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Tuesday, 9 March 2004

The SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

QUESTIONS WITHOUT NOTICE

Health: Dental Services

Mr LATHAM (2.01 p.m.)—My question is to the Prime Minister. In the negotiations over its Medicare package in the Senate, is the government now willing to accept that the federal government has constitutional responsibility for dental services in this country? Will the government now adopt Labor’s national dental program, with an extra 1.3 million dental treatments, eliminating the existing backlog of more than 500,000 Australians and substantially reducing waiting lists for the future?

Mr HOWARD—No.

Iraq

Mr PROSSER (2.02 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the steps taken overnight towards self-government in Iraq?

Mr DOWNER—I thank the honourable member for Forrest for his question and for the interest that I know he has in the welfare of the people of Iraq. Yesterday the Iraqi governing council, the leaders of Iraq, signed a landmark transitional administrative law agreement. This is, in effect, the constitution which will provide guidance for the new Iraq. On behalf of the government, I take the opportunity to say that we applaud the interim governing council members, who have set aside their differences in order to map out a democratic future for Iraq. This shows that Iraqis are now successfully taking control of their own destiny. The transitional administrative law arrangement sets out the fundamental principles for governing Iraq, which are that the system of government will be federal, democratic and pluralistic and that all Iraqis will have equal rights and freedoms, regardless of their origins, their gender or their religious beliefs. For minorities this is an unprecedented development. Kurdish will be one of the official languages of Iraq, Iraqis who speak other languages will have a right to educate their children in those languages and any Iraqi, including Jews, Assyrians and Kurds, can reclaim their citizenship if it had been unjustly revoked by Saddam Hussein.

This transitional administrative law arrangement is a road map for a democratic Iraqi government. A broadly representative interim government will take over Iraq on 30 June—that is when the coalition provisional authority will be disbanded, the occupation of Iraq by coalition forces will come to an end and the Iraqis will take control of their own destiny. In conclusion, let me say that I think last night’s signing of this agreement was a historic moment in the history of Iraq. At long last the people of Iraq will be able to determine their own destiny; at long last they will be able to live in freedom and democracy. If some people think the overthrow of Saddam Hussein was a mistake—and some do—you can rest assured that the people of Iraq do not happen to share that view.

Superannuation: Parliamentary Scheme

Mr LATHAM (2.05 p.m.)—My question is to the Prime Minister. Why has the government taken so long to introduce into the parliament legislation enacting Labor’s policy to close down the parliamentary superannuation scheme? Prime Minister, despite the opposition of the Treasurer, is the government still committed to this important reform? When will the Prime Minister keep his promise to implement Labor’s policy on parliamentary super?
The SPEAKER—At the last call, I thought it was the Prime Minister who was asked to respond to the question.

Mr HOWARD—It’s easy, Mr Speaker. Can I suggest to the Leader of the Opposition that that is the second wasted question in this question time. I have announced the government’s position on this issue. We are proceeding with the preparation of the legislation, and it will be introduced in due course. You talk about Labor’s policy—I have heard around the traps that the Labor policy originally was in fact nine per cent plus a top-up to be determined by the Remuneration Tribunal.

Economy: Employment

Ms PANOPoulos (2.07 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of the latest job advertisement data? What do these results indicate about the strength of the Australian labour market?

Mr COSTELLO—I thank the honourable member for Indi for her question. I can inform the House that, according to the National Australia Bank, the National Australia Bank business survey indicated that business conditions improved in February, rising 10 points—largely reversing the fall in the month of January. The rise in conditions reflected increases in all components. Respondents reported increases in trading conditions, profitability and employment. At the same time, there was a report of a fall in business confidence, according to the NAB survey, although there was still a very positive overall reading of plus eight. According to the National Australia Bank, the business surveys are consistent with ongoing growth in domestic demand and non-farm GDP at a touch above four per cent. Members will recall that the national accounts, which were released last week, indeed showed the Australian economy growing at about a four per cent clip at the end of last year.

The ANZ also released its job vacancies survey today, showing that the number of job advertisements rose by 6.4 per cent in February and is 4.9 per cent higher than a year ago. This is the strongest monthly growth in job advertisements in nine months, and it followed an increase of 2.3 per cent in January. The rise in job advertisements reflected increases in most of the states and territories. The ANZ stated today that these figures suggest the pace of employment growth should remain firm in coming months at around 20,000 to 25,000 per month. This will build on the jobs which have been created in Australia over the last six months.

I can tell the honourable member for Indi that over the last six months there have been 196,000 new jobs created in Australia. That compares with 53,300 jobs created in the last six years of Labor government. That is almost four times as many jobs in the last six months as were created in the last six years of the Labor Party government. I know that the honourable member for Indi holds the view that the best thing you can do for young people in Australia and the best thing you can do for children of migrants who come to Australia is give them a job opportunity—an opportunity to get on with their lives and build a secure future. That is what job creation is all about in this country, and it does not come by fluke; it comes from running strong, disciplined economic policy—which has been the hallmark of this government over the last eight years.

DISTINGUISHED VISITORS

The SPEAKER (2.10 p.m.)—I inform the House that we have present in the gallery this afternoon members of a delegation from New Zealand who are visiting Australia under the auspices of the Political Exchange Council. The delegation is led by Ms
Stephanie Chadwick, the member for Rotorua. On behalf of all members of the House, I extend to the delegation a very warm welcome.

Honourable members—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

**Superannuation: Parliamentary Scheme**

**Mr CREAN** (2.11 p.m.)—My question is to the Treasurer and refers to his last answer about the need for strong and disciplined policy. Does the Treasurer still defend the current parliamentary superannuation scheme, as he was doing on Wednesday, 11 February at breakfast-time, or does he now endorse the backflip forced on him by his Prime Minister at teatime on Thursday 12 February? Treasurer, isn’t this a case of you not being able to hold a policy position between breakfast-time and teatime?

The **SPEAKER**—Order! The member for Hotham has had long experience in the House. He would be aware that the remarks to the Treasurer should have been addressed through the chair, not directly to the Treasurer.

**Mr COSTELLO**—I would have thought that, if anyone were going to ask about backflips, it would not be the member for Hotham, who did a spectacular backflip from the Leader of the Opposition's chair to the bench behind.

Honourable members interjecting—

The **SPEAKER**—Order!

**Mr COSTELLO**—A backflip—

**Mr Sidebottom interjecting—

**Mr Wilkie interjecting—

The **SPEAKER**—Order! The House will come to order. I warn the member for Brad- don! I warn the member for Swan! The Treasurer has the call.

**Mr COSTELLO**—There was a suggestion being put that the opposition was hiding the honourable member for Hotham from its policy maker. Let me say, from this side of the House, that we welcome his active involvement in the next election campaign. In relation to superannuation, the government has announced the changes that it will be putting in place, as you heard from the Prime Minister earlier. If I recall correctly, they are changes which are also supported by the Labor Party—although I will observe in passing that in 13 years in office the Labor Party never saw fit to make those changes.

**Mr Crean**—Do you support them?

The **SPEAKER**—Order! The member for Hotham has asked his question.

**Mr COSTELLO**—But this is a government that is getting on with this business. It has announced the changes which it will be putting in place. I look forward very much to the debate on the issue.

**Economy: Taxation**

**Mr NAIRN** (2.13 p.m.)—My question is also addressed to the Treasurer. Has the government any plans to increase taxes after the next election? Has the Treasurer seen comments which would confirm that taxes could rise? What form could these tax rises take?

**Mr COSTELLO**—I thank the honourable member for Eden-Monaro for his question. I was rather expecting this question from the Leader of the Opposition, but it did not seem to come. Yesterday the Prime Minister indicated that it is the government’s policy not to be increasing taxes and he drew a very large distinction between the two political parties in this country. One side of this parliament believes in lower tax and the other side believes in higher tax. That of course was confirmed by none other than the honourable member for Reid, who yesterday, when he was asked whether Labor would raise taxes after the election, had the decency to say, ‘I think anyone who didn’t say that would be either dishonest or naive.’ We
thank the honourable member for Reid for the admission that he made yesterday. In passing let me say that we thoroughly repudiate the statement by the member for Werriwa when he said:

If the Fergusons were listed on the stockmarket they would trade under the name Nepotism Inc.

The member for Werriwa also said:

... it is an embarrassment to the Labor movement to think of him as a future minister.

Apparently he is not such an embarrassment that the Leader of the Opposition has removed him from the frontbench. The member for Reid has started a veritable avalanche of admission from the Labor Party on their secret tax policy. For example, the honourable member for Fraser is reported on the AAP this morning.

'McMullan admits taxes will rise under Labor,' says the AAP. This is the quote from the member for Fraser:

Nobody can say that they won't raise taxes over a three-year term, no government since the war has gone through a whole three-year term without changing any tax or charge, it's just dishonest to say that you would. And we've decided not to lie about it—

not to lie about their proposal to increase taxes. Seeing as the member for Fraser has decided not to lie about Labor’s plan to increase taxes—

Ms Gillard—Unlike you.

Mr COSTELLO—why can't they just tell us what those increases are?

Mr McMullan—Unlike you.

The SPEAKER—The member for Fraser and the member for Lalor!

Mr COSTELLO—Seeing as the Labor Party are now in full—

Ms Gillard interjecting—

The SPEAKER—The member for Lalor is choosing to ignore—

Mr COSTELLO—George Washington mode: don’t just tell us that you are going to increase taxes; start telling us which of these taxes they will be. The people of Australia want to know which taxes and which levels the Labor Party will be increasing them to.

For example, we know that Labor want to increase the fuel excise for the mining industry. They have already announced that. We know that Labor did not rule out yesterday the use of special levies. As the West Australian reports today, they went to Access Economics and they asked Access Economics to fund their policy with special levies, and when they were asked whether or not they would proceed they refused to rule them out. In my tax watch on the opposition—as I have said before, nobody knows more about the policies of the Leader of the Opposition than I do; I have made a special study of them—you do have to keep spinning very fast, but I must say that, on the tax watch in the last 24 hours, I have awarded the points for honesty to the member for Sydney. The member for Sydney was quoted last night on Lateline as saying:

I don’t think anyone likes to hear that there are new taxes coming up but we've got a big social program and it has to be paid for some way.

So we have the member for Reid, the member for Fraser and the member for Sydney—who nods in agreement.

Let me tell you why these new taxes are coming from the Australian Labor Party: Labor have $8 billion of unfunded promises. They are going to default on those promises or they are going to drive the budget into deep deficit or they have $8 billion worth of tax increases coming.

Mr McMullan—That is absolutely untrue—and you know it.

Mr COSTELLO—For the member for Fraser, I finish by repeating what the member for Fraser said: ‘We’ve decided not to lie about it’—not to lie about the fact that under
Labor taxes would rise. Come clean: tell us which ones and give us the rates.

Mr Pyne interjecting—

The SPEAKER—I warn the member for Sturt!

Economy: Taxation

Mr CREAN (2.19 p.m.)—My question is to the Prime Minister, and I refer to his statement yesterday that he had no intention of increasing taxes. Prime Minister, wasn’t this the same commitment made by you just six months before the 2001 election when you told Neil Mitchell, ‘We are not going to increase any taxes,’ and when you said on Meet the Press, ‘We do not intend to increase any taxes in our next term’? Prime Minister, isn’t it the case that your government has introduced or increased taxes 144 times since 1996 and 32 times in the last three years? Prime Minister, isn’t this the case that taxation revenues have exploded by 60 per cent under your government’s tax watch and isn’t this what your no tax increase commitment really means?

The SPEAKER—the member for Hotham has the opportunity before he is called for his next question to look at the question and see that the question is directed to the chair and not to the Prime Minister or the appropriate minister. I invite him to look at the question he just asked and he will discover why the standing orders are framed as they are.

Mr HOWARD—As I indicated to the House yesterday or last week and as is contained in the budget papers, tax as a share of GDP has fallen under this government. If the member for Hotham would like to be reminded of the various components of that reduction, let me remind him of the $12 billion of personal income tax cuts that were delivered on 1 July 2000; the tax cuts for older Australians that were announced in the 2001 budget; the new system of family tax benefits—

Ms King interjecting—

The SPEAKER—the member for Ballarat—for the second time!

Mr HOWARD—the capital gains tax reforms, so that individuals are only taxed on half their capital gains; the company tax rate that has been reduced from 36 per cent to 30 per cent; the introduction of a measure to refund excess imputation credits, which is of enormous benefit to retired Australians—a group in the Australian community that the Keating government systematically year after year either ignored or insulted or in the course of the year did both; the abolition of wholesale sales tax; the abolition of fuel excise indexation as well as the reduction of 1½c a litre in fuel excise; the abolition of financial institutions duty; and the abolition of the other state taxes. The fact is that this has been a government that has cut taxes not increased them. This is a government that is prepared to give a commitment about future levels of taxation. As the member for Sydney so eloquently pointed out last night, when you have a big social program, when you want to spend a lot of money on a lot of things, you need a lot of taxes. I am going to resume watching Lateline every night. I really am warming towards that program.

Mr McMullan interjecting—

The SPEAKER—the member for Fraser has been given a good deal of tolerance.

Mr HOWARD—if they keep rolling out talent like the member for Sydney, I will be one of the most compulsive viewers of Lateline that you can find. I want to thank the member for Sydney. I also want to thank the member for Reid. It was a great doorstop that the member for Reid gave. In the course of it he made a throwaway line about throwing money at Catholic schools. Every dollar that
we have given to Catholic schools is deserved.

I do not apologise for giving money to Catholic schools. I do not regard us as throwing money at Catholic schools. I regard us as rewarding the hard-working parents of children who go to Catholic schools by giving them some additional resources that have been long overdue. It is the most underprivileged, least resourced sector of Australia’s school education system. I think it is pretty insulting for the member for Reid in a throwaway line to say that we were throwing money at Catholic schools. I thought the Labor Party supported the money that we were giving to Catholic schools, but apparently the member for Reid thinks we are only throwing money. We have got a different view and we attach a higher priority to funding the Catholic community’s education system than does the member for Reid.

Mr Crean—I seek leave to table three documents. The first is a document prepared by the Clerk of the Senate listing the new taxes and tax increases under this government.

Leave not granted.

Mr Crean—Whoa, this is good! The second document is a transcript no longer appearing on the Prime Minister’s web site of an interview on Meet the Press on 27 May in which he also denies that he will be increasing any taxes.

Leave not granted.

Small Business

Mr CIOBO (2.27 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister inform the House of the importance of minimising the overhead costs of operation for Australia’s 1.1 million small businesses? Are there any alternative policies?

Mr HOCKEY—I thank the member for Moncrieff for his question. He knows, as we all know, that by abolishing a number of taxes the coalition has done great things for small business. Just to remind the House, they are: reducing company tax, abolishing provisional tax, halving capital gains tax, abolishing the indexation of fuel excise, reducing income tax for individuals, helping with capital gains tax relief, rollover relief—

Mr Danby interjecting—

The SPEAKER—The member for Melbourne Ports is warned!

Mr HOCKEY—all initiatives that have sought to help Australia’s 1.1 million small businesses. That is one of the reasons why they are doing well, particularly in Moncrieff. The comments from the member for Sydney last night got me thinking. I asked myself, ‘What are the social programs that the Labor Party believe in and how are they going to pay for them?’

Mr Griffin interjecting—

The SPEAKER—I name the member for Bruce!

Mr ABBOTT (Warringah—Leader of the House) (2.28 p.m.)—I move:

That the member for Bruce be suspended from the service of the House.
The SPEAKER—The question is that the member for Bruce be suspended from the service of the House. Those of that opinion say aye, to the contrary no. I think the ayes have it. The member for Bruce is suspended from the service of the House.

An opposition member—A division is required!

The SPEAKER—If a division is required, I would have appreciated a division being called when I put the question. In an effort to be even-handed, I will put the question again. Is a division required?

Opposition members interjecting—Yes!

The SPEAKER—The House will divide. Ring the bells.

Question put:
That the motion (Mr Abbott’s) be agreed to.

The House divided. [2.33 p.m.]

(The Speaker—Mr Neil Andrew)

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Question agreed to.

The SPEAKER—The member for Bruce is suspended from the service of the House under standing order 305.

The member for Bruce then left the chamber.

The SPEAKER—The Minister for Small Business and Tourism, in response to a question from the member for Moncrieff.

Mr HOCKEY—In order to marry the social policy of the Labor Party with their tax policy, I found a line in the Labor Party policy platform that says:

Labor will facilitate schemes that provide portability of leave entitlements between employers ...

‘Portability of entitlements’—what does that mean? In the ACT Legislative Assembly a bill has been tabled and is to be debated entitled Long Service Leave (Private Sector) Bill. It says that the Labor Party is about to introduce a bill that taxes all employers 2½ per cent of a salary to facilitate portability of long service leave. This is a payroll tax without a threshold being introduced by the Labor Party in the ACT. I found it hard to believe that it would apply to all employers, but the bill specifically says:

... employs 1 or more people, whether in the ACT or elsewhere ...

It goes on to say it will apply whether an employee is defined as:

(i) a part-time employee; or
(ii) a casual employee; or
(iii) a person remunerated at piecework rates; or
(iv) an apprentice; or
(b) engaged as a contractor ...

So a taxi driver who engages someone as a contractor will have to pay 2½ per cent of that salary to the ACT Labor government to pay for the portability of long service leave. This is a new payroll tax being introduced by the Labor Party in the ACT that fits in very nicely with the Labor Party’s national policy platform—the same policy platform which is the basis for the Labor Party’s policy in the lead-up to the next election.

The question undoubtedly is this: if business is going to have more taxes applied to it by the Labor Party, will business employ more people? The answer is no. If the Labor Party is going to collect more tax for business, is it going to create more jobs? No. If the Labor Party is going to continue to tax business and increase the taxes, particularly on small businesses, is it going to create profitability? The answer is no. What would be the motivation for a bill such as this? In the report of the committee into the long service leave bill it is pretty obvious. It says:

There is a clear division of opinion about the bill. Unions are in support, while the business community is opposed. Unions consider the bill is necessary to ensure that all employees have ac-
cess to long service leave, not just those who have been employed by the same employer for the period required.

What is long service leave? Long service leave is about loyalty to a single employer, isn’t it? That is what long service is about. Now the Labor Party has a policy that, no matter where an individual works—

Mr Adams interjecting—

Mr HOCKEY—and the honourable member confirms this—that employee will be able to carry along their long service leave entitlements with the net result that they could be working for a small business for a week, then take months off on long service leave and the cost would be borne by the employer. That is Labor Party policy and they are paying for it with a new tax. What a surprise. The member for Werriwa, the Leader of the Opposition, must be guilty of omission, because he claimed today that the Labor Party would not increase company tax. But they do have plans to increase business taxes. I know what the member for Werriwa is thinking. He looks at the member for Reid, the member for Fraser and the member for Sydney and he says: ‘Maybe, just maybe, truth in politics isn’t a great idea. Maybe it is not a great idea.’ When it comes to taxes, maybe, just maybe, in the words of the Cruel Sea, the Labor Party’s tax honeymoon is over.

Howard Government: Leadership

Mr McMULLAN (2.41 p.m.)—My question is to the Prime Minister. I refer to the Treasurer’s public refusal to confirm yesterday whether he believed that the Prime Minister was the best person to lead the party to the next election. If the Prime Minister’s close cabinet colleague of eight years does not have confidence in him, why should the Australian people?

The SPEAKER—I point out that, as the member for Fraser is well aware, the chair is obliged to follow House of Representatives Practice. While I was in the chamber at the time, and so were other personalities, I was not in the chair. I am grateful to House of Representatives Practice, which makes the point on page 526:

… Speakers have ruled out of order questions or parts of questions to Ministers which concern, for example:
• statements, activities, actions or decisions of the Minister’s own party or of its conferences ...
• statements by people outside the House ...
• statements in the House by other Members;
• matters of a private nature not related to the public duties of a Minister;

I am actually skipping over a number of dot points, as the member for Fraser will be well
aware. It was difficult for me to see that the question as framed by the member for Fraser directly related to the Prime Minister’s prime ministerial responsibility. His question in a similar vein yesterday made reference to the code of conduct and for that reason I allowed it to stand. I do not believe the question as framed should stand.

Opposition members interjecting—

The SPEAKER—I have ruled the question out of order.

Education: Teachers

Mr FARMER (2.45 p.m.)—My question is addressed to the Minister for Education, Science and Training. Would the minister please inform the House of the current gender balance in the teacher workforce within Australia? What important initiatives is the government taking in this area?

Dr NELSON—I thank the member for Macarthur for his question. He stands for many things, but foremost among them is a fair go. In the year 2000, the member for Goldstein—when Minister for Education, Training and Youth Affairs—recognised that there was a problem with the education of boys in Australia and initiated a national parliamentary inquiry into the issue.

The situation in Australia at the moment is that boys, particularly in adolescence, are not doing as well in education, particularly in basic literacy, as they were 35 years ago. Further, the problem is not so much that girls are staying on to year 12 and doing much better than boys in year 12; the problem is much more that boys are represented more than two to one in the bottom 25 per cent of performance at school.

Boys are falling behind girls by some three to four percentage points in operational literacy right throughout the assessed cognitive curriculum from early primary to late secondary school. If you add to that that boys represent 80 per cent of all schoolchildren in school disciplinary programs and close to 100 per cent of those expelled from school, that they are more likely to be involved in drug related incidents and in assault and that they are three times more likely to die in a motor vehicle accident and five times more likely to take their own lives, it is obvious that our country has a problem.

The government has initiated a number of things to address the educational needs of boys and girls but most recently that of boys in particular. The government has funded some 230 schools in 110 projects to examine best practice models in relation to the education of boys. Very shortly, on behalf of the government, I will be announcing funding, on an ongoing basis, for 30 clusters of schools right throughout Australia to be working models in relation to boys’ education. The government has also taken on the gender equity framework from the Keating government, and that has evolved. That governs the education of all children, boys and girls.

There are many things that we as parents want for our children. We want the education system to nurture them and bring them to adult life as constructive, responsible, well-adjusted human beings. At the moment in Australia there are a number of things happening which I want to draw to the attention of the House: one in seven children are growing up in households in which there is a sole parent—through no fault of the woman or indeed of course, of the children; currently, only 21 per cent—only one in five—of primary school teachers are men; only 18 per cent of those who are training for primary school teaching are men; and, of the 7,000 students in Australia who are studying for early childhood training, only 250 are men—and the situation is deteriorating.
The government realises that both men and women bring to teaching specific skills which are necessary to not only transfer a thirst for learning but also to see the well-rounded development of our children. The government will be amending the Sex Discrimination Act to allow employers of teachers—government school employers, Catholic educationalists and employers in the independent sector—to offer gender-specific scholarships to young men, which will encourage them to go into teaching and, having completed teaching, to undertake a career as a primary school teacher.

It will do this country no good if we spend the next decade hand-wringing and clinging to misplaced but well-intentioned ideological purity if we produce a generation of young men who are disengaged, who are disillusioned and who feel ill-prepared for the future. The country would pay an enormous price for it. It is time that we allowed commonsense to apply. If the Catholic Education Commission in Australia or any other employer believe that they must get more men into primary schools, they must be listened to. In 250 public state schools in the state of New South Wales the only man on campus—if there is one—is the gardener. We will pay a heavy price for it if we do not undertake significant and strong action now and that is why the government will amend the act to allow the application of commonsense. The future demands it and our boys desperately need it.

**Trade: Banana Imports**

*Mr GAVAN O’CONNOR (2.50 p.m.)*—My question is to the Minister for Agriculture, Fisheries and Forestry and it concerns the proposed approval of banana imports from the Philippines and his claim that the risk assessment was prepared on the basis of the best available scientific evidence. Is the minister aware that the expert committee dealing with this matter kept no records of the key discussions explaining why it back-flipped and recommended that bananas be allowed into Australia and that an expert from the Howard government-funded Cooperative Research Centre for Tropical Plant Protection has identified serious scientific errors in the banana import risk assessment?

