Prime Minister, Sir Allan Kemakeza.

Australia agreed to participate under five core conditions. The first was that there was full parliamentary support from within the Solomon Islands. That was delivered with a unanimous vote of the Solomon Islands parliament, and not without significant debate, as there should have been. The debate was real, it was full and there was genuine disagreement, but in the end there was unanimous support from the Solomon Islands for international action. Our second condition, which was a very important condition, was that there would have to be cooperation.
with our Pacific partners. I am delighted to say that it is not just an Australian operation but that New Zealand and other nations from within the South Pacific Forum are participating in the operation. The third condition was that there would be unequivocal protection for our police personnel, who would form the basis of the operation. It is not a military operation; it is a police operation and it is an operation focused on civil administration. But underpinning that is military support to protect the police and the civil administrators. That is where it fits in. It is not a military operation primarily but a civilian and police operation.

The fourth condition was not that this would be a piecemeal operation but that it would be aimed at providing comprehensive support to the Solomon Islands, and that we would address, through civil administration, their treasury, their finance, their customs and their law and order procedures and help them to build a functioning civil administration which would last long after the international presence and representation had departed. The final condition was that the operation would be confined in scope, that there would be a clear point of exit and that it would be aimed at securing and establishing a peaceful situation on the ground and allowing the country to rebuild on its own terms and through its own responsibilities.

In that context, I am delighted to report, as have others, that the mission has been an outstanding success. Two of the key causes of instability—Harold Keke and Jimmy Rasta—have surrendered themselves to the police. Action is being taken to demilitarise the country. There is an amnesty on weapons, which is now drawing to a close and which has had a tremendous impact. Crime levels have dropped and civil society is gradually being restored. There is a long way to go. We are at the end of the beginning. We are no further through it than that, but the basic principles of stability have been established and provide a basis for really developing an indigenous civil society and civil administration which is capable of running the country in the long term in a way which allows people to prosper and flourish and to live a real and effective life free of the combination of threat, terror and poverty which was the true characteristic of life for many Solomon Islanders, who are magnificent, beautiful people, but who have suffered over the last five years. I commend the Australian action and I commend the motion to the House.

Mrs BRONWYN BISHOP (Mackellar) (7.20 p.m.)—I rise as a former Minister for Defence Industry, Science and Personnel to say simply how proud I am of our Australian Defence Force personnel in the mission to the Solomon Islands. When we purchased the Manoora—a second-hand ship originally purchased from the United States Navy—together with the Kanimbla, as we have named them, there was a huge outpouring of criticism in the press, calling them rust buckets, saying that we had bought a pup. We bought them cheaply but the renovation was very expensive—about $300 million—yet to have bought one new vessel would have cost us around $300 million. Well do I remember visiting Forgacs shipyard in Newcastle when the ship Manoora was in dry dock. I climbed over the ship from top to bottom and saw not only the problems of rust—which certainly did exist but were able to be dealt with—but also the problems of asbestos and the tremendous job that had to be done by an Australian shipyard. It was done. Both those ships have become very much an important part of our ability to deploy.

I recall that, at the time of the first Fijian coup, I was in Fiji at a meeting of the International Democrat Union. Indeed, I was sitting with Ratu Sir Kamisese Mara when it was announced that there had been a coup. I remember Bob Hawke as Prime Minister making state-
ments about what Australia’s intervention might be, and I remember the reaction of the Fijian paramount chiefs, who said, ‘Don’t worry about Australia; they can’t even get here’—and they were right. Well I remembered this when I was Minister for Defence Industry, Science and Personnel; I remembered that we needed the ability, and the capacity to transport our troops to deploy.

When the *Manoora* and the *Kanimbla* became operational, for the first time we had the capacity to deploy a battalion. We could load and unload them by helicopter. We could take kit. We had the ability to effectively deploy. So when I saw the *Manoora* being very much part of this operation, taking 600 personnel as part of the mission to the Solomon Islands, I thought of the days when I climbed over the ship that had so much work to be done to it. I felt a great sense of pride in our personnel and their ability. We had 1,500 ADF personnel currently in the Solomon Islands. There are 155 AFP personnel, and there are 90 officers from the Australian Protective Service. The effect has been quite dramatic. I think there are three more days to go until the end of the amnesty for the surrendering of guns, and I think we have already collected about 2,000 guns.

Under another program we had, we gave the Solomon Islands two patrol boats. These are effective boats which we have given all around the Pacific. They are meant to help small nations protect their fishing rights and have a presence that indicates that they can protect themselves to a degree. There has been great interoperability between the ADF and the deployment of those patrol boats, and I know that one of them at least in the Solomons has been effective as part of this operation.

In relation to the surrender of Keke and other leading people who have been very much responsible for the lawlessness which has prevailed in the Solomon Islands, we can take great pride in the way we have conducted the operation, which, we must remember, at all times was done by invitation, as has been pointed out by speakers in this debate earlier. We have done the right thing. We are helping a neighbour to restore law and order and to get rid of the corruption which has been like a disease. My main point in rising was to say how proud I am of our Australian personnel and the defence industry that provided the wherewithal to be able to deploy, and to stress again and again the point that I made as minister and will continue to make—that is, if we are to have a truly effective Defence Force, we must have a sustainable defence industry, which is the backup that enables us to deploy. My contribution tonight is short but the feeling of pride I have is great.