*Mr Anthony*—That is nothing on Centenary House—$75,000!

*The SPEAKER*—Order! The Minister for Children and Youth Affairs will excuse himself from the House under the provisions of standing order 304A.

*Mr Leo McLeay*—First time you have been out for a while, Larry. Your daddy will be ringing you!

*The SPEAKER*—The member for Watson should not trade too much on the ‘Speakers club’.

The member for Richmond then left the chamber.

*Mr GAVAN O’CONNOR*—Does the minister agree with the chair of the committee, Senator Heffernan, who said, ‘Something doesn’t add up here’? Will he now undertake a thorough review of the whole quarantine system, including the integrity of all current assessments?

*Mr TRUSS*—The assessment of import risk analyses are based on science. It is a matter of dealing with the evidence that is put forward and assessing each of the issues. The assessment is undertaken by an expert scientific panel of people chosen because of their particular expertise in the field. When the panel meets, as it does from time to time, to develop the import risk assessment, it does not keep specific minutes because it does not deal with motions moved, seconded and voted on. It does not run like a board or a caucus meeting, where you have to try to keep the factions in line. Essentially what
happens at these meetings is that the panel develops the text of the import risk assessment by consensus. They have a draft document that they work through progressively. There are many iterations of that document before it is finally agreed for distribution and for assessment.

What has happened with the import risk assessment in relation to bananas is that the expert scientific panel have addressed the disease issues that are of concern, they have recommended ways in which those disease risks can be appropriately mitigated and they have published the document, which is now open for public consultation. It is perfectly appropriate during this 60-day period of consultation that those who have alternative scientific views put them forward. That is what the open and transparent process is all about.

If there are scientists in various institutions, wherever they might be, who have different views, this is the time in the process when they can put those views forward. Those views will be considered on their scientific merit.

**Immigration: Border Protection**

**Mr CAUSLEY** (2.54 p.m.)—My question is directed to the Attorney-General. Would the Attorney-General advise the House how the government’s border protection measures have been successful? Is the Attorney-General aware of any alternative policies?

**An opposition member**—This is not a matter for which he is ministerially responsible.

**Mr RUDDOCK**—I thank the honourable member for his question. It will be quite apparent why these matters are of considerable interest to me, as the Attorney-General, and my portfolio. I assure the member for Page that the efforts of the government to manage our borders effectively have been extraordinarily successful. We have had a range of measures. The package has included offshore processing, excisions of certain offshore islands, interdiction and turn around of vessels, and the provision for those found to be refugees to receive temporary protection visas only. It has also included close cooperation with our neighbours to limit the number of people potentially seeking to access our region. Of course, the result is there to be seen. In 2000-01, 4,000 people arrived on some 54 boats. After 2001 we saw very few boat arrivals, and in this past year we can count on one hand the number of boats seeking to reach Australia.

The reason for that is clear. It is certainly not for the reasons advanced by the honourable member for Perth, who suggested that it was due to the overthrow of Saddam Hussein, the defeat of the Taliban—one would think that these events occurred in 2001—or our ongoing improved relations with Indonesia. It has become quite obvious that the measures have been working. I think one that has been particularly germane has been the turn around of vessels. In an interview on SBS radio in July 2001, Keis Asfoor, a now successfully prosecuted people smuggler of many hundreds of people to Australia, said:

> If Australia closes the door and turn back one time a ship, the day a ship is turned back I will stop this thing.

We know that the turning around of the perception of being able to deliver people to Australia successfully has been absolutely crucial to us being able to effectively protect Australia’s borders and to act in the national interest, and it is the package of measures that has done this. The real concern I have is with people suggesting that those measures, such as the offshore processing, should be unwound, together with a refusal to extend the excisions and a desire to abandon temporary protection visas.

There are some other matters that are relevant to this also. I heard on the program
Sunday Sunrise some comments from the member for Barton. In relation to the Navy’s handling of vessels that might reach Australia, he said:

They can’t use armed interdiction capacity in our zone, if you like, in our law enforcement zone. That’s one of the main reasons the United States created the Coastguard.

I am sure that is not the reason they created a coastguard. He went on to say:

We have, literally, an unpoliced northern border.

Let me enlighten the honourable member for Barton. Section 51(vi) of the Australian Constitution enables the parliament to make laws with respect to the control of forces to execute and maintain the laws of the Commonwealth, and important legislation has been passed by this parliament that enables members of the Defence Force to enforce the law in offshore situations. Amendments to the Customs Act and the Migration Act, introduced as part of this government’s package of border protection legislation, provide enforcement powers for use in the maritime area adjacent to Australia—including the territorial sea and the contiguous zone—and powers of hot pursuit. This suggestion that we need a coastguard because in some way we do not have powers in the Navy to be able to interdict and we do not have powers generally is a view born of ignorance of the way in which our law is drafted and crafted. I simply say that, if we are going to be able to act in Australia’s interests and deal with these issues, all the avenues need to be available to us. You certainly cannot cherry pick and knock them off individually, one at a time.

DISTINGUISHED VISITORS

The SPEAKER—I mention to the House that I see we have present in the gallery this afternoon the Hon. Jim Carlton, a former minister in the Fraser government. On behalf of all members, I extend to him a welcome.

QUESTIONS WITHOUT NOTICE

Howard Government: Economic Policy

Mr KATTER (3.00 p.m.)—My question without notice is to the Treasurer. Is the Treasurer aware that the Prime Minister in July 1995 quite rightly stated that the:

... overwhelming economic problem, the economic challenge above all else ... is our ... damagingly high current account deficit—

then $22,000 million? It is now $46,000 million. Is the Treasurer aware of the statement by the Mineral Council of Australia that Australia’s high interest rate regime is putting upward pressure on the Australian dollar?

Government members interjecting—

Mr KATTER—Wait and you might be enlightened.

The SPEAKER—Order! The member for Kennedy will address his remarks through the chair.

Mr KATTER—Further, is the Treasurer aware that the NFF economics chairman, Charles Burke, stated that the 40 per cent rise in the Australian dollar in the last two years is costing Australian farmers $4,600 million and that a similar figure extrapolated to minerals would exceed $12,000 million per year?

The SPEAKER—The member for Kennedy must come to his question.

Mr KATTER—in light of this increasing damage, could the Treasurer outline what steps the government is taking to cut interest rates, currently 400 per cent higher than those of the US and 500 per cent higher than those of Japan—or, alternatively, what other options are being considered by the government?

Mr COSTELLO—the balance of payments for the December quarter, as I outlined
to the House, showed that the current account deficit was $12 billion, or six per cent of GDP, in the December quarter. As I said at the time, we would obviously prefer it to be lower. I do not believe that we should be complacent about it. It compares, however, with a balance of payments deficit of 6.5 per cent back in 1995, so it is less than it was in 1995. More importantly, it is in a lower inflation environment and a lower interest rate environment. Back in 1995 inflation was 3.9 per cent and mortgage interest rates were $10½ per cent, compared with low twos now and low sevens. So the economy is in a stronger position and the current account deficit is lower than it was in 1995 as a percentage of GDP, which is the correct way of measuring it.

Having said that, we must not get complacent about these matters and it is important that we do what we can to boost Australia’s exports. Boosting Australia’s exports involves having a sympathetic tax regime, especially taking taxes off exports, improving our waterfront and our shipping and transport routes and making sure that we keep the Australian economy productive. There is so much more we can still do, including improving Australia’s labour markets—probably the No. 1 reform that Australia could do with now.

Official interest rates in Australia are at 5¼ per cent and, by Australian standards, they are low. In New Zealand they are 5¼ per cent.

Mr Katter interjecting—

The SPEAKER—The member for Kennedy has asked his question.

Mr COSTELLO—The member for Kennedy rightly says that the official rate in the United States is one per cent, which is substantially lower than 5¼ per cent, which is the Australian rate. The reason why the official interest rate in the US is one per cent is that the US economy has been through a recession. The US economy went into recession in 2000-01 and the US Federal Reserve brought the official interest rate down to try and stimulate it out of recession. The reason why official interest rates in Japan are at about a quarter of a per cent is that Japan has been through three recessions since this government came to office. Not only has the Australian economy not been through a recession since 1996 but also we have been amongst the fastest growing countries in the OECD year after year. This is not a recession economy, unlike the US and Japan. When we compare Australia’s interest rates to the historical position in Australia, they are low. As I said earlier, compared with 1995, we have home mortgage rates in the low sevens compared with 10½. If you want to go back further to other occasions when Australia’s current account has been around six per cent, we were doing that sometimes on interest rates of 17 per cent back in the late 1980s.

Having said all of that, I do want to pick up on one point put by the member: yes, the Australian dollar has appreciated considerably against the US dollar since the beginning of last year; it has appreciated by something like 40 per cent. That has made life harder for our exporters. But I point out to the member for Kennedy that there was huge volatility both ways. Part of the reason why it appreciated by 40 per cent is that it reached historical lows below US$50c, so it was coming off a very low base. I can remember saying at the time—and you will recall the opposition getting up in parliament day after day complaining about the low exchange rate, the member for Hotham leading the charge—that this would be good for Australia’s exporters. Actually in a macroeconomic sense it was helpful. But we could not expect that to last forever and, as a consequence, the Australian dollar has come back and come back significantly, by about 40 per cent.
The only thing I can say in relation to farmers is that, whilst that has made a difficulty, I do believe that an even bigger problem for our farmers in the last year was not the value of the exchange rate; it was getting production, because in the middle of it we had the worst drought in 100 years. It did not matter what the price was if you did not have production. So the good news in the last year is that production has been coming back.

A second point I will make in relation to Australia’s mineral industry is that, whilst it is true that the exchange rate has worked against our mineral exporters, the fact that countries like China are now taking so much of our mineral exports means that, notwithstanding the rise in the exchange rate, commodity prices have been rising with it. Some of our mineral companies are now as profitable as they have been. It will be good if that huge demand could be met with a more favourable exchange rate; but you must also bear in mind that huge demand will also have an influence on an exchange rate like Australia’s, which is considered to be influenced by commodities.

So I say to the member for Kennedy that I agree with some of what he says. I would like our exporters to be as competitive as possible. But I can promise him this: this government will not for a moment be moving from strong economic policy, because too many people’s livelihoods depend upon it.

Environment: Land and Water Management

Ms LEY (3.07 p.m.)—My question is addressed to the Minister for the Environment and Heritage. Would the minister advise the House of the Howard government initiatives to restore land and water quality in New South Wales? Are there any alternative policies?

Dr KEMP—I thank the honourable member for Farrer for her question.

Mr Zahra interjecting—

The SPEAKER—I warn the member for McMillan!

Dr KEMP—The Howard government, as members of this House are aware, is committed to restoring and protecting the environmental health of the Australian continent. That is evidenced more strongly than anything else by the Natural Heritage Trust and the national action plan for salinity, the greatest environmental rescue package in Australian history.

At the end of February, I announced the commitment by the Howard government of some $434 million to the New South Wales catchment authorities over the current and the next three financial years. This commitment means that each of the 11 New South Wales regional authorities now has a very clear indication of the money that they will be receiving over this four-year period so that they can plan strategically how they will address the environmental and natural resource issues that they face, restore water quality, revegetate the river banks and roll back salinity. It means that the communities of the central west, for example, can now plan strategically in restoring water and wetland quality along the Macquarie, Castlereagh and Bogan rivers, because the central west now knows that it has the resources to plan ahead.

The communities of the border rivers in the Gwydir region will now be able to move ahead with strategic programs to build sustainable farming, roll back salinity and act on soil erosion, and the communities of the Murray catchment, which the member for Farrer will be particularly interested in, will be able to press ahead with wetland restoration and, particularly, the implementation of the land and water management plans and
the strengthening of the catchments in this vital area, because we have committed some $68.1 million to this task.

The great change that has come about through the environmental policies of this government has been that we have moved from funding individual, isolated projects to a strategic approach for dealing with environmental issues on a landscape scale. There are comparable new funding announcements which we are discussing with each of the other states, and they will enable the regional communities to plan ahead in a strategic way and will give certainty and confidence to the whole national task of environmental restoration.

While we are giving certainty to regional communities, I regret to say that the Labor Party is only creating uncertainty for regional communities. We saw this with the trip of the Leader of the Opposition to Gladstone a week ago, where he announced two costly programs that would burden the aluminium and alumina industries—so important to Gladstone—raising their costs and destroying jobs in those industries. This is part of a deliberate strategy on the part of the Labor Party to press ahead with environmental programs that are funded out of taxation by heavy regulations that impose additional costs on and undermine the competitiveness of Australian industry.

It is very interesting that the shadow minister, the member for Wills, has said that the billion dollar commitment we have made to greenhouse gas reduction is just a mickey mouse commitment. So far as he is concerned, a billion dollars is peanuts, because the Labor Party has in mind much more spending and much higher taxes to finance that spending. The greatest level of uncertainty that is now facing those communities in Australia who are serious about the environment is the taxation policy of the Labor Party, because, while this government has funded large-scale environmental policies by creating wealth, all the Labor Party seems to be able to think about is higher taxes and higher spending that will undermine enterprise, cut back on wealth creation and make this country much less able in the future to deal with its environmental problems.

**Environment: Greenhouse Gas Emissions**

**Mr KELVIN THOMSON** (3.12 p.m.)—My question is to the Minister for the Environment and Heritage. Can the minister explain why the government instructed the Australian Greenhouse Office not to make any recommendations about projects put forward to ministers for approval under the Greenhouse Gas Abatement Program? Can the minister explain why ministers approved a round 2, category 2 project even though the Greenhouse Office technical advice about it said: ‘It is unlikely that significant greenhouse gas reductions can be achieved’? Can the minister further confirm that this project has since fallen over and that no greenhouse gas reductions are being achieved?

**Mr Ross Cameron**—Mr Speaker, this is on the Notice Paper.

**The SPEAKER**—The member for Parramatta is warned!

**Mr Ross Cameron**—Mr Speaker, I rise on a point of order. Without discourtesy, I simply note that the question widely canvassed matters of debate which will be covered, according to the Notice Paper, in the matter of public importance debate immediately after question time.

**The SPEAKER**—The member for Parramatta has a valid point of order. However, I noted that the member for Wills’s question was framed in such a way that, as the Speaker, I was unaware of any particular project being identified, and it was for that reason that I allowed it to stand.
Dr KEMP—I thank the honourable member for Wills for his question. The government take climate change very seriously, and that is why we put in place certain world-leading programs to address this issue. Amongst these was the establishment of the Australian Greenhouse Office, which was the first agency in the world to address the issue of greenhouse gas reduction. The Australian Greenhouse Office has been an exceptionally successful initiative of this government, and through its programs it has put Australia on track to reach the internationally negotiated target for greenhouse gas emissions in 2010.

The office has recently been reviewed by the Australian National Audit Office. The questions that the member for Wills asks arise out of the report of the Audit Office. To put it in context, the Audit Office has given the Australian Greenhouse Office a big tick. The Audit Office report is a very positive report about the Greenhouse Office. It makes the point, for example, that ‘the selection of projects is transparent and based on merit’. It also says:

... the financial management systems in the AGO are sound. The AGO has implemented good practice in making payments progressively against milestones and withholding payments where milestone requirements are not met.

Performance monitoring to date has been thorough and given the necessary priority.

This has been a very positive report for the Australian Greenhouse Office and for the government’s programs. It contrasts with a report on the greenhouse policies of the previous government by the Australian Audit Office when it conducted a report in 1992-93 called Implementation of an Interim Greenhouse Response. The report concluded that the then Department of Primary Industries and Energy and the government:

had not taken sufficient action to implement the package of measures announced in 1990.

In other words, when the Audit Office looked at Labor’s performance it was dissatisfied; when it looked at our performance it was satisfied.

In relation to the specific matter raised by the member for Wills—that is, that ministers asked the AGO not to recommend the GGAP projects they should fund—the reason for that was that ministers wish to consider the comprehensive risk assessment for a whole range of potential projects and these were whole of government decisions. It was established by the Audit Office that the projects that were approved comprehensively met the program guidelines.

Being a world first initiative, the Greenhouse Office naturally has to experiment and it had to experiment with different kinds of programs to see the programs that would be effective and the programs that would not be effective. When one looks at the projects and outcomes from its work, it has undoubtedly been exceedingly successful.

If the member for Wills is not clear on this from reading the report, perhaps he should visit the Audit Office personally. He will find it in Centenary House, where it is currently subject to a massive rip-off by the Labor Party and is being forced to pay $871 per square metre in rent, making it the world’s most expensive office space. I suggest to the member for Wills that he should go around there. He should perhaps carry a message from the Leader of the Opposition that the Labor Party withdraws from this unethical arrangement and get a first-hand briefing from the Audit Office.

The SPEAKER—Before I recognise the member for Petrie, I am indebted to the member for Fraser and the clerk for reminding me of Speaker Child’s ruling which determined that MPIs were no longer included
in the anticipation rule. The question was in order and I did not want my hesitation on it to create a precedent.

**Australian Labor Party: Centenary House**

*Ms GAMBARO (3.18 p.m.)*—My question is addressed to the Minister for Health and Ageing, representing the Special Minister of State. Is the minister aware of efforts made by the Audit Office and an organisation registered under the electoral act to renegotiate the Centenary House lease? What is preventing the renegotiation of this lease to reflect current market values?

*Mr ABBOTT*—I thank the member for Petrie, whose constituents want to end the Labor Party’s $36 million rip-off. This morning, we had the Leader of the Opposition out there on radio trying to explain away the stinking dead cat around his neck—the Centenary House rent rort will haunt him every day until he repudiates it. This is what he said to Mike Carlton this morning: ‘The only reason they have raised this now was there was a change in the Labor leadership.’ That is typical self-preoccupation by the Leader of the Opposition. I know he thinks nothing ever happened until 2 December last year, but let me remind the Leader of the Opposition that in the last parliament the former minister for finance successfully moved a censure motion on the then Leader of the Opposition. In this parliament, government ministers raised Centenary House on no fewer than 13 separate occasions prior to that diei mirabile when the Leader of the Opposition assumed his current eminence.

I have a long memory, and I seem to recall that my own very first question in this House back in May 1994 was about the Centenary House rip-off.

*Ms Gillard interjecting—*

*Mr ABBOTT*—It was a rip-off then and it is a rip-off now—

*The SPEAKER—The member for Lalor!*
Stopping the renegotiation because it is pretty clear who it is. He said yesterday, ‘I’m ashamed of nothing in this matter.’ The man with no shame. The man who claims that he has never told a lie and then he says ‘I’m not ashamed of anything in this matter.’ Who is stopping the renegotiation? It is the Leader of the Opposition. He would rather pocket the money—a lazy $6,721 every day—than do the right thing by the Australian people. He should end the rent rort now.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Economy: Employment

Mr COSTELLO (Higgins—Treasurer) (3.24 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr COSTELLO—In answering a question about the ANZ job advertisements, I compared the number of jobs created in Australia over the last six months. I should have made it clear that I was speaking about full-time jobs. Over the last six months the number of full-time jobs created in Australia is 169,900 compared to the last six years of the Labor government, where the number of full-time jobs created was 53,300. That indicates that three times as many full-time jobs have been created in the last six months than in the last six years of Labor government.

PERSONAL EXPLANATIONS

Ms MACKLIN (Jagajaga) (3.25 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms MACKLIN—Yes I do—

The SPEAKER—Please proceed.

Ms MACKLIN—by Senator Kay Patterson in the Senate yesterday when she said: According to the figures I have, the gap is less than half of that claimed by Jenny Macklin. Under the Howard government—

She goes on to say:

—women’s wages have increased at a greater rate per year than men’s wages and, under this government women’s wages have risen three times more than they did under Labor. Ms Macklin ought to go back and get her figures right …

The SPEAKER—Order! Obviously I need to find out whether the member for Jagajaga has been misrepresented.

Ms MACKLIN—I draw the senator’s attention to ABS average weekly earnings 6302, released on Thursday 26 February. The figures show that total earnings for all female employees for the period November 2003 was $582.80 and that the figure for males was $894.30, a difference of $311.

The SPEAKER—The member for Jagajaga will resume her seat.

Mr Stephen Smith—I have a question of you, Mr Speaker.

The SPEAKER—I am happy to respond to the question but I believe there are other personal explanations.

Mr ALBANESE (Grayndler) (3.26 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALBANESE—Yes.

The SPEAKER—Please proceed.

Mr ALBANESE—This morning on AM the Minister for Employment Services suggested that I was one embuggerance or one potential embuggerance to employment. Like the AM program, I am still unsure as to what an embuggerance or a potential embuggerance is, but I am sure that one, I am offended by that statement; two, I deny that; and three,
I reserve my right to further comment once a definition is found.

Mr LAURIE FERGUSON (Reid) (3.26 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr LAURIE FERGUSON—Yes.

The SPEAKER—Please proceed.

Mr LAURIE FERGUSON—In the Herald Sun today Mr Michael Harvey and in the Australian a Mr Steve Lewis, who is interestingly described as ‘Chief political reporter’, both attributed an exchange yesterday to myself and unnamed reporters. I will quote the article:

Asked whether he believed that there was a “good chance” taxes would have to rise, he—

That is me—

said: “Oh yes, there’s a good chance.”

This alleged conversation is pure fantasy, a total fabrication, an utter invention and, in that context, far worse than the speaker’s practice over the last two days of taking out of context and deleting sections of the conversation.

The SPEAKER—Order! I am sure the member for Reid was not reflecting on the chair in that comment but he will understand why I was a little confused by his remark.

Mr Albanese—You will need to make a personal explanation.

The SPEAKER—I thank the member for Grayndler for the invitation.

Ms PLIBERSEK (Sydney) (3.28 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms PLIBERSEK—Yes.

The SPEAKER—Please proceed.

Ms PLIBERSEK—Today the Treasurer quoted Lateline, implying that I had supported tax increases. What I said in the door-stop was that taxes do not have to rise, because this is the highest taxing government in Australian history, and that well before—

The SPEAKER—Order! The member for Lindsay! The Minister for Foreign Affairs! The member for Sydney has indicated where she was misrepresented. I am listening to see if there was any further misrepresentation.

Ms PLIBERSEK—I said that well before an election people will know what our priorities are and how we will pay for them, which is better than not knowing who will be leading the Liberal Party at the next election.

The SPEAKER—The member for Sydney has indicated where she was misrepresented and will resume her seat. As the House will be aware, I am simply trying to facilitate Hansard by dealing with matters of misrepresentation.

Mr McMULLAN (Fraser) (3.29 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr McMULLAN—Yes.

The SPEAKER—Please proceed.

Mr McMULLAN—AAP have put out an incorrect report of ‘I have’ and ‘they have’—

Government members interjecting—

Mr McMULLAN—that is exactly the point that I am making; thank you for your assistance. They have subsequently put out a corrected version. The first version suggested that I had said that an incoming Labor government would increase tax. What I in fact said—and it was correctly reported in the article—was that Labor would not increase tax as a percentage of gross domestic product.
QUESTIONS TO THE SPEAKER

Question Time

Mr TANNER (3.30 p.m.)—Mr Speaker, during question time you named the honourable member for Bruce. I wonder if you could explain to the House whether, prior to naming him, at any point during question time you had warned him. If not, could you explain what extraordinary circumstances prevailed which justified your naming him without any prior warning?

The SPEAKER—Let me indicate to the member for Melbourne and for the benefit of all members of the House that there is no obligation on the chair to warn anybody. What has become an increasing tendency is for members on both sides of the House to believe that, unless they are warned, they are at licence to behave as they wish. I thought that I was able in this instance, in the case of both the member for Bruce and the Minister for Children and Youth Affairs, to indicate that that sort of behaviour will not be tolerated.

Question Time

Honourable members interjecting—

The SPEAKER—The member for Perth has the call!

Mr Snowdon—Don’t get cranky!

The SPEAKER—I warn the member for Lingiari!

Mr STEPHEN SMITH (3.31 p.m.)—Mr Speaker, yesterday in question time the Minister for Foreign Affairs, purporting to quote from a transcript of an interview I did, said:

I thought this was quite a good interview by the member for Perth who said:

And we have also, finally, the Howard Government after four or five years of doing nothing, sat down with the Indonesian Government and entered into agreements so far as secondary movements … is concerned.

Mr Speaker, in the circulated Hansard from yesterday, at page 25458, the Minister for Foreign Affairs is quoted as saying:

I thought this was quite a good interview by the member for Perth who said:

The Howard Government after four or five years of doing nothing, sat down with the Indonesian Government and entered into agreements so far as secondary movements and people smuggling is concerned.

Mr Speaker, it is clear that that is not what the Minister for Foreign Affairs said, and a viewing of the tape would reflect conclusively that he did not say that. My question to you, Mr Speaker, is whether that has offended the practice described in pages 587 and 588 of House of Representatives Practice that Hansard records should not be changed in a way to affect the material meaning of a contribution made by a member—that is particularly relevant in this case, because that change somewhat negates the effect of my personal explanation—and whether you might make inquiries as to whether the Minister for Foreign Affairs had any role in that. The minister may well be embarrassed by doing nothing for five years, but the record being doctored is not justified.

The SPEAKER—I will view the tape and the Hansard record. The Minister for Foreign Affairs will resume his seat.

Mr Downer interjecting—

The SPEAKER—I warn the Minister for Foreign Affairs!

Mr Ripoll interjecting—
The SPEAKER—The member for Oxley is also warned! I will, as I said, follow up the matter raised by the member for Perth. All members are grateful to Hansard for the changes that they voluntarily make to ensure that our material is in fact a better reflection of what we were saying; I have had that experience and I believe the member for Perth has had that experience. If in fact what has happened on the tape has changed the meaning then, clearly, I will raise that with Hansard. But, until the member for Perth raised the matter, I was unaware of it.

PERSONAL EXPLANATIONS
Mr DOWNER (Mayo—Minister for Foreign Affairs) (3.34 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr DOWNER—Yes.

The SPEAKER—Please proceed.

Mr DOWNER—The member for Kingsford-Smith, in an interjection, suggested that I had doctored the Hansard. I thought that, for the record, the House may be interested to know that, as a matter of fact, I had never even seen a copy of the Hansard until question time today, when I had a look at it.

The SPEAKER—I thank the minister for the explanation.

QUESTIONS TO THE SPEAKER
Question Time
Mr TANNER (3.35 p.m.)—Mr Speaker, I have another question to you on the matter I raised before—and I apologise for not getting to my feet as quickly as the member for Perth. My question is in two parts and it concerns the naming of the member for Bruce: firstly, did you have cause, at any time prior to the naming, to even admonish the member for Bruce; and, secondly, if you are applying a kind of general rule to members, why did you name the member for Bruce and only throw out the Minister for Children and Youth Affairs for one hour?

Mr Rudd interjecting—

The SPEAKER—The member for Griffith has been of great assistance to the chair. I have dealt with the matter as I saw fit, and I do not intend to take it any further.

Parliament House: Staff Entitlements
Ms JACKSON (3.36 p.m.)—Mr Speaker, can you confirm that the cleaners employed at Parliament House have enjoyed portability of long service leave entitlements since 1999?

The SPEAKER—I have no idea what the entitlements of the cleaners at Parliament House are. It is a matter that is wisely left to the departmental head. I will take the matter up. I am not aware of any cause for concern or alarm, but if there is any I will come back to the member for Hasluck.

AUDITOR-GENERAL’S REPORTS
Report No. 34 of 2003-04
The SPEAKER—I present the Auditor-General’s audit report No. 34 of 2003-04 entitled Performance audit—the administration of major programs: Australian Greenhouse Office.

Ordered that the report be printed.

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

That the House take note of the following papers:
Sydney Airport Demand Management Act—Quarterly report on movement cap for Sydney airport—1 September to 31 December 2003

Debate (on motion by Ms Gillard) adjourned.
MATTERS OF PUBLIC IMPORTANCE
Environment: Climate Change

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

The Government’s failure to address the problem of climate change as revealed by the Australian National Audit Office performance audit of the Australian Greenhouse Office.

I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr KELVIN THOMSON (Wills) (3.38 p.m.)—The capacity of the Minister for the Environment and Heritage to describe white as black and black as white reminds many of us of some of the great propaganda merchants of the past. To listen to him talk about this being the greenest government in Australia’s history or about how Australia is meeting the challenge of climate change with, as I heard today, the biggest environmental rescue package in Australian history is to be given echoes of those notorious propagandists who claimed that victory was certain while enemy forces were at the gates and buildings were burning all around them. We hear the environment minister today saying, ‘We are advancing on all fronts. Victory is assured. The wicked perpetrators of greenhouse gas emissions will meet their doom at the hands of our fearless and relentless leadership. The war on climate change is ours.’ When I hear the minister talking like this, I am reminded of Comical Ali proclaiming the imminent defeat of the coalition forces, even as they pushed into the presidential palaces in Baghdad and roamed at will throughout Iraq.

The message from the minister, ‘Comical Kempi’, has been that it does not matter that this government will not ratify the Kyoto protocol; that it does not matter that the government has abandoned all work on emissions trading; and that it does not matter that the government will not promote renewable energy by lifting the renewable energy target. The message has been that none of these things matter, because we have a Greenhouse Office, which is delivering emission reduction programs through the Greenhouse Gas Abatement Program and through the Greenhouse Challenge, and we are spending a billion dollars on doing so. Never mind the quality; feel the width!

The problem for the minister is that these programs are a circus and the Audit Office have now called their effectiveness into question in their report on the Australian Greenhouse Office. At page 70, the Audit Office say the key issue is whether the greenhouse gas abatement claimed from the Greenhouse Challenge is an accurate reflection of what has actually been achieved as a direct result from the program. They say the original design was not conducive to measuring abatement over and above business as usual and that the Greenhouse Office:

... could make more explicit the actual greenhouse benefits from the program over and above BAU.

In other words, the Audit Office think the companies reporting on their greenhouse gas emission reductions might have taken this action anyway, even if there were no Greenhouse Office and no Greenhouse Challenge Program—for example, to reduce their electricity bill. The Audit Office are saying, ‘We can’t tell whether or not your programs are getting the emission reductions they claim they are getting.’

The Audit Office also nails the environment minister’s propaganda about the $1 billion being spent on greenhouse pro-
grams—and he was at it again in question time today. The Audit Office report says at page 63 that the original budget for the seven key programs it investigated, till 30 June 2003, was $873.7 million—over $870 million. The actual amount spent till 30 June was, in fact, $204.4 million—less than a quarter of the amount the government originally proposed. So, while the minister said in question time today that I have described a $1 billion program as ‘peanuts’ and ‘mickey mouse’, implying that we would need to spend a whole lot more, the point is that that is not their rate of spending. Their rate of spending is $200 million over four years. At this rate, it would take 20 years for the $1 billion the minister talks about to be spent. The climate change enemy will be knocking at the gates, knocking on the door, well before then. Comical Ali will long since have ceased giving press conferences, and Prime Minister Howard may even have retired by then.

One glaring example of what the Audit Office calls a failure of proper risk assessment concerns the Alternative Fuels Conversion Program. That program was set up with a target of achieving the use of alternative fuels in 4,000 trucks in each of the four years of the program—in other words, 16,000 trucks in total. As at 30 June 2003, only 30 trucks had been funded; not 16,000 trucks but 30 trucks are running on alternative fuels.

Mr Snowdon interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Lingiari has already been warned during question time. He was just warned again, and then repeated it.

The member for Lingiari then left the chamber.

Mr KELVIN THOMSON—I heard the head of the Greenhouse Office saying on radio this morning: ‘This is okay. We won’t pay unless there are results, so there’s nothing to worry about.’ He is right in one sense. The money has not been spent, because there have not been results. The whole program is a failure. But the inference that, because the Greenhouse Office has not been spending public money, it has not been wasting public money is utterly wrong. The other part of the Alternative Fuels Conversion Program concerned converting buses. The audit report states that one company secured an Alternative Fuels Conversion Program grant to purchase 103 new dedicated compressed natural gas buses to replace a diesel fleet. The application indicated that the project would result in 692 tonnes of carbon dioxide emission reduction in greenhouse gases each year. The buses were purchased and the AGO—that is, the taxpayers—paid out $1.75 million for this project. However, when they did the emissions testing, they found that the emissions from the compressed natural gas bus—997.3 tonnes—were considerably higher than those from the comparable diesel bus.

In total, the Audit Office found with respect to the bus conversions that, of the 557 buses funded, there were substantially varying outcomes, ranging from a 16 per cent reduction to a 16 per cent increase. The Audit Office said that the Greenhouse Office sought legal advice as to whether they had to make a payment for these buses with the higher emissions and found that they had to because they had failed to link the payments to project outcomes—that is, reducing
greenhouse gas emissions. The Audit Office said that this case study shows that milestones need to be more effectively linked to project outcomes. Hear, hear to that!

The Audit Office is also highly critical of the appraisal and selection process. On page 50 of the report it gives an example of where funding of up to $1 million was recommended for a private company for a project that was close to completion. The Greenhouse Office admitted that the offer of a grant was ‘not critical to the implementation of the project since it was nearing completion’, but it funded the project anyway. This is completely inappropriate. It is public expenditure for a private benefit, and the government should not have approved it.

On the same page, the Audit Office gives an example of a minister ticking off an unlawful appropriation. To be fair to the minister, this was not his fault; it is the job of the public servants to ensure that ministerial actions do accord with legislation authorising programs. But the minister was less innocent when he was party to the government telling the Greenhouse Office that they did not want any recommendations from the Greenhouse Office coming forward with these Greenhouse Gas Abatement Program applications. Clearly the Howard government ministers wanted a wide discretion concerning the projects that they approved, and they did not want that discretion diminished by having a paper trail of Greenhouse Office recommendations to contend with. The ministerial council on greenhouse wanted to consider Greenhouse Gas Abatement Program applications in whiteboard land—the happiest kingdom of them all. As a result, they approved one project even though they had received technical advice that it was ‘unlikely that significant greenhouse gas reductions could be achieved’. It is my understanding that that project has now fallen over.

The Audit Office was clearly unimpressed with the government’s modus operandi. It said that ministers had failed to provide documentation on what weighting was to be given to the relative strengths and weaknesses highlighted by the Greenhouse Office in each project appraisal. It recommended that the Greenhouse Office seek ministerial approval to apply an order of merit rating scheme and recommendations on selection that highlight projects that are most likely to achieve program objectives. I call on the government to agree to this recommendation. They have been pretty keen to lecture this side of the House about whiteboards but it turns out that, over at the Greenhouse Office, they have had their own.

The other problem with the Greenhouse Gas Abatement Program is the length of time it has taken to get projects off the ground. The Greenhouse Gas Abatement Program guidelines cite a 12-week period for successful applicants to enter into an agreement with the government or, if this is not possible, they state that it must be within a reasonable time frame. It turns out that a reasonable time frame is not two or three weeks or even two or three months but in some cases is two or three years. The Audit Office was clearly not impressed with these delays, and it proposed at page 62:

... a deadline for negotiations to be completed with particular applicants after which funds are reallocated to future funding rounds or alternative reserve projects ...

These delays mean that we are still waiting for needed action on greenhouse emission reductions—action that did not happen in year 1, year 2, year 3, year 4, year 5, year 6, year 7 or even year 8 of this government. I guess it must be part of the year 9 agenda for this government. We certainly cannot find a year 9 agenda anywhere else.

Another serious Audit Office concern is the failure by the Greenhouse Office to prop-
erly report these matters to the parliament and the public. The 2002-03 annual report made no mention of the fact that there had been such a pitiful uptake of the Alternative Fuels Conversion Program by the trucks. It did mention how many buses had been bought and skited about the increase in the natural gas fleet, but it failed to mention that this had led to greenhouse gas emission increases. As the Audit Office delicately put it: ‘This could give the reader a misleading impression about the achievements of the program’—indeed!

Finally, the Audit Office noted that the government has not followed through on implementing recommendations from a year 2000 inquiry by a Senate committee concerning the Greenhouse Challenge, even though at the time it said it would accept the recommendations. The Senate was rightly concerned about whether the Greenhouse Challenge was actually making any difference compared with business as usual and recommended some public reporting requirements. The Howard government agreed to these recommendations, but the Audit Office discovered it had failed to implement them. This is not good enough. If you accept the recommendations of a parliamentary committee—and many parliamentarians put a lot of work into these committee recommendations—it is a contempt of parliament not to implement them.

The Howard government’s climate change strategy is in tatters. It will not ratify the Kyoto protocol, it has abandoned all work on establishing an emissions trading regime, it will not promote renewable energy, and the programs it brags about have been found to be full of errors and omissions—a litany of failure. By contrast, a Labor government would tackle the problem of climate change. We would ratify the Kyoto protocol, we would establish an internationally recognised emissions trading regime, we would lift the mandatory renewable energy target to an additional five per cent by the year 2010 and we would make sure that the money committed to greenhouse programs is spent properly and gives taxpayers value for money and the environment the emission reductions it needs.

There are many good people in the Greenhouse Office who are working very hard, but they are in despair at the lack of political leadership and the lack of a sense of purpose as regards this government. This is part of a long record of failure on climate change issues. We all know about the Kyoto protocol and this government’s attitude to that. The truth is: if George Bush were to ratify the Kyoto protocol, this government would ratify it in five minutes flat. Then there is emissions trading. We have abandoned all work on that, and yet the European Union is actively working on emissions trading and will have a scheme in place by 1 January 2005. We are not doing anything in relation to that. We are going to miss that boat. Our businesses will miss out.

In the area of renewable energy, industry despairs at the lack of leadership on the part of this government. In the area of emissions trading we have seen the states acting and industry is concerned about the lack of national leadership and certainty that has been provided. We have a government with no energy policy and no climate change forward strategy. No climate change forward strategy has been announced because there is no forward strategy. This is at a time when we have one of the most serious problems confronting Australia and the rest of the world today—the problem of climate change. Climate change is going to give us an extreme make-over, but it will not be pretty; it will be an extreme makeover in reverse. The government is unwilling to take the necessary actions to deal with such a serious problem and is prepared to allow the Greenhouse Office
to go around in ever diminishing circles, all the while pretending that action is being taken. *(Time expired)*

**Dr KEMP (Goldstein—Minister for the Environment and Heritage) (3.53 p.m.)—** We have heard it confirmed by the shadow minister, the member for Wills, that the Labor Party does intend to impose additional costs on Australian industry to undermine its competitiveness for no reason whatever. I say ‘for no reason whatever’ because Australia takes the issue of climate change very seriously. Because of the policies that we put in place, including the world first initiative of establishing the Australian Greenhouse Office, Australia will reach its internationally negotiated greenhouse gas abatement target of 108 per cent of 1990 emissions.

Australia will succeed in doing what it has said it would do to its international partners. It is continuing to work effectively internationally to get a proper focus on a global arrangement that includes all major emitters. What we will not do, because it is not in Australia’s interests, is ratify the Kyoto protocol, which does not include most major emitters and has no pathway to include most major emitters. That is the problem. Of the six major global emitters, only two have indicated that they will accept obligations under the Kyoto protocol; four have not. We are still waiting to see whether or not Russia will ratify.

**Mr Danby—** Would we do it then?

**The DEPUTY SPEAKER (Hon. I.R. Causley)—** The member for Melbourne Ports is in a perilous position.

**Dr KEMP—** There is clearly a major domestic debate going on in Russia over ratification. Russia is fearful that it will face the same consequences that Australia would suffer—a flight of investment and industry on ratification.

The member for Wills has said that the Labor Party would not only ratify the Kyoto protocol but also establish a domestic emissions trading system. What the member for Wills appears not to understand, and his lack of understanding seems to be shared by the Leader of the Opposition, is that an emissions trading system would impose costs, particularly on the high energy users in Australian industry—industries that are critical to the economic success of many regional communities in Australia, particularly in Queensland and Western Australia.

It is the Labor Party’s intention to impose costs on Australian industry that are absolutely unnecessary to achieve Australia’s abatement target. Nothing demonstrates more clearly the ideological and rhetorical character of the Labor Party’s position in relation to climate change than the fact that it is advocating policies which are not needed and which are costly. Australia will achieve its international commitments without those costly polices. The Labor Party loves to impose costs on industry for ideological reasons. The member for Wills stood up today and said that the Labor Party will lift the target to five per cent under the mandatory renewable energy scheme—a significant addition to electricity costs for major energy users.

Roman Demanski, the Executive Director of the Energy Users Association of Australia, said in the *Business Review Weekly* on 5 February this year, ‘There will be significant additional costs to swallow.’ He was referring to costs if Labor policies are implemented. He went on to say, ‘That does not stack up well in terms of trying to encourage investment in Australian industry.’ But of course the Labor Party has never cared about that. I suspect that the Labor Party is trying to be fairly expedient in how it responds to pressure groups within the renewable energy
industry and is not paying enough attention to its own constituents.

It is not that this government does not care about renewable energy. This government has invested some $300 million in encouraging renewable energy industries. The mandatory renewable energy target which we have put in place has again been another world first initiative which other countries are seeking to emulate. It has produced a massive upsurge in investment in renewable energy. What we are not prepared to commit ourselves to are targets which are unnecessary in Australia’s greenhouse policy and the costs that they will impose on Australian industry and Australian jobs.

When the Executive Director of the Energy Users Association said that Labor is not paying enough attention to its own constituents, who was he referring to? He was referring to working-class Australians who depend on these industries for jobs. These are the very people who would be duded by Labor, who seem determined to implement a policy suitable to Europe because of its special circumstances but not suitable to Australia and to many other countries around the world and which, if implemented, would make virtually no difference to global greenhouse gas emissions, apart from the one per cent difference to global greenhouse gas emissions.

Labor is indulging in not only empty rhetoric but also destructive rhetoric. When we get to the comments that the member for Wills has made about the report of the Australian National Audit Office, what we again find is a rhetoric which is totally misleading in relation to the conclusions of the Audit Office’s review of the Greenhouse Office. The fact is that the Audit Office was very complimentary of the Australian Greenhouse Office. No-one could read the report without concluding that we have in this country not only a world leading initiative but also an organisation that is thoroughly professional in the way that it goes about its activities.

The Greenhouse Office has never made any secret of the fact that, because it is a world first, it has had to put into place programs and see whether or not those programs were effective. As soon as it has been determined that a program is not effective, the Greenhouse Office has acted to review that program and replace it with more effective guidelines; and the Australian National Audit Office praises this approach by the Greenhouse Office. I think it is important to put on the record a number of the conclusions of the Audit Office about the Greenhouse Office. Contrary to what the member for Wills said, when he talked quite falsely about whiteboard practices, under the section ‘selection of projects’ the report states, ‘The selection of projects is transparent and based on merit.’ That is the exact opposite of what the member for Wills said. The AGO has financial management systems which, according to the Audit Office, are sound. The Audit Office report states:

The AGO has implemented good practice in making payments progressively against milestones and withholding payments where milestone requirements are not met.

The Audit Office looked at the Greenhouse Office’s performance monitoring of its programs and came to this conclusion:

Performance monitoring to date has been thorough and given the necessary priority.

The report goes on:

… the AGO has implemented good practice in demonstrating a strong and consistent focus on evaluation across all programs.

In other words, Australia is very fortunate to have such a professional organisation in place, dealing with the very significant issue of climate change.
The member for Wills has made claims about particular programs, such as the Alternative Fuels Conversion Program. This is a pioneering program that simultaneously addresses issues of air quality and greenhouse gas emissions. The member for Wills failed to mention that. The program has a dual objective of addressing air quality issues as well as greenhouse gas emissions. This has not been done anywhere else in the world. The program has been successful in stimulating significant uptake of CNG buses—there were to be some 718 of these by February this year—and in encouraging and stimulating investment of more than $200 million by Australian transport authorities in these buses. In other words, the program has leveraged very significant private investment in transport systems that will improve air quality, reduce greenhouse gases or both. It is true that the uptake of CNG and LPG trucks has not met expectations. The original program targets were developed in close consultation with industry, based on information that was available then. When the Greenhouse Office identified that the uptake of the program was slow, it immediately commissioned a review, consulted with industry and refined the program to overcome identified barriers.

In terms of greenhouse impact, the large majority of buses tested have demonstrated a significant greenhouse gas improvement, ranging up to 27 per cent improvement. Only one group of buses had a negative outcome result when tested, and this was not consistent across all buses in that group. All buses have significantly improved air quality outcomes, especially in emissions of particulates, which have been reduced between 91 per cent and 99 per cent. In other words, this innovative program has been rigorously reviewed internally by the Greenhouse Office and outcomes are being produced which are very beneficial. You would not have gathered that, of course, from what the member for Wills said.

The member for Wills also criticised the Greenhouse Gas Abatement Program, known as the GGAP. The ANAO report made the point that, ‘for GGAP, operational targets underpin broad objectives.’ This is good practice and is particularly useful in providing an indication of progress towards objectives. For example, GGAP has an objective of funding substantial emissions reductions. The Australian Greenhouse Office has defined this term as projects with estimated emissions abatement greater than 250,000 tonnes of CO₂ equivalent per annum over five years from 2008 to 2012.

The member for Wills complains that the Greenhouse Office has not spent all its appropriations to date and that some of this money has been put into the forward years. We know that this reflects the attitude of the Labor Party: if you have got money you have to spend it regardless of whether it is going to be effective or not. That is not the view of this government. We have allocated this $1 billion to reduce greenhouse gas emissions. The programs to reduce greenhouse gas emissions have to produce these reductions in order for the expenditure to be required and effective. The Greenhouse Office has, entirely properly, determined that where this money cannot be spent effectively to achieve its objectives because adequate projects are not coming forward, it does not spend the money. It keeps the money in its pocket so that it can spend it at a time when it will achieve the results. Despite this—and this is the important point—the expenditures that have occurred by the Greenhouse Office have actually put in place programs that, when taken with other programs around Australia, will reduce Australia’s total greenhouse gas emissions from business as usual by some 67 million tonnes of CO₂ equivalent per year by 2010. That is the equivalent of
taking all motor vehicles off the road in Australia. So this is a highly effective suite of programs to assist Australia to achieve its greenhouse gas objectives.

When you analyse in detail what has been said by the member for Wills, you find that none of the general assertions that he has made are valid. The Greenhouse Office is effective in reducing greenhouse gas emissions. The Greenhouse Office has acted responsibly. It is part of a government response to climate change which will enable Australia to fully meet its obligations, and it will do so without undermining the international competitiveness of Australian industry. The member for Wills has, however, confirmed that it is the Labor Party’s policy to impose additional, unnecessary costs on Australian business that will destroy the jobs of working-class Australians and will underline the competitiveness of businesses for no gain whatever in terms of meeting our international obligations. Australia produces less than one per cent of global emissions. We will be meeting our obligations in that regard. The Labor Party is absolutely careless of the Australian national interest and careless of the jobs of those Australians whom it purports to represent.

Mr DANBY (Melbourne Ports) (4.08 p.m.)—I rise to support the motion moved by the honourable member for Wills. No member in this House has worked harder on environmental matters or, as far as I am concerned, is better informed about them than him. I look forward to the day—and that day may be coming soon—when he takes office as the minister. The honourable member for Wills has shown in detail how the Auditor-General’s report has exposed this government’s inaction on the issue of climate change. The minister is leaving the chamber now. Obviously his remarks contradict the Australian Financial Review today. That newspaper judged that the Audit Office did find that the government had shown inaction. The Audit Office did not give the government a clean bill of health as the minister claimed in his answer in question time.