Main Committee adjourned at 7.26 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Australian Securities and Investments Commission**

(Question No. 1985)

Mr McClelland asked the Treasurer, upon notice, on 3 June 2003:

(1) How many investigations has the Australian Securities and Investments Commission (ASIC) conducted relating to possible breaches of Part 5.8A of the Corporations Act 2001 (Cth).

(2) How many of these investigations were resolved without court action being commenced and, in each case, why was court action not commenced.

(3) How many court actions has ASIC commenced for breaches of Part 5.8A of the Corporations Act 2001 (Cth).

(4) What is the name, file number, court and current status of each such action and, if the matter is concluded, what orders were made.

(5) How many matters have been referred to ASIC by the Department of Employment and Workplace Relations relating to insolvencies and, in each matter, what concerns were identified.

(6) What was the outcome of ASIC’s consideration of each of these matters.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) ASIC advises that it is conducting two investigations relating to possible breaches of Part 5.8A.

(2) The matters referred to are still under consideration by ASIC and hence unresolved.

(3) None to date.

(4) Not applicable.

(5) ASIC advises that no matters have been referred to the agency from the Department of Employment and Workplace Relations that relate to Part 5.8A.

(6) Not applicable.

**Dawson Committee: Boral Case**

(Question No. 1986)

Mr McMullan asked the Treasurer, upon notice, on 3 June 2003:

(1) Can he confirm that he sought advice from the Hon. Sir Daryl Dawson on the consequences and appropriate responses to the High Court’s decision in the Boral case; if so, (a) when did he make the request, and (b) when did he receive the Hon. Sir Daryl Dawson’s advice in response.

(2) Will he make that advice publicly available, as was done with the principal report on the Trade Practices Act by the Hon. Sir Daryl Dawson; if not, why not.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) (a) and (b) On 10 March 2003, I wrote to the Dawson Committee seeking their views on whether the High Court decision in Boral in any way altered the views expressed in the Committee’s report on the competition provisions of the Trade Practices Act 1974 and their administration. Sir Daryl responded on 14 March 2003 on behalf of the Committee.

(2) No. Sir Daryl’s letter confirms the recommendation of the Committee contained in the report in light of the Boral decision, and as such the report is a complete document.
Defence Properties: Sale or Disposal
(Question No. 2052)

Mr Baldwin asked the Minister representing the Minister for Defence, upon notice, on 23 June 2003:

Was correspondence received by (a) his office or (b) his department, from the Hon. Bob Debus, NSW Minister for the Environment, ref no: NP03/01351; if so, (i) what date was it received and (ii) what action was taken in responding to requests in that letter.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

(a) and (b) Yes.

(i) A facsimile copy of the letter from the Hon. Bob Debus was received at the office of the Minister for Defence on Thursday 22 May 2003, but was not a request for a priority sale. The original letter was received by the Minister for Defence on 28 May 2003 and was passed to the office of the Parliamentary Secretary to the Minister for Defence on Thursday 29 May 2003 and registered by the Directorate of Ministerial and Parliamentary Liaison Services on the same day.

(ii) The letter requested reconsideration of the disposal action and requested the transfer of the site to the NSW National Parks and Wildlife Services. The letter did not contain a request to purchase the site on behalf of the NSW Government.

Defence is aware that the Hon. Bob Debus wrote to Senator the Hon. Nick Minchin, Minister for Finance and Administration, on 6 June 2003 which was after the tender period had closed raising the priority sale issue. This letter was received by the office of the Minister for Finance and Administration on Monday 16 June 2003 and forwarded to Defence on Friday 20 June 2003.

The Commonwealth has sold the property through an open market tendering process. A ministerial response has been provided to the Hon. Bob Debus.

Defence: Javelin Missiles
(Question No. 2060)

Mr Ripoll asked the Minister representing the Minister for Defence, upon notice, on 24 June 2003:

(1) Can the Minister confirm that the Government has acquired 92 Raytheon Javelin anti-tank weapons.

(2) Do any of the rounds purchased contain uranium substance or depleted uranium; if not, can the Minister explain what type of rounds were acquired.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

(1) No. I would refer the honourable member to the Minister for Defence’s public announcement of 13 December 2002.

(2) No. The Javelin missile uses shaped-charge warheads incorporating conventional explosive substances.
Aviation: Perth International Airport
(Question No. 2085)

Mr Wilkie asked the Minister representing the Minister for Defence, upon notice, on 25 June 2003:

(1) Who is responsible for determining the security arrangements for the Defence chartered Russian transport aircraft airside at Perth International Airport.

(2) Between the Department of Defence and the subcontractor at Perth International Airport, how many intermediate chains of commercial or civilian management must be consulted in order to arrange security.