The issue of greenhouse gas emissions has great significance for Australia’s economic future. The member for Wills has shown how the Australian Greenhouse Office, of which the minister boasted during question time and in his speech just now, has not been given adequate resources to do its job. In any case, the government does not listen to what the Greenhouse Office says. What kind of environment minister sets up an expert body like the Greenhouse Office and then tells it that he does not want to take care of its recommendations? Anyone who has listened to this minister over the last few years knows that he is sort of an Australian Suslov, the former chief of soviet ideology, who does not want his ideologically driven policies disturbed by unpleasant facts.

The member for Wills has also shown that the minister’s claim to be spending $1 billion on programs to reduce greenhouse gas emissions is seriously misleading. At the current rate, it will take the minister 20 years to spend the $1 billion he has been allocated by the parliament, by which time the horse will have well and truly bolted. The reason the money is not being spent is that the programs the minister promised are not being acted on. He is not driving them. He is not there; he is absent from the wheel. As the member for Wills said:

The money has not been spent, because there have not been results. The whole program is a failure.

That neglect, of course, reflects the Howard government’s lack of interest in environmental issues in general and climate change in particular. The present minister seems to be treating the portfolio as a sinecure prior to retirement. In his amusing description of the
minister, the shadow minister, the member for Wills, said that Dr Kemp’s attitude was: ‘We are advancing on all fronts; victory is assured; the wicked perpetrators of greenhouse gas emissions will meet their doom at the hands of our fearless and relentless leadership; the war on climate change is ours.’ This is more characteristic of the Good Soldier Schweik of the environment than comical Kempy.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Melbourne Ports will refer to members by their seat or title.

Mr DANBY—I am sorry. Not comical Kempy; I meant the member for Goldstein. The Howard government is about the last government in the world to cling to the belief that there is no such thing as climate change or that if there is it does not matter much. But there is mounting evidence all over the world that climate change, and more specifically global warming, is already happening. It is not just a theory; it is a fact.

The National Climatic Data Center in the United States tells us that the world’s average temperature last year was 14.5 degrees. That is half a degree warmer than the average temperature since records began in 1880. Half a degree does not sound like much, but it is clear that the trend is accelerating. The year 2003 tied with 2002 as the second hottest year ever recorded. The hottest year was 1998. The five hottest years on record have all occurred since 1997, and the 10 hottest since 1990. It has been 18 years since the world recorded a colder than normal month. A handful of sceptics continue to argue that this is part of a long-term natural climatic cycle, but the consensus amongst climate scientists now is that the acceleration in global temperatures is too rapid to be part of a natural cycle. The world is now warming and will continue to do so. The cause of this is human activity. The world is getting hotter because gases emitted from burning fossil fuels are trapping heat from the sun, causing the atmosphere to get warmer.

Perhaps the government think that climate change will not affect Australia, all the way down here in the Antipodes. If they think that, they could not be more wrong. Global warming will have a profound effect on Australia, nearly all of it harmful. Mr Deputy Speaker, as you would know in your seat, this is one of the driest continents on earth. We already have acute problems with water supplies in some of our major cities, such as Adelaide, Perth, Canberra and even my city of Melbourne. Already our river systems are dying. Already some of our great natural heritage, such as our alpine regions and the Great Barrier Reef, are being adversely affected. All these trends will get worse in the course of the next 25 years.

The Great Barrier Reef is one of Australia’s great assets, worth millions of dollars a year to our economy as a drawcard for tourists. A survey in the US showed that most Americans know only three tourist destinations in Australia: the Opera House, Uluru and the Great Barrier Reef. But the reef is not made of solid rock like Uluru. Coral reefs are living creatures, and they are acutely sensitive to both the quality and the temperature of the sea water around them. For the past decade, corals in many parts of the world have been afflicted by bleaching, which slows their growth and eventually kills them. The Great Barrier Reef saw major bleaching episodes in 1998 and 2002. Most scientists now agree that the bleaching of coral reefs is caused by increasing ocean temperatures.

Robert W. Buddemeier, an American chemist who has studied the impact of climate change on coral reefs, says:
... doubling of the carbon dioxide in the atmosphere means a 15 percent decline in the coral population ...

... with the effects of increasing levels of carbon dioxide on temperature and on ocean chemistry, the corals will be in the worst shape we’ve seen in the past 50 million years.

Tourists coming to Australia to see coral reefs and the ecosystems they support want to see live ones, not dead ones. If rising ocean temperatures cause the death of the Great Queensland’s tourism industry as well as its fishing industry. I hope the members for Dawson, Herbert and Leichhardt are listening, because centres like Mackay, Townsville and Cairns will be devastated if this is allowed to happen to the reef. This is why the Queensland Tourism Industry Council and the World Wildlife Fund have issued a new report, entitled *The implications of climate change for Australia's Great Barrier Reef*.

The report says that tourism is worth $1.4 billion a year to the Australian economy. It notes that tourism is naturally vulnerable to the deterioration of coral reefs. The report estimates that the potential loss to Australia through a decline in reef based tourism is $5.6 billion by 2020. I would have thought that this figure would rouse even the Minister for the Environment and Heritage from his slumber.

But the report also outlines a strategy for saving the reef. Developed countries, including Australia, must reduce their fossil fuel emissions by 80 per cent by the year 2050. The report says that if we are to minimise damage to the Great Barrier Reef then we must start with the following: the Kyoto protocol should come into effect as soon as possible, with Australian government ratification. The report says:

• The Australian Government should actively engage in discussion on how to achieve deeper cuts in greenhouse gas emissions in the second commitment period of the Kyoto Protocol ...

• The Australian Government can take a positive role in promoting and helping to fund the replacement of oil and coal-based energy technologies ...

It is true that Australia overall is not a major contributor to worldwide emissions. But we do have a reputation as a global good citizen and our example will influence others.

We should be actively out there urging the United States, China, India, Russia and the EU to sign. The minister was just referring to Russia making some decision over the next period—but he failed to indicate his government had any interest in it—to see that they make the reductions that are necessary to implement the Kyoto accord. During question time the member for Goldstein referred to ‘internationally agreed greenhouse targets’. Kyoto is obviously the target as far as the minister is concerned of which he dare not speak its name.

The Prime Minister’s standard response when he is asked about ratifying the Kyoto protocol is that he will not do it because it is harmful to Australia’s national interests. What he means by this is that it would be harmful to Australia’s coal export trade and possibly to some other energy industries. The report I have just quoted suggests there are plenty of other energy technologies available which Australia could be developing and exporting. Has the Prime Minister considered the cost to Australia’s national interest of not achieving the reduction in greenhouse gas emissions?

I have also mentioned the cost to the tourism and fishing industries. What about agriculture? Has he considered the advance of tropical pests and diseases into temperate farmlands? Has he considered the effects of the southward extension of the cyclone belt? Has he considered that in dryland farming
areas, such as the Wimmera of Victoria, the Yorke Peninsula in South Australia and the Western Australian wheat belt, each increase of one degree Celsius in average temperatures reduces grain yields for crops like wheat by 10 per cent? Have the members for Mallee, Grayndler and O’Connor explained to their wheat-farming constituents this consequence of the Prime Minister’s stubbornness?

There is another way in which the Australian national interest is being damaged by the government’s failure to ratify the Kyoto protocol. Australia stands to reap large rewards from the protocol’s flexibility mechanisms, which allow for international emissions trading and emission credits for actions taken in developing countries or in partnership with other nations under the protocol. Under Kyoto, Australian companies would expand into new export markets, reduce environmental damage and earn credits for Australia’s national greenhouse emissions account. This valuable export potential is being wasted because this government is a hostage to the old economy: high-emission industries.

The Prime Minister is fond of citing the courage of Prime Minister Tony Blair in matters of international affairs. I agree with him that Mr Blair is one of the most courageous and far-sighted leaders. I wonder, then, if the Prime Minister noticed that last month Mr Blair committed Britain to the most ambitious targets in reducing greenhouse gas emissions of any country. Mr Blair plans not only to achieve the Kyoto targets but to go beyond them: to cut carbon dioxide emissions in Britain by 60 per cent in the next 50 years. Mr Blair said it was an issue of national and international security.

This is a matter of real courage. It is a pity that at present we have neither a Prime Minister nor an environment minister willing to show even part of Mr Blair’s statesmanship on this issue. This country needs a courageous government and an activist environment minister. When we have a change of government later this year—I hope—and the honourable member for Wills becomes the minister for the environment, I am confident we will get both. (Time expired)

Mr BILLSON (Dunkley) (4.18 p.m.)—Great credit to the member for Melbourne Ports. What is great about these MPIs is that they give members who have been entirely uninterested, dis connected and uninvolved with an issue of policy like the environment a chance—with the sniff of an election in the air—to put a speech on the table. He can now go back to his electorate and say, ‘Despite the fact I’ve had two bits of no interest in the environment ever since I was elected to this parliament, look at my one speech.’ It was a very poor paraphrase of the speech made by the shadow environment minister when we were talking about the Great Barrier Reef—which I had passages of. He was fairly true to much of it. It is a great credit to him.

It is also appropriate that he damned with faint praise the shadow opposition environment spokesman for what a great job he has done. It is only by comparison. It is only from the distinct lack of interest, foresight, wisdom and wit to do anything constructive about the environment that Kelvin, who pops in here and has a go and—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Dunkley!

Mr BILLSON—Sorry. The member for Wills comes in here and entirely misreads an audit report. I have a cunning plan to propose to the opposition. If you are going to have a run at an audit report, why don’t you read it? How is that for an idea? Why not even appraise yourselves of the facts in the audit report before you come marching in here
trying to get something on the public record that is a poor substitute for some interest in the portfolio area? That is a cunning plan and I would recommend it to you.

Had the member for Wills and the member for Melbourne Ports bothered to look at what the MPI was about today they would have seen it is to do with an audit report: an audit report looking at the performance audit of the Australian Greenhouse Office. By any reading of this audit report—even a one-eyed Collingwood supporter could be fair in their judgment and see it—this is a positive report about the Australian Greenhouse Office. It is a report card about the administration of nearly $1 billion worth of federal government funding aimed at reducing our greenhouse gas emissions and, more particularly, uncoupling our economic growth from our emissions growth.

Why does that matter? It is because throughout our history as a nation whenever our economy has grown, so has our emissions profile. When you look at the time prior to the election of the Howard government, the only time in recent memory when our emissions profile reduced was when the former Labor government were in power and put a million people out of work. They brought on the ‘recession we had to have’, ruined the lives of millions of Australians and so contracted the economy that our greenhouse gas emissions actually fell. That is the only time the Labor Party have done anything about greenhouse gas emissions and you could hardly say it was constructive; you could hardly say it had any wit. It certainly did not provide any international examples on how to reduce our emissions. But that is all the Labor Party have to talk about.

Instead, they come in here name-calling and personally attacking the Minister for the Environment and Heritage as some poor substitute for policy comment. It just shows how little the Labor Party know about the environment and how uninterested they are in this policy area. Maybe with the scent of an election in the air they are thinking about Green preferences.

We have seen, in election after election since the Howard government was elected, the Greens and the environment groups somehow—in the most extraordinary extrapolation of activity and outcome—finding a most incredibly creative way of directing preferences to the Labor Party to buttress their electoral vote. There has been no policy rationale for that. It has been one of the greatest frauds perpetuated on the Australian voting public over the last eight years, perpetuated by some sections of the environment movement and the Greens in this place. In regards to the member representing the Greens in this place, at my last look he had not even asked a question on the environment in this parliament since being elected. Between them they have organised some sweetheart preference deal on the most fictitious basis, some of which is the kind of spiv nonsense we have heard here today. We have heard nothing about content and we have heard no policy ideas. There has been an attempt to hook up to an audit report the clapped-out rhetoric that we have heard so many times from the shadow environment minister.

This is a comprehensive performance audit report by the Australian National Audit Office. It concludes that the AGO has adopted rigorous appraisal mechanisms for programs that are transparent and based on merit. That sounds like a plus to me. It says that the AGO has established a consistent and rigorous risk management approach to managing funding assistance through formal agreements with grant recipients. That is another positive. It also says:
… the AGO has implemented good practice in demonstrating a strong and consistent focus on evaluation across all programs. That is another positive. The report also says: The accuracy of reported results has also been enhanced through verification work by the AGO.

The member for Melbourne Ports looks over with amazement. Member for Melbourne Ports, it is in the book you were supposed to be talking about. Had you taken a moment to apprise yourself of it, this would not be such a surprise and you would not be sitting there like a stunned mullet wondering what I am talking about. This is all in the audit report. It goes on to say that there are significant technical challenges—which is something that the opposition cannot really come to grips with—and a high degree of uncertainty in achieving greenhouse gas abatements from complex programs. This is a point that, if the opposition had any grasp of this portfolio area, they would immediately recognise. This is difficult. If it were easy—if it took no effort whatsoever and you could get a big, warm feeling about it—believe me, Labor would have done something about it when they were in government for 13 years.

The last audit report actually said that during the Hawke-Keating years Labor came out with plenty of talk but no action—no activity to implement any of the proposals that were so welcomed and stridently advocated by the Labor Party. That again emphasises my point that the Labor Party is all about spin and not substance. Further on, the ANAO’s assessment of the AGO says it recognises that comprehensive risk assessment programs need to be part of program design, and there is ongoing work to enhance that over time.

The AGO has agreed with all the report’s recommendations. So let us put to bed the nonsense that the Audit Office has made a damning report on the AGO. I encourage the member for Melbourne Ports to—rather than pulling up with the Green member in this place and having some dodgy conversation about vote sharing—actually read the report that he was talking about. I will welcome the member for Cunningham’s comments. I imagine he is speaking after me, although he has not had a lot to say about the environment in this place. But who knows? I wonder where this has all come from. Let us look at the Cunning by-election, when the Green member got elected to this place.

Mr Lloyd—Cunningham.

Mr BILLSON—Thank you very much, Mr Chief Government Whip. I have heard so little from the member for Cunningham on the environment in this place that he did not feature on my radar screen. At the Cunningham by-election, we were in ‘muscle-up Mark’ mode and the member for Werriwa was going around saying that the Labor Party needed to ‘muscle up’ to the Howard government. He was causing terror and chaos with the taxidrivers in Sydney. He was out there during the Cunningham by-election campaigning for the Labor candidate. Why? It was because he sensed that the people of Cunningham knew that they had been stooged by a Labor member for years and there was an off-chance that they might elect a Green. And we got the member for Cunningham, a charming gentleman, but someone who has not been true to his branding. But maybe he will talk about the environment.

The member for Werriwa was out there saying that it would be a crime to sign the Kyoto protocol and that, if a Green member were elected, it would put 10,000 people out of work at the BHP steelworks in Port Kembla. That was the level of the member for Werriwa’s environment commitment and that is what he thought about the Kyoto protocol. He went around calling on the voters of
Cunningham. It was not like the nice, friendly chat that the member for Melbourne Ports and the Green member for Cunningham are currently having to make sure they are on the same page of the hymn book. That is simple: you just regurgitate what the shadow minister said—as the member for Melbourne Ports did; he said nothing new. The Labor Party was out in Cunningham saying that the Kyoto protocol would mean the death of the livelihoods of 10,000 people in the Cunningham area.

Boy, haven’t things changed! We now have not ‘muscle-up Mark’ but the mild-mannered ‘Gee, I’m a nice guy’ Mark. He does not even talk about these things any more. Instead, he sends out the shadow minister for the environment—the same shadow minister who, on 3 March, was associating himself with the World Wildlife Fund report which said that Australia needed to reduce its emissions by 80 per cent. Isn’t that interesting? If the member for Werriwa was spooked by our Kyoto target, which is actually a modest increase—and that is going to put 10,000 people out of work—imagine what 80 per cent would do.

Mr Danby interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Melbourne Ports forgets he was warned during question time.

Mr BILLSON—We would all be clients of Centrelink. The member for Melbourne Ports would probably be happy with that. He could go back to his electorate saying: ‘I’m sorry I’ve ruined your livelihood, but I did make the only speech on the environment that I have made in the whole time since I have been elected to the parliament. So trust me; I’m very committed to this policy area.’

Let us recall what we are talking about here: the Kyoto protocol, if fully implemented, would achieve a less than half of one per cent reduction in global emissions. That would make two bits of nothing difference to the climate in the world. Most of the major emitters are not involved. China, approaching being the second largest economy in the world, is not even in the loop. All the scientists who agree that human activity has affected our climate are saying that we need a 50 per cent reduction in emissions, the shadow minister is saying it should be 80 per cent, and the protocol would be a half of one per cent reduction. Let us get serious about this protocol. If we sign this blindly and lock ourselves into its inflexible outcomes, we will have the problems that the member for Cunningham is talking about. (Time expired)

Mr ORGAN (Cunningham) (4.28 p.m.)—I rise in support of the motion of the member for Wills in regard to the government’s obvious failure to address the problem of climate change, as revealed by the Australian National Audit Office’s performance audit of the Australian Greenhouse Office. We are constantly told by the Minister for the Environment and Heritage that there is no need for Australia to adopt the Kyoto protocol. Instead, he says, ‘Trust us; the government is putting in place programs that will deliver Kyoto targets without signing the protocol.’ As the report points out, their aim is to, without signing the protocol, develop and invest in domestic programs:

... to meet the target agreed at Kyoto of limiting greenhouse emissions to 108 per cent of 1990 emissions over the period 2008-2012.

Mr Billson—That’s this one.

Mr ORGAN—Yes, member for Dunkley, I do have a copy of the report here. You have a lot more tags on yours than I do on mine, obviously. The Australian National Audit Office performance audit puts in doubt those firm assurances from the government. It gives another picture, different from the government’s and the minister’s spin, and it is not all positive, as the member for Dunkley
has just assured us. As was mentioned by my colleague Senator Bob Brown in the other place yesterday, this report shows what is nothing short of a dereliction of duty to the future by the current government. The seven programs engaged in by the Australian Greenhouse Office have been underspent by some 75 per cent. The Audit Office report shows that the Howard government’s claim to be spending nearly $1 billion on greenhouse programs is misleading and deceptive. In fact, $204 million has been spent since 1998, an average of $40 million per annum. Of the $400 million allocated to the Greenhouse Gas Abatement Program, $350 million has not been spent. At the same time the Photovoltaic Rebate Program, the allocation of $31 million for solar panels, which is direct action to ramp up renewable energy as against polluting coal energy, has been used up and the subsequent funding which should have been there has not appeared. In other words, that program has been starved.

Australia is the worst per capita greenhouse gas polluter of the Western nations, and there is ample evidence that we are not even going to meet the most generous targets that were gained under the Kyoto protocol mechanism. The government has turned its back and joined Russia, of all countries, and the Bush administration of the United States in refusing to sign the Kyoto protocol, therefore stymieing world action on this matter. The report by the Australian National Audit Office is an indictment of the minister, the cabinet and the Prime Minister. It requires a response which shows that there is a radical action plan in the interests of this country and on behalf of the feelings of the people of this country, who are way ahead of this government in understanding the problem and the answers to it.

The Minister for the Environment and Heritage told us in question time that this report gives a big tick to the Australian Greenhouse Office and said that it is a very positive report, and we have also just heard that in the member for Dunkley’s rather enthusiastic presentation. No; it is actually also very critical of the performance of the Australian Greenhouse Office, which the minister and the member for Dunkley did not tell us. For example, under the heading of ‘Overall audit conclusions’, the Australian National Audit Office concluded:

... on the basis of the seven programs examined, the administration of greenhouse programs focused on abatement or renewal energy has been characterised by substantial administrative challenges.

Administrative processes could have been better focused at the planning stage on comprehensive risk assessment as well as in designing programs with more measurable objectives and targets. The absence of these factors—

that is, measurable objectives and targets—

has made it difficult to measure results against program objectives and exposed some programs to risks that could have been better identified and treated in the early stages of the programs. The primary lesson learned is that priority must be given to performance measurement and comprehensive risk management at the design stage. If this is not achievable in practice, then certainly it must be conducted before the commitment of any substantial resources.

The Audit Office report also said:

... substantial risks remain—particularly in terms of the timely achievement of program objectives.

The report also noted:

... the significant potential risks in achieving greenhouse gas abatement in complex grant funded projects being implemented over the 2008-12 Kyoto target period.

For example, the report’s conclusions at page 82 state:

The annual report does not provide sufficient illustration of trends and changes over successive years ... For example, comparison of the results
from the Challenge over successive years leave the reader somewhat confused as to what level of abatement has been realised.

They also state:

Currently, while the Minister has indicated that measures will eventually produce 67 Mt CO2-e of abatement annually, the annual report provides no basis to demonstrate progress towards this target from the programs being funded.

So we do not really know what is happening out there, how these programs are going or what the performance is. I think it is telling that we have programs in place but the government has not put in any performance measures.

In summary, there is no doubt that the government has an abysmal record in regard to lowering emissions in this country and in working with the world community in dealing with this issue. As revealed in a recent Pentagon report by Peter Schwartz and Doug Randall entitled *An Abrupt Climate Change Scenario and Its Implications for United States National Security*, from last October:

There is substantial evidence to indicate that significant global warming will occur during the 21st century. Because changes have been gradual so far, and are projected to be similarly gradual in the future, the effects of global warming have the potential to be manageable for most nations. Recent research, however, suggests that there is a possibility that this gradual global warming could lead to a relatively abrupt slowing of the ocean’s thermohaline conveyor, which could lead to harsher winter weather conditions, sharply reduced soil moisture, and more intense winds in certain regions that currently provide a significant fraction of the world’s food production. With inadequate preparation, the result could be a significant drop in the human carrying capacity of the Earth’s environment.

It could, for example, as the report states, result in:

1) Food shortages due to decreases in net global agricultural production

2) Decreased availability and quality of fresh water in key regions due to shifted precipitation patterns, causing more frequent floods and droughts

3) Disrupted access to energy supplies due to extensive sea ice and storminess

It then goes on to outline a rather scary scenario for this planet.

The government must take action on this report, which is damning of the government’s actions to date. The government must rethink its whole approach to managing the greenhouse issue. I know that the Australian Greens would be happy to advise the government on the way forward in regard to climate change, ozone depletion and Australia’s greenhouse policy.

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

The following bills were returned from the Senate without amendment or request:

- International Transfer of Prisoners Amendment Bill 2004
- Taxation Laws Amendment Bill (No. 2) 2004
- Medical Indemnity Amendment Bill 2004
- Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004

COMMITTEES

Selection Committee

Report

Mr CAUSLEY (Page) (4.36 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, 22 March 2004. 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, 22 March 2004

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, 22 March 2004. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and statements


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—5 minutes.

[Proposed Members speaking = 4 x 5 mins]


The Committee determined that statements on the report may be made— all statements to conclude by 1 p.m.

Speech time limits—
Each Member—5 minutes.

[Proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS’ BUSINESS

Order of precedence

Notices

1 Mrs May to move:

That this House:

(1) recognises that:

(a) poverty and hunger remain the most important challenges facing the international community;

(b) the United Nation’s World Food Program (WFP) remains the most effective way of alleviating world poverty; and

(c) the WFP’s mandate and mission are strongly relevant to Australia’s overall humanitarian objectives;

(2) also recognises that:

(a) the alleviation of poverty assists the building of political stability, aids in the provision of education and training, and lowers levels of sexually transmitted diseases such as HIV/AIDS;

(b) the work of the WFP in its “Food for Work,” program assists in the provision of much needed infrastructure in some of the world’s poorest nations;

(c) the “Food for Life” program is the quickest and most effective way of providing displaced persons and those affected by natural disaster with lifesaving food when their own nation state is unable to provide assistance; and

(d) the “Food for Growth” program is a vital means of providing food to pregnant women, school children and babies who would not otherwise receive adequate food to aid their growth;

(3) understands that the Federal Government:

(a) has a large financial commitment to the World Food Program on both an ongoing and an occasional basis; and

(b) has committed $56.3 million since March 2002, including a contribution of $12.8 million to help ease the food crisis in southern Africa and a contribution of $1 million to assist the survivors of the Bam earthquake; and

(4) congratulates:

(a) the Federal Government on its ongoing support of the World Food Program; and
(b) the World Food Program on 40 years of fighting hunger and poverty. (Notice given 1 March 2004.)

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

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

[Proposed Members speaking = 1 x 10 mins, 7 x 5 mins]

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

2 Mr Bevis: to move:

That:

(1) the House, noting that all Members and Senators are required to make declarations of relevant interests and those of their spouses and dependent children, and believing that it would be in the public interest for members of the Federal Parliamentary Press Gallery (FPPG) (including broadcast and press journalists and those who write or present news and current affair items but not camera crew, sound technicians or other support staff) to make similar declarations, resolves that, within 28 days of being issued with a photographic pass enabling a person to have access to Parliament House as a member of the FPPG, the person must provide to the Serjeant-at-Arms a statement of:

(i) the person’s registrable interests, and

(ii) the registrable interests of which the person is aware (a) of the person’s spouse and (b) of any children who are wholly or mainly dependent on the person for support, and shall cover the following matters:

(a) shareholdings in public and private companies (including holding companies) indicating the name of the company or companies

(b) family and business trusts and nominee companies—

(i) in which a beneficial interest is held, indicating the name of the trust, the nature of its operation and beneficial interest, and

(ii) in which the person, the person’s spouse, or a child who is wholly or mainly dependent on the person for support, is a trustee (but not including a trustee of an estate where no beneficial interest is held by the person, the person’s spouse or dependent children), indicating the name of the trust, the nature of its operation and the beneficiary of the trust;

(c) real estate, including the location (suburb or area only) and the purpose for which it is owned;

(d) registered directorships of companies;

(e) partnerships indicating the nature of the interests and the activities of the partnership;

(f) liabilities indicating the nature of the liability and the creditor concerned;

(g) the nature of any bonds, debentures and like investments;

(h) saving or investment accounts, indicating their nature and the name of the bank or other institutions concerned;

(i) the nature of any other assets (excluding household and personal effects) each valued at over $7500;

(j) the nature of any other substantial sources of income;

(k) gifts valued at more than $750 received from official sources, or at more than $300 where received from other than
official sources provided that a gift received by the person, the person’s spouse or dependant children from family members or personal friends in a purely personal capacity need not be registered unless the person judges that an appearance of conflict of interest may be seen to exist;

(l) any sponsored travel or hospitality received where the value of the sponsored travel or hospitality exceeds $300;

(m) membership of any organisation where a conflict of interest with the person’s duties could foreseeably arise or be seen to arise; and

(n) any other interests where a conflict of interest with the person’s duties could foreseeably arise or be seen to arise.

(3) the Speaker make arrangements for copies of declarations of interest made under this resolution to be made available for inspection by any interested person.

(4) a FPPG pecuniary interests committee (consisting of the Speaker or his nominee, who shall chair the committee, and one member of the House of Representatives nominated by the Chief Government Whip, and one member of the House of Representatives nominated by the Chief Opposition whip, and two members of the FPPG selected by a ballot of those members of the FPPG to whom this motion applies) may order the cancellation of the Parliament House pass of a person to whom this resolution applies if that person has:

(a) knowingly failed to provide a statement of registrable interests to the Serjeant-at-Arms by the due-date;

(b) knowingly failed to notify any alteration of those interests to the Serjeant-at-Arms within 28 days of the change occurring, or

(c) knowingly provided false or misleading information to the Serjeant-at-Arms. (Notice given 12 February 2004.)

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.

3 Ms George to move:

That this House:

(1) notes the cost of providing pneumococcal vaccine would be approximately $60 million per year;

(2) notes that in 2002 there were 1,897 cases of pneumococcal across Australia and 168 deaths;

(3) notes that to date the Government has only agreed to fund pneumococcal vaccine for a small proportion of children at risk;

(4) notes that the cost of pneumococcal immunisation of around $500 per child is prohibitive for many families; and

(5) calls on the Government to act urgently upon the recommendations of the National Health and Medical Research Council to provide pneumococcal immunisations free to all children. (Notice given 10 February 2004.)

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.

BILLS REFERRED TO MAIN COMMITTEE

Mr LLOYD (Robertson) (4.37 p.m.)—by leave—I move:

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

Australian Sports Drug Agency Amendment Bill 2004

Question agreed to.
Mr GAVAN O’CONNOR (Corio) (4.38 p.m.)—In the time remaining to me in this debate on the Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004, following the interruption by the adjournment debate last night, I want to reiterate once again the importance of the textile, clothing, footwear and leather industries to the Geelong region and to the many families in my constituency, the seat of Corio, who depend on continuing employment in them. According to statistics compiled in 2003 by the City of Greater Geelong to support the council and community’s campaign to retain these industries in Geelong, the region has over 60 firms, large and small, operating in the sector. There are approximately 2,000 people directly employed in these industries, with a further 5,100 people employed in jobs that are dependent on the sector. The industries contribute around $70 million to wages and salaries, which are in turn spent largely in the region in many small and medium businesses. The industries are unique in that they are supported in Geelong by dedicated research and educational institutions, such as CSIRO’s Textile and Fibre Technology division, the Gordon Institute of TAFE and Deakin University.

The point that I wish to make in this debate is that the industries and the Geelong community have participated in the industries’ restructuring over the past two decades, and there have been significant job losses as a result. The impact has been heavily felt by women of non-English-speaking background aged 40 years and over, who form a significant proportion of Geelong’s TCFL workforce and who, as studies have shown, have difficulty in gaining alternative employment in the local economy if they are displaced from these industries.

Geelong industry and community leaders have responded well to the changes in these industries’ global and domestic operational environments. In 1999, the City of Greater Geelong and the Geelong Manufacturing Council sponsored the development of the Geelong Textile Network, an initiative to promote Geelong as a centre for excellence in textiles. The aims of the network, as outlined in the publication Geelong Textiles: Directory of Capability, Products and Services, were expressed as follows: to establish a directory of local companies—and that task has been completed, with that publication in public circulation at this point in time; to promote Geelong as a centre of excellence in textiles and leather; to facilitate the marketing of the region’s products and services; to develop linkages and synergies between Geelong industry, education, training and research facilities; to advocate for the Geelong region’s textile, footwear, clothing and leather industries; and to facilitate communications across the industries. I commend the City of Greater Geelong, the Geelong Manufacturing Council and of course the industries themselves on the way in which they have moved to fulfil the objectives as outlined in that publication.

At the time the network was established, there was a strong commitment by industry, by unions and by the City of Greater Geelong to keep viable textile, clothing, footwear and leather industries in the Geelong region. The network was seen as an important practical step in meeting future challenges, but it was predicated on the industries retaining a critical mass of operations and their overall employment base. The exit
of Geelong Wool Combing in 2003 dented the confidence of the local industry and reduced that critical mass, and as a consequence there is an air of uncertainty hanging over it.

Mr McArthur interjecting—

Mr GAVAN O’CONNOR—The member for Corangamite, who is in this chamber, is parroting once again about union involvement in that particular dispute. Let me say this to the honourable member for Corangamite: the union acted with great honour in that particular dispute. It is a matter of fact, and we know it now from the history of this dispute, that the company had already made a decision to move its production facility elsewhere. I remind the honourable member for Corangamite that this was the company that received largesse from the public purse and then ratted on the Geelong community, ratted on the workforce and indeed ratted on the businesses that were dependent on that facility. So do not come into this place trying to criticise unions about their involvement in that dispute.

The uncertainty that I referred to is exacerbated by challenges posed to local firms by the recent surges in the exchange rate and the continued problems our firms have with market access to other countries in the form of high tariff and nontariff barriers faced by local exporters. There is a continuing concern that levels of activity and employment will fall below the critical mass that is necessary to sustain a viable future for these industries in the local community. So Labor’s position with regard to these important industries is clear: we support the current Strategic Investment Program as it is aimed at improving the competitiveness, the value adding capacity and the research and development efforts of many of our local firms engaged in textile, clothing, footwear and leather manufacture.

The Australian community generally is a bit sick of the adversarial politics that often takes place on the floor of this chamber and outside of this place. Whenever the member for Corangamite graces the House with his presence we move into that particular zone. Having said that, where a government takes an action in support of an industry it ought to be commended for it. The Strategic Investment Program was a continuation of the sorts of programs that were put in place by previous Labor governments, aimed at restructuring the industry and developing its competitiveness and skill base. I would certainly support the government’s allocation of funds to this industry.

We know that the government has in its mind that this will be the last allocation from the public purse for these industries. I remind the member for Corangamite and members opposite that the government was quite happy to put a dairy tax on Australian consumers for eight years—or has that blown out to 11 years?—but it gets a bit concerned when it looks down the time tunnel at possible assistance to a well-deserving industries in the Geelong region. I counsel the government not to close off its options with the Strategic Investment Program but to keep its mind open to how firms respond. I know that in the Geelong community at Godfrey Hirst, for example, that program has been of significant benefit in preparing the company and its workforce for its changed commercial environment.

At Labor’s recent national conference we committed to holding tariffs at current levels, pending a review to be undertaken not by the Productivity Commission but by a review panel which will include government, union and industry representatives. The review will take into account the tariff and non-tariff barriers practised by our trading partners and the likely social impacts of further tariff re-
ductions on workers, regions and the local community.

Our policy commits Labor to the following: pursuing improved market access arrangements for Australian TCF exporters; continuing to fund the Strategic Investment Program for the TCF sector at current levels; reviewing the scheduled reductions from 2009 with a view to reversing the government’s planned reductions; establishing an effective and resourced Australian TCFL industry council to focus on creating employment and development in the TCF sector and focusing on high value added exports; and implementing federal legislation to complement state legislation that aims to end the exploitation of outworkers and ensure they are employed under secure, safe and fair systems of work with enforceable rights and conditions of employment. That is something that a coalition government could never bring itself to do; a Latham Labor government will certainly do that. In addition, Labor is committed to the reinstatement of the Labour Adjustment Program abolished by the Howard government to assist TCF workers to improve their English and language skills, provide further vocational training and find new employment.

In the time remaining to me, I will conclude with these comments about the SIP. The public funds being made available to support the industry are substantial. Therefore, there is a responsibility on companies who receive those funds and the department that administers this program to ensure that moneys allocated are for the purposes intended by the scheme and can be appropriately justified. The shadow minister for environment and heritage, the member for Wills, who is going to follow me in this debate, explained to the House in a previous debate today that an audit report really puts a big question over the operations of the government’s Australian Greenhouse Office.

I am somewhat disturbed by reports that some companies are tailoring what could be termed marginal internal activities in order to qualify for funding under key elements of the program. It is important for the long-term integrity and survival of the scheme that care is taken in the allocation of funds to particular purposes and that activities that are funded are indeed genuine. The last thing the industry needs is a controversy surrounding a scheme so important to these industries’ long-term competitiveness, their R&D efforts and their exploitation of new value-added opportunities.

These industries are vitally important to the manufacturing future of Geelong. Some councillors on the City of Greater Geelong council take a view that these are rust bucket industries and should not be supported to the extent which they are. We on the Labor side of politics want these industries supported. We support this program and we want the employment in these industries retained in the Geelong region. (Time expired)

Ms O’BYRNE (Bass) (4.51 p.m.)—I add my comments to those of the shadow minister for agriculture and fisheries, the member for Corio. His support for the textile, clothing and footwear industry is unquestionable, and I wish him luck in his battle with the Geelong council.

The Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004 establishes an alternative cap for certain grants to enable leather and technical textile businesses to access additional funding for the final two years of the Strategic Investment Program. This alternative cap will enable these businesses to match the total value of their grants for plant and equipment and research and development with a grant for value adding. The government has proposed these amendments because there has been an underspend in the
Strategic Investment Program—a program that has been beneficial in allowing many employers to improve their processes and develop new high-quality products.

While Labor will support this bill, it believes that there needs to be a very serious look at the impact of further tariff reductions in the textile industry, which has been under intense pressure from foreign competition for a long time. By accepting these latest recommendations, many workers will be faced with the prospect of further job loss. Reducing government assistance to the industry will increase the vulnerability of workers and have a disastrous social impact, particularly in regional areas such as Tasmania.

Under the current tariffs, the industry is internationally competitive, with comparatively low tariffs. There should be no consideration of lifting these tariffs without agreement from our trading partners such as China and India to also lift their tariffs. For the Australian textile industry to survive there must be a level playing field. Australia and the many regional communities where textile companies are based simply cannot afford to continue losing jobs to offshore operations.

There has been a severe lack of policy innovation and support for the industry, particularly when it comes to investment in research and development. The impact this legislation and tariff reductions will have on the regional textile industry is significant. It will impact on jobs, on regional communities who rely on these jobs and on the economies at both a national level and a more local level within these communities.

Around the whole of Australia over many years some 100,000 textile workers have lost their jobs. Almost 3,500 of these workers live in my electorate and became unemployed following the closure of companies like Coats Paton, Sheridan and the Tamar Knitting Mills. The remaining producers in Bass, such as James Nelson and Waverley Woollen Mills, each employ roughly 100 people and are currently running around 30 looms.

James Nelson produces a diverse range of products that include commercial and domestic furnishings, geotextiles, satins made for the label industry, flag materials and base fabrics for PVC coating, amongst other products. Waverley Woollen Mills is a Tasmanian tourism icon as well as a great textile producer, producing a wide range of products, particularly bedding products such as blankets, doonas, rugs and quilts.

Tariffs are legislated to fall from 1 January 2005 and, despite there being four options put forward by the Productivity Commission, Labor believes the commission’s review has failed to make a strong case for the further cuts of tariffs in the textile and clothing industries. Labor sees the preferred option of the Productivity Commission—to maintain TCF tariffs at 2005 levels until 2010, then reducing to five per cent and maintaining them until 2015, but reducing tariffs on apparel and certain finished textiles to 10 per cent in 2010 and then to five per cent in 2015—as being the death knell for the clothing and textile industry, particularly in regional areas. For the industry to thrive again there should be a focus on regional development options, on encouraging existing factories to utilise the resources they have and to reinvest with new ideas and knowledge to build up local industries.

The member for Rankin mentioned some of the very innovative developments already taking place in Tasmania, such as the manufacture of Stormy Seas jackets. Unfortunately, government support for these types of initiatives is thin on the ground. If more resources were to be put back into regional communities to develop and manufacture these products this could be a real feather in
the cap for regional development. However, the government’s shortsightedness is well documented as is its lack of commitment and its care factor in the development of regional initiatives is very low.

The government must recognise that the textile, clothing and footwear industry is often one of the largest employing industries in regional areas. To develop policy that puts it on a competitive level on the basis of wage costs with countries such as China and India will not benefit our economy or industry.

To not examine the impact of the free trade agreement on this industry is also likely to have a further damaging impact on regional communities. The TCF industry should have been celebrating such an agreement but, sadly, this is not the case due to the minute detail in the yarn forward rule and the rule of origin, which requires that all yarn used must be produced in Australia. Labor is very concerned that the yarn forward rule and the rule of origin will destroy access to the US markets for Australian manufacturers.

Labor is committed to pursuing improved market access for Australian TCF exports. Australia cannot compete with Asia on the basis of wages; we must be competing on a global stage on the basis of the high quality of our products being manufactured. Development of products such as the Stormy Seas jacket must be encouraged and appropriate assistance provided. It is not good enough for the industry to have to suffer further reductions in assistance—reductions which will ultimately further destroy it.

Labor will not support the government in legislating for further tariff reductions in 2010. A new Labor Latham government will hold the current tariff levels, pending an independent review. A Latham Labor government will ensure a more appropriate level of industry funding that will be a non-means tested program to assist TCF workers in vocational training to find new employment. The textile, clothing and footwear industry in northern Tasmania has made a significant contribution to the local community and economy by providing not only direct employment but also employment in other industries such as transport and, more recently, research and development.

Labor support a continuation of the Strategic Investment Program at current levels but we also believe that the SIP should be reconstructed to allow greater innovation, research and development within the TCF industry. The textile, clothing and footwear industry should have a very big future in Australia. There is a lot of scope for further development. It is important that we support the industry in what should be a transition to incorporating new technologies, but we must now go further and look seriously at the tariff implications.

Mr KELVIN THOMSON (Wills) (4.57 p.m.)—I wish to speak in support of the Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004 but I also wish to register my concerns about the way in which the government has handled textile, clothing and footwear issues. It is a matter of substantial concern to people in my electorate of Wills that at the 2001 census there were some 968 people employed in the electorate of Wills whose industry was textile, clothing, footwear and leather manufacturing. Other electorates in Victoria have an even higher number of people employed in that industry: 1,700 in the electorate of Calwell and over 1,800 in your own electorate of Scullin, Mr Deputy Speaker Jenkins. Nevertheless, it has been an area of work, an area of employment and prosperity that has been very important to my electorate. Local people look after the welfare of the industry as best they can and follow its fortunes very keenly.
The government is proposing amendments because there is currently an underspend in the textile, clothing and footwear Strategic Investment Program, known as the SIP. Leather and technical textiles are the beneficiaries. The government is proposing to reduce their funding in the post-2005 program and they are not said to be facing the same extent of restructuring pressures as other parts of the TCF industry.

Labor will be supporting this bill, but I indicate to the House, as others have done, that we are very concerned that the Howard government’s tariff cuts in this area will mean that thousands of jobs will be lost around Australia. In my own state, for example, the Victorian government has estimated that around 6½ thousand jobs will be lost in Victoria alone. Indeed, I believe that regional Australia will be the big losers under the Howard government’s policy. In many regional communities, textiles, clothing and footwear manufacturing is an employment mainstay, and in some cases it is just about the only form of employment. So we do need to have a serious look at the impact of further tariff reductions—the impact on jobs, on regional communities and on the Australian economy as a whole.

As in so many other areas, Labor have been conscientiously developing policy and articulating very clear policy positions, and it is striking to note just how much we seem to be leading the political agenda these days and causing the government to follow initiatives of ours. As in so many other areas of policy work, we have developed clear positions in the area of textiles, clothing and footwear. We intend to hold TCF tariffs at current levels, pending a review which would be undertaken by a new Labor government. That is not about winding back the clock or reversing tariffs; it is about sensible policy. We do not believe in reducing tariffs as an ideological matter; it has to be because it is good policy. If you are going to reduce tariffs, it can only be where you are satisfied and persuaded that it will encourage greater innovation, exports and competitiveness. On that basis, we are not going to be supporting the government legislating for tariff reductions in 2010. We say: ‘Let’s have a review before then and base any further reductions on the situation in 2006 or 2007, rather than on the 2004 environment.’

We also think it is time there was an independent review of textiles, clothing and footwear assistance. The recent Productivity Commission review did not adequately look at the social impact of any further reductions in tariffs, nor did it seriously look at trade barriers imposed by other countries. Labor in government would establish a review panel which would include both employer and employee representatives and, in getting the settings right, we want everyone to have a say. That review would take into account the tariff and non-tariff barriers practised by our trading partners, the social impact of further TCF tariff reductions and the impact on regional Australia and the broader community. If our trading partners have not made sufficient adjustments at all levels to bring them into line with their international obligations, or the negative social impact is too severe, then the tariff freeze would remain in place until those issues are addressed.

That is a very clear set of policy positions, and I suggest that it is preferable to the way in which this government has handled this industry. The Howard government abolished Labor’s Labour Adjustment Program, the LAP, for the TCF industry in 1996, and that had a very harmful effect on many people in my electorate. There were people in my electorate who were put out of work as a consequence of tariff reductions. They were told that a structural adjustment package would be there for them, then the Howard government said, ‘We’re not committed to that
package,' and abolished it, and that led to real hardship, in terms of retraining and other opportunities for people at a time when they struggled to find alternative employment.

The government have now belatedly put up this new package—they call it a structural adjustment fund—as part of the post-2005 assistance package. This package is $50 million over 10 years. At $5 million per annum, I think it is a pretty small package. You have to contrast it with some of the figures that are waved around in terms of assistance to the sugar industry. You get the feeling that this government apply a very different set of priorities and values when they are thinking about one, as compared with the other.

It is my view that we need a proper labour adjustment program with an appropriate level of funding, a non-means-tested program to assist TCF workers in improving their English and language skills, in vocational training and in finding new employment. We also think that we need to improve market access for Australian TCF exports, and we are concerned about those elements of the United States free trade agreement. It is called a free trade agreement, and I use the term loosely—it may well be a trade agreement, but it is scarcely a free trade agreement. Labor are very concerned that the yarn forward rule and the rule of origin will destroy access to US markets.

I turn now to the post-2005 strategic investment program. We support a new strategic investment program for the TCF industry. We want to see the detail of what the government is proposing before we make a commitment to it, but we certainly believe that there needs to be a new strategic investment program. Finally, at the national conference, Labor committed to the establishment of a permanent TCF industry council. That council would focus on increasing innovation, on developing export strategies to ensure value-adding exports and on creating employment in the TCF sector. If we were in a position to establish such a council, I think that would prove over the years to be of immense value to the TCF industry, which remains an important industry in Australia and certainly an important industry in my own electorate of Wills.

Mr Entsch (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (5.05 p.m.)—in reply—I would like to thank all those members who contributed to the debate on the Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004, and I trust that we will now see agreement to this pressing bill. The bill will provide additional grant support for leather and technical textile firms in the final two years of the current TCF Strategic Investment Program. This will encourage firms to accelerate their innovation and capital investment.

I am disappointed that the Labor Party has used the opportunity of this beneficial bill to revive old arguments about tariff reductions. I will not add to that debate at this stage, but I will point out that the government has implemented a far more gradual program of tariff reductions than previous Labor governments. The government has also provided more generous long-term assistance to the industry. The textile, clothing and footwear industry has welcomed these government initiatives. In particular, the industry has been encouraged by the long-term certainty offered by the government’s policies. I would urge the opposition to reconsider its decision to defer a decision on post-2005 assistance and, when the opportunity arises, to support the government’s post-2005 package. The Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004 offers benefits to important parts of the sector. These
benefits are part of a broader post-2005 policy agreed with the industry. I look forward to the passage of this bill and the continuing growth of firms in the leather and technical textiles industries.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (5.08 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

PERSONAL EXPLANATIONS

Mr DANBY (Melbourne Ports) (5.08 p.m.)—Mr Deputy Speaker, I wish to make a personal explanation.

The DEPUTY SPEAKER (Mr Jenkins)—Does the honourable member claim to have been misrepresented?

Mr DANBY—Yes.

The DEPUTY SPEAKER—Please proceed.

Mr DANBY—The member for Dunkley, during the previous MPI—while vainly trying to defend his minister—falsely claimed I had never spoken on the environment. This afternoon was the second time this year I have made a major speech on the environment. I do not include brief remarks I made in the Main Committee on the beneficial effects on water conservation of the use of Tift Dwarf Murray River grass by the Port Melbourne Bowling Club. The member for Dunkley also claimed that my remarks on the Great Barrier Reef were a rehash of remarks by the member for Wills. Again this is wrong; the member for Wills did not refer to the Great Barrier Reef in his remarks, and my references were based on a joint report by the World Wildlife Fund and the Queensland Tourism Industry Council.

TELSTRA (TRANSITION TO FULL PRIVATE OWNERSHIP) BILL 2003 [No. 2]

Second Reading

Debate resumed from 4 March, on motion by Mr Williams:

That this bill be now read a second time.

Mr TANNER (Melbourne) (5.10 p.m.)—A Labor government will not sell Telstra. Labor is committed to maintaining Telstra in majority government ownership because Telstra delivers essential services that all Australians rely upon and that all Australians need to participate in our society, both economically and socially. The Howard government is committed to privatising Telstra and demonstrating complete contempt for not only the overwhelming majority public opinion but also the position of this parliament. The government is reintroducing its legislation to fully privatise Telstra into the House today. Labor will vote against the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] and, if elected at the next election, will maintain Telstra in majority public ownership.