(3) Has the Chief Executive Officer of Westralia Airports Corporation ever authorised the carrying of weapons for the purpose of guarding Defence chartered Russian transport aircraft airside at Perth International Airport; if so, who carried out the armed protection task on each occasion.

(4) How many times have armed Australian Protective Service officers been asked to guard Defence chartered Russian transport aircraft airside at Perth International Airport.

(5) How many times have armed WA Police officers been asked to guard Defence chartered Russian transport aircraft airside at Perth International Airport.

(6) How many times have armed Australian Federal Police officers been asked to guard Defence chartered Russian transport aircraft airside at Perth International Airport.

(7) On what dates were armed guards authorised.

(8) Have SAS rocket launchers, machine guns, electronic surveillance equipment, bullet-proof clothing, specialist night-fighting equipment, specialist entry equipment designed for access to difficult or high buildings, or any other military equipment that would be highly useful for any terrorist group, ever transited Perth International Airport on board Defence chartered Russian transport aircraft.

(9) When explosives or ammunition are transferred on Defence chartered Russian aircraft utilising Perth International Airport have armed guards, specifically tasked to protect the Charter aircraft and not tasked with broader airport security, been provided to the aircraft airside.

(10) Have Defence chartered Russian transport aircraft loaded with specialist military equipment ever exited over Runway 20.

(11) Does the RAAF routinely provide guards and Alsatian dogs as security for Defence chartered Russian transport aircraft when these aircraft are loaded at RAAF Base Pearce.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

(1) and (2) The aircraft operator is responsible for the security of its aircraft. Defence advises the charter company of the aircraft load. The charter company advises the ground handling subcontractors who then determine ground handling requirements, including any security arrangements, with airport management.

(3), (4), (5), (6) and (7) Defence has not requested armed officers to guard the aircraft nor, to Defence’s knowledge, have any been provided.

(8) The response to this question is classified and is not publicly available.

(9) No. These aircraft are loaded at RAAF Base Pearce and only use Perth International Airport to fully refuel prior to take-off from a longer runway than is available at RAAF Pearce for a fully-laden aircraft of this type.
Tuesday, 19 August 2003

(10) There is no runway 20 at Perth International Airport, however Defence chartered transport aircraft have used runway 03/21 for take-off and landing.

(11) When Defence chartered Russian aircraft are loaded at RAAF Base Pearce they are parked on the Air Movements hard stand. While no patrols are dedicated to the security of these aircraft, Air Force Security Police Military Working Dog teams include these aircraft within their routine patrols of other base tarmac areas where RAAF and Singaporean aircraft are parked.

**Defence: RAAF Base Pearce**

*Question No. 2122*

Mr Wilkie asked the Minister for Defence, upon notice, on 26 June 2003:

1. Can the Minister advise if there is currently an unapproved project within Defence to extend the RAAF Base Pearce main runway from its existing length of 2,163 metres to 3,048 metres.
2. Could such an extension of the RAAF Base Pearce main runway be accommodated within the existing boundaries of Commonwealth owned land.
3. If such a project is planned, can the Minister advise (a) when funding may be allocated and (b) when the project may be completed.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

1. There is no current unapproved project within the major capital facilities programming process to extend the RAAF Base Pearce main runway.
2. Yes.
3. (a) and (b) Refer to part (1).

**Nardell Coal Corporation Pty Ltd**

*Question No. 2131*

Mr Fitzgibbon asked the Treasurer, upon notice, on 26 June 2003:

1. Is he aware that Macquarie Bank has forced a successful Hunter Valley mining company, Nardell Coal Corporation, into liquidation because it did not have foreign exchange currency insurance shortly after this insurance was transferred to the balance sheet of the Macquarie Bank Group.
2. Is he aware that (a) a mezzanine loan of $10 million was provided by Bond Street Investments, (b) Bond Street Investments charged 23% interest on this loan, (c) an amount of $513,000 was deducted from the loan for payment by Nardell Coal Corporation for foreign exchange option insurance, and (d) that the value of that insurance is $15 million which is almost twice the amount owed to unsecured creditors of Nardell Coal Corporation.
3. Is he aware that Bond Street Investments is a company that has substantial equity holding by Macquarie Bank’s senior directors.
4. Is he aware that there that there has been a complaint to the Australian Securities and Investment Commission (ASIC) referring to uncontested court evidence in the New South Wales Industrial Relations Commission by Macquarie Bank’s previous Executive Director and Head of Treasury and Commodities, Ray Hall, suggesting that Macquarie Bank has a second set of books.

Mr Costello—The answer to the honourable member’s question is as follows:

1. I am aware that Nardell Coal Corporation Pty Limited (‘Nardell Coal’) is in liquidation.
2. (a) to (d) No.
3. No.
(4) Although I am not aware of the specific complaint referred to, I am aware that ASIC is monitoring the liquidation of Nardell Coal, and that it will be determining whether an investigation into the circumstances of the collapse of Nardell Coal is warranted after consideration of the content of any report lodged with ASIC by the liquidator of Nardell Coal.