The reason for this is that Telstra is not just another company. It delivers essential services, it is a public utility and it operates predominantly still as a monopoly. It totally dominates the telecommunications sector in Australia—it is still approximately two-thirds of the entire sector and it makes over 90 per cent of the profits. This is a degree of dominance which we would not permit in any other sector. And telecommunications is not just another sector; telecommunications is at the heart of the modern economy and at the very centre of Australia’s economic activities. To have in private hands a company
with such dominance would spell disaster for the health of competition in Australia’s economy.

If Telstra is privatised—if the Howard government succeeds in privatising Telstra—it will be a giant private monopoly too powerful for any government to effectively regulate, seeking to extend its tentacles into the media and other sectors where it has the capacity to dwarf competitors, as we already saw yesterday with the deal announced with respect to the Trading Post Group. As for consumers in rural and regional Australia, Telstra would leave town faster than the banks if it were privately owned. It would follow the most lucrative markets in the bigger cities. It would chase the dollars on behalf of its private shareholders, as it would be required to do, and neglect its responsibilities to people in country Australia. That would be the outcome if this bill were successfully passed by the parliament and Telstra became privately owned.

It is worth considering Telstra’s performance under the Howard government, because John Howard is allowing Telstra to act as if it were already a private company. He has the ultimate hands-off approach—he has the ultimate sleeping partner or silent partner approach to being Telstra’s majority shareholder. He says to the CEO and the board, ‘Anything goes; you do whatever you like. You make decisions that you consider to be appropriate, and we, the government of Australia, the majority shareholder—the representatives of the majority shareholder—will not intervene.’

And what has that produced? Faults are soaring and Telstra’s network is crumbling. Telstra cannot disguise the fact that faults are increasing, even with the dubious structures for figures that the Australian Communications Authority put out and that were exposed by Labor late last year as a complete misrepresentation of the reality with respect to faults. Capital investment in the network has plummeted by over $1 billion a year, down from nearly $4½ billion to a little over $3 billion a year in the space of a few years. Staff numbers plummeted from 50,700 to 37,100 between 1999-2000 and 2002-03. Labor has exposed the state of the network in many parts of Australia, indicating the temporary fixes, the failure to fix faults, the plastic bags put over joins as temporary protection for them, and all of the things that are there as evidence of Telstra’s failure to fulfil its responsibilities.

While this deterioration is continuing, Telstra have jacked up their line rental fees for ordinary citizens for the privilege of owning a phone in their own home. They have jacked up those line rental fees courtesy of the Howard government changing the rules. Three or four years ago, line rental fees were $11.65 a month. They are now between $23.50 and $26.50 a month, and under John Howard’s plan they are going to go over $30 per month. That is going to push those fees up towards $400 a year—just for the privilege of having the phone in your home, before you even make a single call.

As I travel to various parts of Australia, I am encountering people who tell me that they spend two-thirds of their phone bill on line rentals. Two-thirds of their phone bill is just for having the thing there, let alone paying for any calls. The theory behind this was that Telstra would take with one hand and give with the other. The theory behind the government’s changes was that Telstra would increase its line rental fees but reduce the call prices, so ordinary customers would not be worse off. Sadly, this did not turn out to be the case. In fact, we calculate that in the last full financial year Telstra benefited to the tune of about $130 million. In other words, the increase in its line rental incomes was
$130 million greater than the amount it lost through slight reductions in call prices.

We still have significant problems in mobile phone coverage. The Deputy Prime Minister likes to talk in the parliament about how 98 per cent of Australians now have mobile phone coverage. What they are actually talking about is 98 per cent of Australian homes—98 per cent of Australian homes are covered by mobile phones. That is great. The only problem is that people have mobile phones primarily to use them outside their homes, because they have fixed line phones in their homes. So, while it is good that there is mobile phone coverage for people in their homes, we would be more interested in better mobile phone coverage for people outside their homes, where it really matters, for safety, convenience, capacity to work—for all those sorts of issues. Gradually, things are improving. They should be improving more quickly. But Telstra is not that interested, because it has other fish to fry.

A couple of years ago when I got the job as shadow communications minister, I was disturbed to discover that Australia was 13th in the world in the roll-out of broadband—13th in the OECD’s list of developed countries in the roll-out of broadband. I was worried, because traditionally, with new technologies, Australia has usually been at the forefront, as with the take-up of mobile phones and the Internet generally. We are usually up the front, but we were 13th. Little did I know. We are now 20th—and dropping. We are still ahead of countries like Greece, Turkey, the Slovak Republic, Mexico and a few others, but we are dropping. Why? Because Telstra has not taken up the challenge. It is dragging the chain. It has been slow to pursue the roll-out of broadband.

We can see the outcomes all around Australia, not just in country Australia but also in urban areas. At the end of last year, with the assistance of the member for Cowan, I was able to visit the Malaga business park in northern suburban Perth. There are lots of really good businesses there, but half the park—and it is a very large industrial park—cannot get broadband, because 18 months earlier Telstra put in RIMs, which inhibit the use of broadband technology. The end result is that there is a fine, innovative gourmet sausage manufacturing business there which supplies the Eastern States but which has to have all its dealings with people like Coles Myer by fax. That is a major inhibition on its capacity to do business. It is a really good, innovative manufacturing company doing good things and employing a significant number of people, but, because of its inability to get broadband in suburban Perth, it has a major problem that could ultimately significantly damage its business. That is the reality of Telstra’s performance under John Howard.

In regional Australia in particular, the story is still a bleak one. Regional Australia has seen the bulk of the staff losses, the deterioration in the network, the temporary fixes and the staff who are being required to travel ridiculous distances to cover for non-existent staff members—people who used to be employed there—and crisscross the length and breadth of Australia, spending huge amounts of time on travel, in order to comply with Telstra’s obligations. It is predominantly people in country Australia who suffer the dial-up Internet drop-out problem, where instead of paying for one local call you are paying for 15, 20, 30 or more calls in order to perform one effective transaction over the Internet.

The government decided it would have yet another inquiry, chaired by a personal friend of the Deputy Prime Minister and member of The Nationals, Dick Estens. Predictably enough, the inquiry was a whitewash. It ignored the vast bulk of the submissions and
the issues that were presented to it. In response to the inquiry’s recommendations, the government put forward a spending program of $180 million over four years that was, in its view, adequate to enable Telstra to be privatised. That sounds like quite a lot of money, and at one level it is. But when you consider that Telstra’s annual capital expenditure in Australia on telecommunications is over $3 billion and that the government is proposing to augment that by a mere $45 million a year to get regional telecommunications up to scratch, you get some idea of how limited this government’s commitment is to improving telecommunications in regional Australia and what a complete fraud—the government’s claim that regional services are up to scratch actually is.

The bill that is before the parliament today was supposedly going to contain guarantees for regional Australia. It was supposedly going to contain protections so that those people in Australia who do not have the protection of being in major markets—of being in a position of significant consumer power—as people in the major cities are, would be protected. The fact is that there are no protections in the bill. There is a provision for a three-yearly review of regional telecommunications, but there is no requirement for any future government to actually do anything about it—it has to table a report; that is about it—and there is no requirement on the minister or any future minister to impose any kind of obligation on a future Telstra with respect to its performance in regional Australia. There is a power—it is contemplated—but there is no obligation whatsoever for any future minister to impose any kind of obligation. It was admitted in Senate inquiry hearings that a requirement that Telstra provide one Telstra shop in Gundagai and one technician in Kalgoorlie might be sufficient to satisfy its regional obligations. In other words, there is nothing in the legislation to future-proof Telstra’s commitments to regional Australia, as claimed by the government.

In the area of competition, which is an area of great concern to Labor because we initiated competition in telecommunications—that is a Labor achievement and initiative—Telstra is still completely dominant, as I outlined before, and the regulatory regime for competition is still seriously inadequate. Only recently, we have seen Telstra come out into the marketplace with a retail broadband product that is lower in price than the broadband capacity it is selling to its competitors wholesale. Thankfully, the ACCC is correctly dealing with this issue.

The fundamental problem with competition in telecommunications in Australia is that, internally, Telstra is organised in an opaque way. It is still impossible to get a genuine picture of what Telstra charges and what it deals with itself in regard to terms and conditions and price and non-price in order to compare that with what it charges and offers to its competitors gaining access to its network. That is the core of any access regime. The core component of any ability to ensure that we regulate telecommunications properly and have genuine competition is the capacity to compare.

Mr Graeme Samuel, the new Chairman of the Australian Competition and Consumer Commission, made an interesting speech on these issues late last week. He said:

The benefits are not being shared evenly across all consumer groups—that is, the price decreases in telecommunications. He continued:

For example, prices paid by small business actually increased by 2.4% during 2001-02.

And preliminary indications for 2002-03 suggest that prices paid by bigger businesses are reducing while prices paid by small business and consumers are going up.
The reason for this is fairly clear—many aspects of the telecommunications markets are still far from truly competitive...

In short, the continuing dominance of Telstra over virtually all aspects of the industry continues to retard effective competition. And without further regulatory reform there is limited likelihood that fully effective competition will emerge in the Australian telecommunications sector.

That is a quote from Mr Graeme Samuel, the Chairman of the ACCC—a person whose appointment was opposed by a number of Labor states and zealously pursued by the Treasurer.

Mr Samuel is no apologist for the Labor Party but he is saying clearly and unequivocally that competition in telecommunications is inadequate in Australia and that Telstra is way too dominant, yet the Howard government wants to privatise it. The Howard government wants to create a giant private monopoly that will totally dominate Australian telecommunications, squash competition, spread its influence and tentacles into other sectors like the media and therefore spread the influence of anticompetitive practices of monopoly dominance into other crucial and highly sensitive sectors of our economy and society. That is what the Howard government wants to do—and there is the statement from the ACCC in black and white, indicating what the implications will be if it succeeds.

Only yesterday, we had the announcement that Telstra has bought the Trading Post Group for the price of $636 million. There is a general view in the markets that Telstra has overpaid. In fact, it has paid around 13 times EBITDA—earnings before interest, tax, depreciation and amortisation—which is a standard way of assessing the value of an acquisition of a company. Telstra’s spin on this is that it has paid less than 10 times EBITDA because, once it is in control of the Trading Post Group, the EBITDA will be substantially higher than it currently is. In other words, it is rearranging the equation and calculating the purchase price based not on what the existing performance of the company is but on what it theoretically claims it could be if it was in charge. That is a case of serious wishful thinking and something which should be of serious concern to minority shareholders in Telstra.

But the most obvious question is: what are these guys on about? They seem to want to do everything but run a telecommunications company. That is their job! They are in charge of Australia’s largest telecommunications company. It is financially strong in spite of having lost several billion dollars in dubious Asian investments and dotcom forays in the late nineties. It is financially strong, despite many challenges. It has been losing ground in mobile phones against Optus recently. You would think that any responsible company management would be
focusing on that kind of challenge—that is, the challenge to get broadband out there to increase sales and take-up. You would think that they would be developing a coherent strategy to win back market share in mobile phones. But, no, their solution is to go off and buy the Trading Post Group. This is an extremely questionable investment. What it will provide for Australian telecommunications consumers is a matter of great mystery to me. It is overpriced and it takes Telstra into areas that clearly have little to do with its primary responsibilities.

Telstra is a public utility. Yes, it got caught up in the mantra of double digit growth from the dotcom boom a number of years ago, but the dotcom boom is over. It is finished; it is long gone. We might well ask the rhetorical question: how many double digit growth companies are there of any size in Australia? There are not that many. Why anybody thinks that Telstra, still a public utility, is going to become a double digit growth company is an interesting question.

On the back of today’s Financial Review in the Chanticleer column, it was interesting to read a commentary from a private sector-private shareholder perspective as to what Telstra should be doing, because it is exactly the same as what I have been saying and exactly the same as what Labor have been saying. Telstra should focus on its core responsibilities. Telstra should focus on earning revenue from the areas of activities that have traditionally delivered it with strong revenue and strong profits: fixed line telephony, mobile phones, Internet and broadband. All of those things are its primary responsibilities, and they just happen to have been the things that have made solid profits for it and are at the core of its financial strength. The markets and private shareholders want Telstra to get back to basics and so do Labor. If we represent the majority shareholder in government, we will take the same view. We do not want you owning movie studios. We do not want you owning theme parks. We most certainly do not want you owning commercial TV networks or major newspaper groups, because of the implications for Australian democracy of having the government effectively owning major commercial media outlets. We just want you to do a good job in what you are supposed to be doing. Get in there and fight the battle with Optus on mobile phones. Compete. Get in there and improve broadband. Get the broadband roll-out accelerated. Improve your services. That is what Telstra’s energies and focus should relate to.

They have not learned the lesson from recent activities in Asia. In spite of having lost several billion dollars with the PCCW deals in Asia, Telstra is now contemplating buying an Indonesian mobile phone company. The asking price supposedly is around $3 billion. Given the risk that is inevitably associated with such an investment and the opportunity cost—the fact that any money invested in such an investment cannot by definition be invested in something else, such as telecommunications in Australia—majority and minority shareholders should be asking the board: ‘What are you on about? Why are you there? What is your role?’ They are the fundamental questions that are at the core of the argument about privatisation. They are the fundamental questions that are at the core of the future of Telstra.

What is Telstra? We say it is the deliverer of essential services. It is still predominantly a monopoly. It has a market dominance that we would not tolerate in other sectors. It has a fundamental role in the Australian economy and in Australia society, and it should stay in majority government ownership. The notion that there is some sort of inherent intolerable conflict between majority government ownership and minority public ownership is simply a fallacy. There are numerous
countries, like Germany and Japan, which have had that situation for some time. We have now had it for some time in Australia. If it were not for the Telstra board’s bizarre forays into areas outside Australian telecommunications, we would not have a problem. Telstra would be functioning well and effectively, leaving aside its recent inability to take up the fight to competitors on mobile phones and other such issues. Where is the problem? The notion that there is some huge conflict of interest in regulating Telstra and part owning it is simply a fallacy. There is an inherent tension there, but it is manageable. The Australian government also owns Australia Post and regulates postal services, much of which are open to competition from the private sector. The Australian government owns the ABC and SBS, but regulates broadcasting. There is direct competition for advertising revenue between SBS and the commercial broadcasters, and of course indirect competition for eyeballs between the two national broadcasters and the commercial broadcasters. There are issues there to be dealt with, but there is no reason why we cannot have continued majority public ownership of Telstra.

The government and one or two commentators, including a rather bizarre Financial Review editorial on Saturday, have suggested that Labor wants to interfere in Telstra’s running.

Mr Murphy—Rubbish.

Mr TANNER—It is complete, absolute nonsense. All we want to do, as the representatives of the majority shareholder, is to ensure that Telstra focuses on its primary responsibilities. I think the majority shareholders of a company, be they public or private, have a right to at least have a say about the broad direction of a company. The implication of the Financial Review editorial was that the government as the majority shareholder in Telstra has no right to any say at all about what Telstra does. If the board decides that it wants to get out of fixed line telephony and buy Disneyland instead that is all right. The majority shareholder just has to cop it. I think that is nonsense, and I think it is nonsense for anybody to imply that the same would apply if the majority shareholder were a private majority shareholder.

As majority shareholder, it is not appropriate to interfere in management and business decisions. It is not appropriate to try and run the company, but it is entirely appropriate for the majority shareholder to seek to have a say and to set a broad view about the overall direction of the company such as: we own you in order to participate in Australian telecommunications. It is entirely appropriate for a majority shareholder to do that. Equally, it is entirely appropriate for a government to take action to ensure that we have a healthy competition regime in telecommunications in Australia. It is entirely appropriate for a government to ensure that we do not end up with the Australian government effectively controlling major commercial media in this country.

Labor will not be interfering in Telstra’s activities as the majority shareholder. We will not be harming the interests of the minority shareholders. In fact, getting Telstra back to basics—getting it back to focusing on its primary role as a provider of telecommunications services for all Australians—will be good for minority shareholders. That is what they and the financial markets have been arguing for for a couple of years. We agree. We are in perfect synchronicity here. We think and minority shareholders and markets think that Telstra should get back to what it does well, to where it has done well and to what it should be doing: telecommunications services for all Australians.
In conclusion, the Howard government policy on Telstra is one line—in fact, it is two words: sell it. That is it. That is the Howard government telecommunications policy. Telecommunications are critical essential services vital to the future of our economy and our position in the information economy and the global economy, and the Howard government policy is two words: sell Telstra. That is it.

Labor have a very different view. We will ensure that Telstra, in majority ownership, stays in majority public ownership and intensifies its focus on its core business. Some of the more exotic activities that have taken precedence in recent times, like big risky investments in Asia and forays into the media, will be a secondary priority. We will ensure that Telstra refocuses on broadband, accelerates its rollout and competes more vigorously in the broadband market. We will impose a new regulatory regime which strengthens the internal separation of Telstra which requires a transparent, clear, internal separation of its wholesale and retail activities so that the ACCC can make a genuine comparison between what Telstra is charging itself and the terms and conditions it is applying to itself with the charges and the terms and conditions it is applying to competitors obtaining access to its network. Finally, we will initiate a consumer charter which strengthens consumer protection in telecommunications. There are many issues, like Internet dumping and unfair contracts, which the Howard government is failing to deal with, which a Labor government will address.

This legislation before the parliament has no protections on matters such as freedom of information and the continuing application of Commonwealth occupational health and safety legislation. And it has no protection for telecommunications consumers outside the major cities. In many cases people do not have the market power to get decent access to telecommunications services and depend on government ownership as a guarantee that they will be able to get some degree of equity and some degree of comparability with services that are available in the major cities. A privatised Telstra would be a giant private monopoly, too powerful for any government to effectively regulate. It would be extending that power, with its deep pockets, into the media, buying up half the Australian media, and it would focus inevitably on the most lucrative markets in the bigger cities, at the expense of people in country Australia. A privately owned Telstra will leave town faster than the banks. A Labor government will keep Telstra in public ownership, and a Labor government will get Telstra back on the job.

Mrs MOYLAN (Pearce) (5.40 p.m.)—It was interesting to hear the comments of the member for Melbourne on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]. He said that a privatised Telstra will get out of town. It is really important in this debate that we make a very important distinction—that is, regardless of whether Telstra is owned wholly by the government and administered by a department as a corporation or whether it is privately owned, the government still has the power to legislate the policy. I think that is a very important distinction. So, in fact, Telstra cannot leave town because this government is determined to lay down certain rules and policies which mean that Telstra will have ongoing community service obligations. I think it is very important to clarify that point.

It has been 103 years since Federation—and I would like to thank and acknowledge the Parliamentary Library for some excellent research they did on this. The creation of the Commonwealth was not without growing pains and controversy. Historically, change has inevitably been resisted. It is always the
way. Change is unsettled and people get worried about it. People like the member for Melbourne do not help when they put about nonsense that Telstra, as soon as the government fully privatises it, is just going to up and leave town. Nothing could be further from the truth. These kinds of scare tactics are silly. They do not help people understand the issues, and they do nothing to forward the progress of telecommunications in this country in the 21st century.

Vision and foresight are often met with fear and scepticism and, inevitably, that creates division, as I said. This has been evident in many of the defining moments in history, particularly the history of development in Australia. In fact, in Western Australia there are two distinct events. I want to raise them because I think they go to the heart of the matter that sometimes change is difficult for us to bring about, but it is also very important. In WA there were a couple of episodes—probably more than two—that were very distinctive in terms of the creation of bitter division both politically and within the community, and robust debate certainly ensued within the WA parliament.

One episode was the water pipeline to Kalgoorlie. A couple of years ago I had to open a walking trail which was part of a government funded project. I was reminded there of the debates that took place in relation to the pipeline project or, as we now call it, the golden pipeline. It ranks alongside great national engineering feats such as the Snowy Mountains Scheme and the Sydney Harbour Bridge. Water is still controlled by government, but the point is that these things do cause division, and there are a lot of sceptics around when you make these kinds of decisions and changes.

The main visionary of this enterprise—that is, the pipeline from Mundaring to Kalgoorlie, from Perth to Kalgoorlie—was C.Y. O’Connor, who took a terrible battering over this decision. WA’s first Premier, Sir John Forrest, also took a terrible battering over his decision to support O’Connor’s proposal. The Leader of the Opposition in those days, interestingly enough, was a man called Leak—a fascinating name, of course, for a politician, especially for one opposing a water pipeline. I thought that was an interesting snippet. On 29 June 1928, Mr George Leak, heading a strident vote of no-confidence in the government on this issue, was defeated by only 22 votes to 16 votes. It was interesting that the proprietor of the Kalgoorlie Miner was quick to wire Premier Forrest and say: ‘Accept sincere congratulations ministerial victory. Little leaks do not always sink great ships.’

But Mr Leak would have none of it, and he said in the Western Australian parliament: ‘Nothing would give me greater delight than to see the thing smashed up. I do not care by what means.’ Clearly, he was a man who was totally sceptical about the vision to pump water all that way. Another detractor in the parliament piped up:

This is the wildest scheme ever undertaken by the government—I should have liked to see the scheme abandoned 12 months ago—if that course had been taken, I believe we would not have had so much depression as we have today.

I suppose it does not have a lot to do with telecommunications, but I am highlighting that sometimes we need to make changes. When we look at telecommunications today it is a much different environment to the one we had at the time the Constitution was drawn up. The other memorable occasion was the North-West Shelf natural gas project. It was just recently that Sir Charles Court delivered a brilliant speech to the Perth branch of the Australian Institute of Energy. He was probably the most successful Premier the state has ever seen in terms of his vision and his determination to put policies
into place which would make sure that Western Australia had the energy to value add to its great resources boom. He said in his speech that in 1959 policies were aggressive and brought some rather derisive comments about so-called pies in the sky. He said:

It was no time or place for the faint-hearted. We attracted a lot of criticism and cynicism from people who just did not believe we could handle a challenge with the magnitude of what we were trying to achieve and the amount of capital and ‘know how’ that would be necessary.

Woodside’s involvement as a private company with its joint venture partners in the North-West Shelf began in 1954. The Western Australian government at that time gave permits to Woodside, a private company, which covered 367,000 square kilometres of ocean. You can imagine the furore in the Western Australian parliament over that. Sir Charles Court said:

For this, we, the then WA Government, received criticism. But, there was no-one else interested at the time!

Presumably he was talking about making sure that we had appropriate energy policy. He went on to say:

When seeking to promote energy exploration during the 1960s, it would have been easy for Government to suggest that such an initiative was for private industry to undertake.

This was a partnership between government and industry, and he went on to talk about the government’s role in making sure that the rules and parameters to provide energy were clearly supported by a regulatory environment. Of course, we know that he went on to pass the Petroleum Act in Western Australia to ensure that. They had negotiated a price, a pay contract, which included a vital lifeboat clause, and it was overturned by the Burke government that came to power in 1983. That really created some problems. As Sir Charles Court said, they had no idea what they were doing. Essentially, they overturned some very good decisions, particularly the lifeboat clause. That resulted in industry and domestic customers in WA being prevented from receiving competitive gas pricing as the markets fluctuated.

The DEPUTY SPEAKER (Mr Hawker)—Order! I am reluctant to interrupt, but I ask the member to come back to the bill.

Mrs MOYLAN—I make these points because, as I said, we have a situation where clearly telecommunications in the 21st century—the age of the information revolution—have come a long way. We need a little bit of vision; we need a little bit of forethought as to how we manage telecommunications. It is a very large company and to think that governments alone can make adequate provision is patently ridiculous. We need to engage the private sector. In most regional areas we can now gain instant access to the world via the Internet. We have fast air travel that has revolutionised the carriage of goods and we can now fly fresh lobster from Perth to Dubai in a few hours. It is a very different environment to the one that existed in 1901 when the newly federated Commonwealth took on responsibility for post, telegraphs and telephones. The transfer of the responsibilities for post, telegraphs and telephones from the states to the Commonwealth was clearly set out in section 69 of the Constitution, and section 51(v) provided wide powers for the Commonwealth to make laws in relation to post, telecommunications and other like services.

The Constitution continues to provide the Commonwealth with the power to legislate policies in regard to telecommunications. There is clearly a great deal of confusion on the issue of service delivery by Telstra and the Commonwealth’s ability to legislate telecommunication policy under the power of the Constitution. Again, I make the point that
it is very important to draw the distinction in this debate that, regardless of whether or not Telstra is owned wholly by the government, the government still has the power to legislate the policies. We have to move out of this narrow band of thinking and recognise the enormous task of providing modern telecommunications in such a vast landmass. Since the government announced the policy to partially privatise Telstra in 1996 and proceeded with the sale of one-third of Commonwealth equity, there have been two major inquiries into the operation of Telstra.

In 2000 the government established the Besley inquiry to assess service levels to customers in metropolitan, regional, rural and remote areas. That resulted in the government allocating $52.2 million over four years to improve education and health services in regional areas. The Estens inquiry followed in 2003. Estens recommended the maintenance of services in regional, rural and remote areas into the future. The government responded that it would impose licensing provisions on Telstra to ensure that this recommendation was carried out.

The public can take some comfort from the fact that Australia has some of the toughest regulated consumer safeguards in the world. These will continue to apply irrespective of any change in Telstra’s ownership. Those key safeguards include universal service obligations, which mean that the scenario that the member for Melbourne was just putting—that, once the government no longer owns Telstra, it can walk away from its obligations in remote and rural areas—simply is not the case because, as I pointed out, under the Constitution the government still has the power to determine those policies. Also in those key safeguards are the customer service guarantee, the network reliability framework, the priority assistance arrangements and the retail price controls on Telstra. So, as a result, Australian consumers have benefited from the introduction of full and open competition through a reduction of prices between 1996 and 2002. Now, with 89 licensed carriers in 2003, compared to three in 1996, the public has much greater choice. Just today I learned that Optus were putting up more mobile phone towers in my electorate, which will give our consumers in Pearce greater choice in mobile phone services.

These improvements have occurred due to the development of competition, not because of who owns Telstra. That is not going to change. While I have been concerned about the apprehension of some people in my electorate—and I acknowledge that, in some of my country towns, there is considerable apprehension—I have always been very straightforward with my constituents and, in fact, with the government: I have said that I would not be happy to support the full sale of Telstra until such a time that I was certain that people were going to get and continue to get the best possible level of service, irrespective of ownership; that, as long as the government put those safeguards into place, my concern was that my constituents get the best possible service; and that, into the future, there will be a guarantee. The government is providing the guarantee that a certain amount of reserve money would be put into infrastructure development in remote, rural and regional areas, and that is the case.

I am not sure that any purpose is served by having Telstra a half privately owned and half government owned entity. I think it does give rise to some problems. It is difficult for the government to be both the regulatory body and the deliverer of services. That was evident under the old Telecom arrangements, when consumers had no other option but to deal through the government entity for all telecommunications services. It was not a perfect world; I can recall that very clearly. It did not necessarily serve us well. We sometimes forget how difficult it could be to deal
with a monopoly owned by a government which was also the regulator. The full privatisation of Telstra will remove the inherent conflict of interest, remove the risk to investors of political interference in its management, and allow fair competition with other providers. Once again, my main concern is for my constituents, particularly those in regional and rural areas. They are areas that the government continues to assure that there will be tough service provisions and licensing arrangements so that people outside the metropolitan areas are not disadvantaged in the provision of telecommunications services.

The public can be reassured by the main features of this bill, which are, in summary, the removal of the current requirement in the Telstra Corporation Act 1991 that the Commonwealth maintain a minimum of 50.1 per cent of the shares in Telstra; flexibility for the government to determine the structure of any further sale of Telstra, including the ability to offer hybrid securities; consistent with the Regional Telecommunications Inquiry recommendations, a requirement for regular, independent, expert review of regional telecommunications needs at least every five years and a requirement for government to respond formally to the recommendations of these reviews; and the full implementation of the Regional Telecommunications Inquiry future-proofing recommendations. Future proofing is a very important feature of this bill because it means that the power is with the minister and the Australian Communications Authority to enable a licence condition to be imposed on Telstra requiring it to maintain a local presence in regional Australia.

To address the two immediate concerns raised by the Regional Telecommunications Inquiry, the ACA was asked to use the network reliability framework to identify Telstra’s worst-performing exchange service area. Telstra will provide the government with a formal undertaking on its strategy to address these areas, including a commitment to funding and time frames for remediation. Everything is not perfect out there in the rural areas in terms of telecommunications, but we have made incredible progress in the last few years. Many of the farmers in my electorate today can use and are using Internet services for banking and to get in touch with markets around the world to keep a tab on prices for their commodities and so on. So our telecommunications services are really very good. There are areas of failure, as has been pointed out, but the government is seeking to ensure they are addressed. Future proofing is very important to people living in regional, rural and remote areas as it provides for continuing investment in maintaining the quality of telecommunications in these areas. Future proofing of broadband services includes a National Broadband Strategy and the Telstra local presence plan, which requires Telstra to maintain a local presence in regional Australia through a licence condition and regular reviews.

This government has invested $181 million as a result of the telecommunications inquiry. This money is not contingent on the passage of this legislation. There are many other additional amounts of money that have been provided by the government, such as the $15.9 million to extend terrestrial mobile phone cover and $10 million to provide support and information technology training and support for rural and remote areas in particular. Also, $4 million will be provided to extend the satellite phone handset subsidy in areas where there is no solution in terms of mobile towers and so on. So this is an important piece of legislation. While I acknowledge and understand some of the concerns, I think we are living in a different world. We need a robust telecommunications policy and we need to move forward. (Time expired)
Ms O’BYRNE (Bass) (6.00 p.m.)—I rise today to speak against the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2], which seeks to allow the sale of the remaining 50.1 per cent of Telstra. This bill is, of course, the same bill already rejected by the Senate last year and the same bill that Labor will absolutely continue to oppose. Labor will not sell Telstra. In fact, in Bass the opposition to a full sale of Telstra has become even more fervent. More and more people are experiencing the deterioration of telecommunications services resulting from a corrosion of infrastructure. They realise that there is no way this infrastructure will be restored under a fully privatised monopoly.

The government is arguing that a fully privatised Telstra is in the national interest. Many people in regional and rural areas are asking the question: whose national interest is the government referring to? The national interest of really big businesses? The national interest of the 1.8 million shareholders? Or the national interest of the rest of the population who, in theory, own the remaining 50.1 per cent of the organisation? In my office it is now at least a weekly event that we have to contact the Telstra Country Wide office because one of my constituents has reached what they see as the end of the road with getting their services repaired. They have reached such a point that they feel the only option for a decent telecommunications service is to call their local MP.

I am happy to represent my constituents and will always continue to do so, but people should not have to ring their member of parliament every couple of days to find out how the repairs are going on their phones. Some of these people are priority customers who have to have a phone service connected. While the Launceston office of Country Wide is more often than not excellent in ensuring these services are repaired as fast as possible, these problems show that not only is the infrastructure in a state of disrepair but also there are not nearly enough technical staff employed to ensure that these repairs can be done in a reasonable time frame.

There are some customers who have been experiencing such consistent problems with their services that my office will, without doubt, talk to them at least once a fortnight because their lines are down again. These customers do not live in remote areas; they live within five kilometres of the central business district in Launceston. They also run a small business from their address—an address where there is a significant population—yet, if we get heavy rain, their phone service will fail again and again.

Late last year Telstra cut a further 20 technician positions in Tasmania—a cutback that has only further perpetuated the waiting times people are experiencing for service repairs and new installations. A fully privatised Telstra will mean that this situation will only get worse. There will be more job cuts and less service, in order to ensure that there are increased profits and shareholder dividends. At present Telstra operates with community service obligations that are in place to ensure it acts in the national interest. Without ministerial direction, as soon as public ownership falls below 50.1 per cent Telstra will not be required to continue to ensure services are provided to all Australians regardless of where they live.

The divide between the city and the country is widening and Telstra cannot be permitted to sell out the regions in favour of the cities. The only consumer protection is the customer service guarantee, which Telstra already exploits—a fact that the member for Pearce failed to mention. She failed to mention that the guarantee has a loophole that allows Telstra to self-declare an exemption from the regulatory regime. This loophole allows Telstra to renege on its responsibility.
to fix faulty phones or install new services within a prescribed time frame, without being required to provide compensation to customers. This loophole is called ‘the mass service disruption notice’. Telstra are able to get away with this because there is no transparency in the complaints process, owing to the fact that the regulator—the Australian Communications Authority—reports to the same minister as Telstra does. Under a privatised Telstra this process would become even more convoluted and would ultimately result in customers waiting for longer time frames for repairs and new services.

Mr Ciobo—What about CSOs?

Ms O’BYRNE—I think that the member probably should have listened before he sat down otherwise he would have heard my comments on the CSOs. At the moment Telstra remains, in essence, a universal telecommunications organisation. However, majority public ownership is the only way to ensure that this concept remains. By fully privatising Telstra, the government will be engaging in the set-up of yet another two-tiered system—something they are very fond of: a high-speed reliable telecommunications network in the cities and a second-grade decaying copper network for regional and rural areas.

A full sale will ensure there is an excellent standard of service provided to those areas that are viable, but there will be no responsibility for the provision of services where there is no money to be made. There is only one way to ensure Telstra does not abandon the regions and that is by retaining majority public ownership. I continue to maintain that I will not stand by and see my constituents further disadvantaged through a further degradation of services, and I cannot mutely allow access to basic services in regional areas to fall by the wayside.

The government continues to maintain that it will not sell Telstra until it is fully satisfied that arrangements are in place to deliver adequate services to all Australians, including maintaining the improvements to existing services. Of course, this is a bit different to the Prime Minister’s promises when the first tranche of Telstra went on sale. The Prime Minister then promised that Telstra would not be fully privatised. Then he said that Telstra would not be fully sold off until the services in the bush were up to scratch. So now it is not a question of whether it will happen, just a question of when.

Regional Australians are interested in finding out whether the Prime Minister deceived them about the full sale of Telstra or whether it was just an error in developing the government agenda. Were we deceived or were we fooled by an act of incompetence? Interestingly enough, according to the Prime Minister telecommunications services in the bush are already up to scratch. With a government as deluded as this one about what constitutes appropriate telecommunication services, the Australian public are quite rightly already questioning how long it will be before Telstra is sold out from underneath us all.

They are asking this question because this bill allows the timing of the sale to remain open based on when the government believes that the services are at a high enough standard. The Prime Minister might already get great services at Kirribilli, but there are not great services in most of Bass. I cannot stand by and allow the government’s city-centric bias to be put above the needs of regional and rural Australians. As the organisation that owns the telecommunications infrastructure, Telstra must put the provision of service before shareholder profit.

The market value of the government’s share of Telstra is around $30 billion. That is
a pretty attractive one-off amount for a government that formulates policy without any forward outlook; it is an attractive one-off amount for a government that is only interested in the economic here and now and has no interest in the provision of basic essential services in Australia. To sell off the remainder of Telstra will have a significant impact on the future economy and will result in the loss of billions of dollars. Sure, the government will net a tidy little profit from the sale, but once that is spent there will be no further Telstra dividends to collect.

Labor has maintained that a full sale of Telstra will have disastrous long-term economic impacts for the Commonwealth. The reduction in public debt interest will not offset the loss of dividends from Telstra in the medium term. The government’s assurance that it would not sell Telstra until it was fully satisfied Telstra could deliver adequate telecommunications services to all Australians has proven to be a deceit, as demonstrated by the Estens inquiry on regional telecommunications services. While the people of Bass already knew the outcome, the Estens inquiry proved that services in regional areas were inadequate and consisted of poor coverage, faulty telephone lines, poor broadband coverage, inadequate dial-up Internet data speeds and line drop-out.

Many people in Bass can also attest to the effects of the apparently nonexistent line splitting technology known as remote integrated multiplexes, or RIMs, which Telstra finally admitted to last year. There are five exchanges around Launceston using this technology which actually prevent those people unfortunate enough to be connected with this technology from accessing high-speed Internet. RIM technology runs copper connections from a cable over a large area. In Bass these exchanges are peppered throughout the central business district of Launceston and surrounds.

Telstra customers connected with RIM technology are serviced by a severely dilapidated infrastructure. One of the most concerning aspects is that this technology is still being used in exchange areas such as the St John exchange, which is in the middle of Launceston City, and the South Launceston exchange, which is right next to the ambulance station and an aged care residential village. The admission by Telstra itself that its network is incapable of delivering broadband services to all its customers is yet more proof that Telstra should not be sold off fully. Telstra executives admitted that the copper access network was at ‘five minutes to midnight’ in its useful life and that ADSL was Telstra’s ‘last sweat’ of revenue from the asset. Telstra said it needed to replace the whole copper network with a new access technology that could use wireless, extended optic fibre or any number of emerging technologies, but it would not invest in these technologies unless it could ensure sole use of the network.

There was also an allegation by the Australian Telecommunications Users Group that Telstra had deliberately limited ADSL speeds to 1.5 megabits per second to ensure video services could not be offered to Foxtel competitors. All of this came on the back of the finding that Telstra directors received a 15 per cent pay rise last year, adding up to a collective salary increase of around $170,000, to attend around nine board meetings a year. This type of attitude is simply not good enough and has allowed Australia’s once superior telecommunications network to fall apart at the seams.

There is also a prolific use of pair gains in Tasmania. The pair gains system was meant to be an interim measure to provide additional telephone services while further lines were being installed. It was very common in new areas or areas where additional services were needed. Of course, the further lines
have never been installed and the use of pair gains has because more or less a permanent fixture. The pair gains system allows the provision of more than one telephone service over a single wire or, in some cases, over several pairs of wires. In some areas in Bass there are up to six homes or businesses running all their services—phone, fax and Internet—off one phone line. Obviously this leads to severe limitations on the services available.

Access to broadband technology should be readily available by now, but in many regional areas there is still no access at all. In Bass, only people living four kilometres from an exchange which does not operate with any type of RIM or pair gain technology—so that knocks out a fair few of the exchanges—can access ADSL services. This means that if you are living 4.2 kilometres from an exchange—which could still have you in the middle of the city—you cannot access broadband Internet.

I point to the Launceston broadband project as an example. The Launceston broadband project is a joint initiative between the government and Telstra, costing $15 million over five years from 1999. As of March this year there are still only 2,890 customers accessing this project, which equates to a spend of roughly $5,190 per person. I cannot see that this system and this trial can in any way be considered successful, and the reason is pretty obvious: there has been next to no advertising for the service and there has certainly been no commitment from Telstra to look at education about the benefits of broadband services. People are not hooking up to broadband because they do not know what it does. If you look at Telstra, you have to argue that in most cases it is pretty good at advertising—when it chooses to be. What happens to the project once it has been deemed unsuccessful and is disbanded? Ziggy Switkowski from Telstra has already labelled the project a failure and proof that broadband is not wanted by the community. Continuing to treat regional areas in this manner—by not updating the networks or ensuring the success of the broadband project—is further proof that the government has no interest in ensuring a high quality telecommunications service or reasonable access for anyone.

I do not think there would be too many people in Bass who would have confidence that this scenario would improve in any way in a fully privatised Telstra. Labor will not support this bill and will continue to advocate that the only way to ensure essential services are not limited in regional areas is to maintain part public ownership. It is probably also the only way we are ever going to step in and bring some kind of cost equity to what is now being known as the line rental fee cash cow.

We cannot allow Telstra to continue to exploit the regions in its quest to become the most powerful Australian company, a quest that is already looking at the acquisition of the Trading Post Group—which raises major competition issues. Telstra, as a monopoly, cannot cross-subsidise trading post activities from its telecommunications revenues such as line rental fees. But, as with its previous attempts to buy into the media sector, Telstra is attempting to ensure it has a finger in every pie except the one that it is meant to be in.

Telstra needs to concentrate on providing a superior quality telecommunications service rather than attempting to spread itself into other markets and only half-heartedly fulfilling its obligations to the Australian people. If we continue to allow Telstra to spread out and acquire bits and pieces of other organisations then there is even less chance that Telstra will focus on its core responsibilities and more chance that it will
succeed in proposals such as the recent one where the Telstra CEO wanted to take over Fairfax. That proposal was thankfully blocked by those who realised that the idea of Telstra as a majority publicly owned company taking over a major Australian news organisation was somewhat incongruous. However, there will be no stopping Telstra buying up media or other organisations if it is fully sold. It has the potential to become Australia’s version of Microsoft.

The government does not truly believe that a privatised Telstra will retain an interest in the provision of services in unprofitable regional areas when it can concentrate its effort and investment on sustaining viable city services and extending its investments into foreign and alternative markets, no matter how successful or unsuccessful these attempts might be. It has already been well documented that Telstra has attempted to enter the foreign investment market in Asia and failed. It has lost upwards of $2.5 billion and continues to lose billions of dollars more through its cuts to network investments.

Based on the current standard of infrastructure in regional areas, I believe it is safe to say not only that a fully privatised Telstra would have no interest in repairing the existing voice framework services but also that there would be no way of ensuring the provision of new data framework services. There would also be no further roll-out of broadband services, with some areas unlikely to ever be able to access broadband services. The level of roll-out and take-up of broadband services in Australia is incredibly low compared to other countries. I believe we are coming a very dismal 20th—we were 19th, but we have dropped down to 20th—in the OECD because Telstra has shown complete disinterest in educating the public on the benefits of broadband services.

The future-proofing arrangements built into this bill are, frankly, a joke. The bill provides for the minister for communications or the Communications Authority to make licence conditions requiring Telstra to maintain a local presence in regional, rural or remote parts of the country. It also requires regular reviews of regional telecommunications, every five years, by an expert committee appointed by the minister. This government is becoming more delusional every day. It does not seriously believe that a fully privatised Telstra will bow and scrape to the government’s licence conditions. It will call the shots and I can guarantee there will be no assurance of equitable regional service levels. Telstra will desert regional areas faster than you can say ‘which bank’.

The government can claim that it will pass telecommunications laws that will control Telstra, but it is well known that powerful national companies soon become powerful international companies and begin to manage their business at a level that is above our law, through their operation at a global level. In Bass, Telstra has already shown a real commitment to not attending to the repairs of the infrastructure by reducing its capital expenditure budget over the last three years. It has already gone from $5 billion in 2001-02 to $3.5 billion last year, and it has again fallen in this financial year to below $3 billion. From these figures it should be safe to say that Tasmania’s share of the projected lowered funding allocations from this budget would be greatly reduced and nowhere near the amount needed to address the obvious insufficiencies in the infrastructure. So, instead, Telstra will supplement with more band-aids on the copper network in an attempt to hold together infrastructure that is in serious decay.

In today’s Financial Review it is reported that one government member plans to publicly outline plans already forwarded to the
Prime Minister to set aside 10 per cent of any proceeds from the full sale of Telstra for national infrastructure initiatives. I find it incredible that the government is already rubbing its hands together with glee and planning how to spend the proceeds from a sale of Telstra. Shouldn’t there instead be a focus on actually providing a decent telecommunications service—one that has a reliable phone service and high-speed Internet services—rather than sitting around the table and planning how to spend money the government clearly does not have? Anyway, isn’t telecommunications one of the most vital parts of the infrastructure of a nation?

Labor will continue to oppose any further sale of Telstra but has put together a four-point reform strategy, which will bring Telstra back to its core responsibilities while maximising the benefits of increased telecommunications competition. The key features of this strategy are: Telstra will be required to intensify its focus on its core responsibilities to the Australian community and reduce its emphasis on foreign ventures and media investments; Telstra will be asked to intensify its focus on the provision of affordable and accessible broadband services available for all Australians; the competition regime will be strengthened by requiring much stricter internal separation of Telstra’s wholesale and retail activities; and the minister for communications will be removed from the process of ACCC scrutiny and regulation of accounting separation within Telstra to ensure the process is genuinely independent and rigorous; consumers will be given stronger protection from sharp practices by telecommunications companies; and, the price control regime will be made fairer.

Labor believes Telstra should be in public ownership to ensure that all Australians can access essential telecommunications services. Labor believes that Telstra should concentrate on its core responsibilities and remain a carrier, not a broadcaster. Under a Labor Latham government, Telstra will deliver high-quality telecommunications services for all Australians, regardless of where they live, and provide decent returns for its shareholders. The Howard government must be stopped in its single-minded agenda to sell off Telstra under the auspice of the national interest. It is not in the national interest to sell off our basic infrastructure. The nation does not want it sold, the community of Bass does not want it sold, so the government should keep its grubby little hands off Telstra.

Mr CIOBO (Moncrieff) (6.18 p.m.)—I come into this chamber to talk about the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]. I have been most intrigued to hear the contributions made by the member for Bass and, before her, the member for Melbourne. I am particularly intrigued by the fact that the member for Bass claims that the half-pregnant model that Telstra currently has—the model which sees approximately 50 per cent of Telstra in private ownership and approximately 50 per cent of Telstra in public ownership—in some way delivers benefits to the Australian community. That position is fundamentally wrong. The arguments that I just heard coming from the member for Bass highlight the clear total lack of understanding that those on the opposition side of the chamber have not only to basic economics but to the needs of the community.

I pick up on one of the final points that the member for Bass raised: that the Labor Party is committed to ensuring that Telstra remains a carrier, not a broadcaster. Right there, in that statement, is a highlight of the fact that the Labor Party is not only welded to the past but completely unable to recognise one of the key words that I hear bandied throughout the ICT industry at the moment: convergence. The word ‘convergence’ is the new trend that is not just taking place this year
but has been taking place for the last five or 10 years. The word itself explains the way in which Telstra needs to react and respond to new market conditions. It highlights the way that Telstra needs to become very aware of the fact that this new media marketplace is a convergence of not only the carriers of old but the new companies of the future.

A link is increasingly going to be made between the convergence of the mobile phone, for example, and what was traditionally the domain of the home PC. It is the convergence between mobile phones, which today incorporate not only picture to picture transmissions but access to the World Wide Web and news services, and the ability to push information from the web through to your telephone. These are the kinds of things that are happening in telecommunications today. It is the convergence between PDAs—the fact that you can have personal digital assistants as part of your mobile phones as well—and phones that connect to your laptop. In the future, I have no doubt, we will see telephones that not only will provide an opportunity for access to the World Wide Web but will be the equivalent of what we have in many of our lounge rooms today: televisions. The reality is that convergence is what ICT is all about. It is all about the future of ICT. And yet we have an opposition that comes into this chamber completely ignorant of this fact and talks about Telstra only being a carrier. If that does not highlight an opposition that is looking into the future with the back of its head, not with its eyes, then what does? I notice the shadow minister scratching the back of his head, and I know that that is the direction the opposition is going in.

The opposition are completely shackled to a view of Telstra that is totally out of step with not only those in the industry but all Australians. To suggest otherwise is some pathetic attempt by the opposition to try to portray themselves as being in touch with middle Australia. They are not in touch with middle Australia. If they were, they would not make comments along the lines that Telstra should only ever remain a carrier and never be a broadcaster. What rot. It is rot because it flies in the face of the convergence we have seen occurring in this sector for many, many years.

When I spoke on this bill before, I raised the fact that the ALP seems incapable of differentiating between the ownership structure of Telstra and service delivery. I would like to address in this particular vein a number of the key arguments I have heard from the opposition. I have heard opposition as well as Independent members come into this chamber and talk about how they cannot get mobile phone reception. I have heard them speak of how phones are not repaired within 24 or 72 hours but rather it takes a week or two for them to be repaired. I have heard opposition and Independent members come into this chamber and try to portray the fact that certain suburbs are unable to access broadband as being in some way tied to Telstra’s ownership structure. It is wrong, and it is wrong because service delivery is not dependent upon the ownership structure; rather it is dependent upon what this government legislates and mandates should be the USOs that apply to Telstra.

The reality is that each and every position that the Labor Party puts forward—whether it be minimum service times, whether it be access to minimum broadband levels or indeed actual dial-up levels when it comes to Internet access—is able to be mandated and applied through legislation to a fully privatised Telstra. That is the reality. I would love to see the shadow minister disagree with that, because the shadow minister knows that community service levels can be legislated and applied to a fully privatised Telstra. Indeed, any government of the day can decide
what it believes the USO should be and apply it to a fully privatised Telstra. To suggest that in some way a half-privatised, half-publicly owned Telstra is the only vehicle that allows the government to dictate what minimum service levels should be is false.

The Labor Party’s position on Telstra is completely unsustainable. We see indications on a daily basis of why a half privatised, half publicly owned Telstra is unsustainable. I would like to deal firstly with the issue of conflict. The government owes it to all Australians to dictate minimum service levels. That is what Australians want of government. That is what Australians are calling for with respect to our regional and rural communities. They want us to dictate terms that we believe are a reasonable balance between commercial considerations and the reasonable expectations of people not only in metropolitan areas but also, and perhaps more importantly, in regional areas. Those minimum service levels might pertain to service response times, to mobile phone coverage or to Internet access speeds but, at the end of the day, it is the government’s job to ensure that we legislate and provide guidance to our telecommunications carriers about what our expectations are of minimum service levels.

These minimum service levels that should apply in both metropolitan and regional and rural Australia can be enforced through the government not only mandating it but also applying to have those mandates enforced through, for example, the ACA or the ACCC. Part of what I was turning to is the conflict that currently exists under this model where the main consideration of the government, as the primary shareholder in Telstra, should be obtaining the maximum dividend possible. If you hold that assumption to be true for a moment and Telstra are seeking to obtain the greatest dividend possible, then the best commercial decisions are those that are made by the board and management of Telstra. But the conflict arises as a consequence of the fact that a Telstra management board—with the government being the primary shareholder they are accountable to—are unable to always make the commercial decisions because there is conflict between a government that is seeking the maximum possible dividend and a government that is seeking to ensure enforcement of USOs. They are totally inconsistent.

Mr Tanner—Is it the same for Australia Post?

Mr CIOBO—Yes, in my view it is exactly the same for Australia Post. It is impossible for the government to be a majority shareholder seeking the maximum possible dividend and for the government to also be the rule maker that is seeking to apply minimum service levels. I know the shadow minister knows that. In fact, that is why up until 6 February last year the Labor Party’s position when it came to Telstra was that it believed in a virtual separation where the wholesale network of Telstra was somehow virtually separated from the retail network of Telstra. So the shadow minister would come into the chamber and argue, ‘No, we need to have the separation between the wholesale networks of Telstra and the retail networks of Telstra so we can ensure that we all enjoy the benefits that flow from the retail side but that we enforce USOs when it comes to the wholesale side.’

Mr Organ—A good idea.

Mr CIOBO—I hear that interjection from the Greens member. What happened to that policy? The policy was dumped and I have got the transcript right here of what the shadow minister said on 6 February 2003. He said that the notion of virtual separation was dumped as Labor Party policy.

Mr Tanner—No.

Mr CIOBO—Now the shadow minister says it is not. Well, apparently it is back. So I
have just had confirmed by the shadow minister that the policy that was dumped on 6 February 2003—

Mr Tanner—It was actual separation that was—

Mr CIOBO—Now the shadow minister is clarifying that it is actually about actual separation. I see. So the Labor Party’s position as of today would seem to be that they are going to sell off the wholesale network but keep the retail outlet of Telstra. Is that actual separation? There seems to be a bit of confusion coming from the opposition.

The Labor Party do not have a formula when it comes to responding to Telstra. The Labor Party are trying to make politically opportunist points out of running around in the community and being scaremongers. That is what the Labor Party are about. The Labor Party are talking down Telstra, talking down our mobile phone network and talking down Internet access because they think there are a couple of lousy votes in it. That is what the Labor Party are all about, and if you happen to be one of the 1.8 million Australians who have shares in Telstra—

Mr Tanner—They’re doing well, aren’t they? They’re doing brilliantly.

Mr CIOBO—Tough luck to you according to the Labor Party, because that is their only concern. I hear the shadow minister interject: ‘They’re doing well, aren’t they?’ Well, shadow minister, why aren’t they doing well? They are not doing well because your position is unsustainable. The fact is that shareholders in Telstra today are burdened by the fact that we have this half-pregnant Telstra and the market punishes Telstra accordingly—and that is the position that the Greens and the Labor Party would like to keep. The Greens and the Labor Party would love to keep a situation where those 1.8 million shareholders in Telstra can get stuffed, because that is the Labor Party position.

They do not care for them; they are not interested in the response or in making sure that there are opportunities available to those shareholders. They are happy to see their money flushed down the toilet.

Make no mistake about it, the Labor Party position is perhaps not as clear as I thought it was. Is it actual separation? Is it virtual separation? Is it support for a half-publicly, half-privately owned Telstra? Or is it in fact support for a fully publicly owned Telstra? I am not sure which of those four positions it is and I would contend that the shadow minister himself is not sure which of those four positions it is. With respect to minimum service levels, the other point I would like to make is that you can certainly have a situation where minimum service levels are enforced by the ACCC. The reality is that minimum service levels would be totally enforceable by the ACCC under a fully privatised Telstra.

The final point I would like to raise is whether or not Telstra in its current format—in its current public ownership, private ownership structure—is able to respond to market demands and act as any good corporate citizen should. The reality is that it is completely hamstrung, because Telstra is unable to issue additional capital and is therefore unable to respond to market conditions. If Telstra wants to roll out a new technology, for example, that requires additional capital investment beyond the capital reserves that it has, it cannot do it under the current model. Why? It cannot do it because the government ownership of Telstra must remain at 50.1 per cent. That is the requirement. If Telstra does want to issue additional capital or to provide equity in Telstra to a company that it is seeking to absorb as part of its corporate structure, it is prevented from doing so because to do so would require of Australian taxpayers the expenditure of additional taxpayers’ money into Telstra to ensure that we main-
tain the ratio of public to private ownership. That is just another example of the way in which this policy that the Greens and the Labor Party support is bad for business, bad for Telstra, bad for Australian shareholders in Telstra and bad for the Australian community. All of these negatives that flow from Telstra are absolutely the consequences of this half-pregnant Telstra that we currently have.

I would also like to highlight another point. Quite frankly, when it comes to Telstra going forward, I only ever hear arguments from the Greens and the Labor Party about the failure of Telstra to meet service levels with respect to service response times, phone repairs, phone connections and mobile phone coverage. They are the only arguments I ever hear from opposition members and from the Greens with respect to Telstra. Let me pose this question: when Telstra was fully in public hands, did these problems not exist? Were there no service connection problems when Telstra was fully publicly owned? Were there no problems with respect to mobile phone coverage when Telstra was fully publicly owned? Were there no problems with respect to connection times when Telstra was fully publicly owned? No, all of those problems existed under the full public ownership model as they exist today and, in reality, as they will exist into the future.

All of these problems will occur irrespective of the public or private ownership of Telstra. The Labor Party know it and the Greens know it, and for them to come into this chamber and attempt to argue otherwise is a complete misrepresentation of the position. Australians can see straight through that. They know that when Telstra was fully publicly owned they were not paying 3½c, for example, for a phone call to the UK; they were paying $1 a minute. I hear opposition members saying, ‘We can’t privatise Telstra because it will act as a monopoly in the marketplace.’ The fact is that when Telstra was publicly owned it acted more like a monopoly than I have ever seen it act in the last five years. In addition to that, by having a well-equipped, well-funded ACCC, we can ensure that any potential misuse of market power by Telstra is hit head-on by an ACCC whose sole purpose is to serve the consumer in this regard.

The reality is that the transition of Telstra to full private ownership is a must. The full privatisation of Telstra will not have any impact on service levels. What is more, if the opposition and the Greens are serious when they say that we need to ensure that there are minimum service levels and that the USOs that apply to Telstra incorporate all of the benchmarks that we want to have, it can happen under a fully privatised Telstra. No arguments about the inability to service customers appropriately can be made with respect to the current ownership structure of Telstra. No sustainable argument can be made that a half-publicly owned and half-privately owned Telstra is better than a fully privatised Telstra.

This current model of Telstra, half-publicly owned and half-privately owned, is resulting in negatives all round—negatives for the Australian government as a consequence of the conflict of being the primary shareholder, with the Australian people’s expectation that the government will seek to ensure that appropriate safeguards are in place to guarantee the minimum mandated levels of service. There is also the conflict that arises from Telstra’s inability to respond appropriately to normal market conditions because it cannot raise additional capital.

There are also consequences for those 1.8 million Australians who invested in Telstra—everyday Australians, mums and dads out there, who are being penalised through the share price of Telstra by the recalcitrance
of the Australian Labor Party and the Greens in not supporting the transition to full public ownership. Let it be on the record very clearly for all Australians to see that no argument has been made by either the Greens or the Labor Party at this point that explains why half-public, half-private ownership is superior to fully privatised ownership.

I would reinforce one final time that each and every one of the minimum service levels that people like to apply to Telstra—be it service connection, access to broadband, access to dial-up services or mobile phone coverage—can apply to a fully privatised Telstra. This bill is worthy of full support, and I am very pleased that this government has the political honesty to go to the Australian people and explain to them why a transition to full private ownership is in the best interests of our nation.

Mr ORGAN (Cunningham) (6.38 p.m.)—As the member for Moncrieff has just revealed to us all, the government is deaf when it comes to how the community out there feels about the full privatisation of Telstra. The Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] seeks to amend the Telstra Corporation Act 1991 to repeal the provisions that require the Commonwealth to retain 50.1 per cent of its equity in Telstra. In other words, this bill seeks to allow the government to sell off the rest of one of this nation’s prime pieces of public infrastructure.

Telstra has a unique and vital role to play in the future of our country. The delivery of reliable, high-quality communications services is essential for a large country like ours. Even if we ignore—as the government is willing to do—the massive financial losses a sale would deliver and even if we ignore the illogical reasoning behind the debt reduction strategy, we must not ignore the cries from the bush that a majority publicly owned Telstra is not providing them with an equitable service compared with city customers. We must not further privatisate Telstra and disregard the concerns of the voices coming from the bush, nor those concerns which are becoming ever more vociferous from metropolitan and city areas, including from my own electorate of Cunningham. We need a strong public telecommunications service. Anything less is a compromise that we cannot afford. The Greens will therefore be opposing this bill.

There are two main categories of losers under this government’s proposed sale—Telstra customers in rural and regional areas of Australia, and Telstra employees. The people of rural and regional Australia already suffer from previous sales and corporatisation of Telstra. Honourable members, I am sure, have heard the horror stories: the stories about days for faults to be addressed, the stories of families with sick children and frail grandparents without telephone access or mobile coverage, and the stories about businesses stunted through poor or nonexistent Internet connections and mobile access. I could go on.

I mentioned some of these issues when I spoke on this bill when it was before this House in August last year, and the intervening 6½ months have produced more examples and more bad news. Just two weeks ago, 120 customers between Helensburgh and Stanwell Park in my electorate of Cunningham were cut off from their normal phone and Internet services for days following heavy rain, due to water in the cables. Scarborough Public School, located on the main coast road serving the northern Illawarra, had no phone or fax service for four days. This is nothing less than disgraceful in this day and age. Another 70 customers in Corrimal, where my electorate office was located until last December, were similarly affected—and this is a regular occurrence in the Illawarra.
But there is more. Last weekend, local papers in my electorate contained lift-outs promoting Telstra’s ADSL service for fast Internet connection. Nowhere does the glossy brochure say there are major access limitations to the service being offered. Nowhere does it point out that you must be located within 3.5 kilometres of an ADSL-enabled exchange to have any chance of getting the service, and even then it is not guaranteed. If you are on a so-called pair gain circuit, you cannot access ADSL. This therefore severely limits the availability of ADSL in the Illawarra. Indeed, recent research conducted at the University of Wollongong has found that the e-commerce take-up rate in Wollongong is significantly lower than that in a comparable city in Sweden, something that may well be in part a result of the difficulty of obtaining a reliable, affordable, high-speed Internet connection.

I have been trying without success to find out from a very reticent Telstra how many customers in my electorate are able to access the service. They cannot or will not tell me, but my guess is that the answer is: not many. That has not stopped the Minister for Communications, Information Technology and the Arts from proudly boasting about strong growth in ADSL line subscribers, which, he told us in a media release on 23 February, grew by 78 per cent between the March and September quarters last year. I do not doubt his figures for a moment, but they need to be put in perspective. The growth was from 209,000 in the March quarter to 372,000 in the September quarter. Impressive figures, I am sure you will agree, Mr Deputy Speaker—but there are 5.2 million Internet subscribers in Australia. So we have 372,000 out of 5.1 million on ADSL, which is a much less impressive figure.

Then there is the CDMA mobile phone system. A map produced by Telstra for the Illawarra district shows the alleged CDMA coverage area around Sydney. What the map does not show is the significant number of black spots in and around Wollongong where there is no CDMA service. The picture is similarly gloomy for GSM mobile phone coverage. Sure, there are topographical problems caused by the Illawarra escarpment with its deep gullies, but that does not alter the fact that services which Telstra brags about providing simply are not there for significant numbers of people within the Illawarra.

The government talks about its capacity to regulate and address these problems even if Telstra is privatised—and the member for Moncrieff has just waxed lyrical about that so-called promise—but it is hard to imagine a huge private monopoly like Telstra being quite so easy to push around. Also, there is the Prime Minister’s admission that one government cannot bind future governments to legislation. Even now, with just as much regulation and a majority public ownership of Telstra, it is clear that the struggle to get these systemic problems addressed continues.

The employees of Telstra are also rightly concerned. When I spoke on this bill last August I talked of the eight sacked maintenance workers in Wollongong who were laid off despite continuing faults in the area, despite their remaining colleagues being asked to work regular overtime and despite the publicity campaign proclaiming ‘Local people, local knowledge, local solutions’. At that time, together those eight workers had over 200 years worth of experience working with Telstra locally, and they were basically thrown on the scrap heap. As I said, there was plenty of work for them at the time and there was no need for the sackings. Since then, Telstra has closed its Wollongong sales call centre, with the loss of 46 more jobs.
The same is true all over Australia: staff are being retrenched, corners are being cut and investment is being stalled in order to fatten the goose before the proposed sale. There has been a $1.5 billion reduction in investment over the past three years, and staff numbers have been cut from 50,000 to 37,000. Why should we believe that a private Telstra board and shareholders will not want to continue this process to guarantee the same profit margins and healthy dividends?

The Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] is not aimed at delivering the best telecommunications for all Australians. It is not about a rational realisation of public assets. It is not about fairness, responsibility or progress. It is a bill that is being driven by a naked pursuit of the dogma of economic rationalism, a desire for small government and the abolition of government debt. It is based on a fundamentalist faith in the capacity of the private motive to deliver an appropriate distribution of essential services. This is a dogma that has led to some of the most tragic wastes of public money and thefts of community assets seen anywhere in the OECD: things like the sale of CSL Ltd, the loss of the Commonwealth Bank and the sale of GIO—and of course not forgetting the forerunners to this bill, T1 and T2.

In all the talk of services to the bush, future proofing, debt reduction and structural separation, there is a need to step back, question the motivation and philosophy behind the government’s intentions and reflect on some of the earlier mistakes of this government and previous governments. The sale of the Commonwealth Bank for many Australians was one of the most painful examples of how the privatisation of a publicly owned service leads to a loss of service, a loss of access and an increase in fees and charges. Like that of the sale of Telstra, the impact was and still is felt around Australia where hundreds of branches closed, in many cases leaving communities without the option of face-to-face banking and without access to a local bank manager who had local knowledge and understanding. Crucially, the loss of the local bank has blighted the growth—and in some cases the very survival—of small regional and rural centres, leaving whole communities facing decline and extinction. These are the impacts which Australians remember. They do not appear in the annual reports for shareholders and they do not appear on balance sheets, but they are the effects that real people feel. They are the lessons that the government should have learnt from.

But if an appeal to the social conscience of those doing the privatising does not work then let us look at a hard-headed analysis of the financial implications. Let us start by looking back at some of the earlier sales, such as the first sale of Telstra shares—T1. After undertaking a close analysis of all the privatisations undertaken in the past 15 years, Bob Walker and Betty Con Walker, in their book Privatisation: sell off or sell out? The Australian experience, give the wooden spoon for Australia’s worst privatisation to the sale of the first tranche of Telstra. Why do they make that assessment? The reason, in their words, is:

...the loss of value to the public sector, and the extraordinary strategy of selling off Australia’s key communications carrier at a time when the rest of the world seems to be saying that we are all poised on the verge of an ‘information revolution’ which is likely to have a greater impact on society and world economies than the nineteenth century’s Industrial Revolution.

This loss of value to the public sector was massive. Honourable members would do well to remember that the shares for the first sale were put on the market at $3.40 per instalment receipt on 17 November 1997. By October 1998, the price had reached $5.87
per share. By June 1999, it had reached $8.66, placing the value of the third of Telstra that had been sold at around $37 billion. That is $23 billion more than the government had flogged it for less than two years earlier. This is one of the greatest transfers of public wealth into private hands in Australia’s history. The T2 float was not so woefully under-priced—much to the annoyance of the Prime Minister’s beloved mum and dad investors—but it is still hard to see what the long-term benefits of that sale will be.

Now the government wants to throw good money after bad and actually give up one of the most profitable businesses in Australia. It wants to kill the goose that laid the golden egg. Telstra delivers billions in dividends each year. It is a cash cow that rewards its owners—51 per cent of whom are the public—and the public purse with handsome profits, while allowing us, the majority owners, to act to ensure that service levels are maintained irrespective of profitability. But the government wants to remove the public from this equation. Again we must wonder why.

The Treasurer tells us that it is about retiring government debt. Indeed, were the sale to go through, the $30-plus billion in receipts would wipe out government debt altogether. But we must not be misled into believing that this is something to celebrate. Anyone with even a cursory understanding of economics would know that government borrowing is far from the sin that the Treasurer would have us believe. A recent study by Allen Consulting in New South Wales comparing different financing models for government infrastructure investment found that government borrowing was by far the most efficient and cost-effective way of financing such projects. In fact, the bond market that government borrowing creates plays a vital role in the securities market, and the impact of withdrawing government bonds is not a universally popular move with investors and portfolio managers. Privatisation of such a crown jewel of a public asset simply does not make sense financially or socially for the broader public. It especially does not make sense for those who lose out on the service end of a privatised Telstra.

Public ownership of national telecommunications carriers is not unusual. Germany, Japan, France, Austria, Belgium, Finland, Norway, Holland and Korea, to name but a few, all have significant shares in their national telecommunications carriers. To argue that the sale of Telstra is somehow inevitable progress is absurd. In summary, the Greens believe that this bill must not be passed. Telstra must stay in public hands, in the interests of all Australians.

Mr CAUSLEY (Page) (6.52 p.m.)—It is interesting to re-enter this debate on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2], because I have spoken on a couple of occasions on the privatisation of Telstra. It is also interesting to hear the same arguments being peddled again by the member for Cunningham. I wonder at times whether some of these people on the other side are the modern day troglodytes that live away in their caves and are not prepared to adjust to the new millennium.

Mr Organ—They might be Luddites!

Mr CAUSLEY—They might be Luddites as well—there is no doubt about that. In talking about the privatisation of Telstra, I think the member for Cunningham said that there are no results in privatisation. If you look, the results are there for everyone to see. If the member for Cunningham and some other members opposite—particularly the members for Calare and Kennedy—would care to look at what the costs of telecommunications are today compared to what they were before the privatisation of Telstra, I think the savings would be very clear. It is generally con-
sidered—and I think very well documented—that the cost of telecommunications has come down 25 per cent in that time. I think it was business that was driving the agenda at the time of privatisation. Obviously, it was complaining about the fact that, in a city area, it was paying an enormous amount for telecommunications even though it was in a very close circuit where it should have been able to get it cheaper. And that is what it is getting at the present time: cheaper telecommunications.

The argument that is coming from the other side seems to be very simple: they do not want to sell Telstra. Why? They say: ‘Because it is this cuddly thing that we own. It’s a bit like selling off the farm or the house. We do not want to sell it because we’d love to cuddle it. It is something that we own.’ I can see why the people opposite have never been in business, because if you hang onto an asset like that and you do not modernise the asset or come to terms with the business realities, it goes broke. That is exactly what is happening with Telstra—and I will go into that later.

I can remember wires strung between trees. I can remember party lines. I can remember 35c calls. I can remember STD areas—and the member for Cunningham would not remember that—where people in isolated areas were charged vastly higher prices at the time. I can remember when the isolated areas of Australia had no communications. Yet, today, we have those things. And we have them because the government has intervened in many places to make sure that we can have those services. I put it to the parliament that not selling Telstra will not guarantee that those people in non-profitable areas will have a service. That is the core issue. The core argument is that, once Telstra is privatised and competition is allowed into the telecommunications area, non-profitable areas are obviously at risk. I do not care whether it is Telstra, Optus, AAPT or the 80-odd other competitors out there in the marketplace—they are not going to provide an unprofitable service. I see that the excitable member for Bass is in here. I am glad he is listening to what I have to say.

Mr Sidebottom—The member for Braddon.

Mr CAUSLEY—There is no doubt that, if you have an unprofitable service, it is going to be at risk. I challenge the Labor Party, the Greens and the Independents to put forward a policy in which they will promise isolated and regional Australia that they will guarantee to keep up to date the services in those non-profitable areas as this government has done. The member for Braddon is very excitable. There is no doubt about that. He knows that I have him on toast on this one. The real issue is not whether or not you sell Telstra; the real issue is: who is going to supply the services to these non-profitable areas? This government has proven that it has done this.

The government has delivered untimed local phone calls in remote extended zones, free two-way satellite installation, optimal Internet speeds, mobile phone coverage for 132 rural towns with populations of 500 or more, $50 million to improve regional mobile phone coverage in towns of over 500 people, improved mobile phone coverage along 35 regional highways, grants of up to $1,100 to people in isolated areas to purchase satellite phones, customer service guarantees, universal service obligations—and the list goes on. These are the areas that this government has shown that it will support. It will support the people in isolated and rural Australia, where the profit margins are not as great as those in the areas where you can get competition.

The first debate about the sale of Telstra goes back quite a long way. Would you be-
lieve, Mr Deputy Speaker, that the privatisation issue was raised in a task force set up by the former communications minister, Gareth Evans, in 1987-88? The task force was commissioned to, among other things, look at the potential role of the private sector in the traditional monopoly areas covered by Telecom, OTC and Aussat. Isn’t it amazing? The Telecommunications Act 1991 contained provisions for the merger of Telecom and OTC into a single, publicly owned carrier, the Australian and Overseas Telecommunications Corporation. The act also contained measures to open up some aspects of the telecommunications market to limited competition, enabling Optus to compete with Telecom in the domestic market for a duopoly period between 1992 and 1997 and a mobile phone network triopoly between Telecom, Optus and Vodafone from 1992 to 1997.

Guess who was in government? Of course it was the Labor Party. Can I remind the parliament again that the sale of assets was nothing new to that government. If you look very closely, you will find that the Labor Party sold Aussat, the Commonwealth Bank, Australian Airlines, the Commonwealth airports, the Commonwealth Serum Laboratories and Qantas. What is so sacred about Telstra? What is being put forward at the present time is a populist position. Just because the polling shows that people have an affinity with and an attachment to Telstra, the opposition, the Greens and some of the Independents are saying, ‘The people have taken this position, so we’ll take this populist position.’ The people will be deceived because if they go down this track then, obviously, they are going to lose Telstra—they will not lose the competition because there are other players out there at the present time and plenty of them—and of course the taxpayers will miss out on an asset that they could have sold. If you look at the value of the shares when the last tranche of Telstra was first put forward for sale and the procrastination that has been forced upon the government’s decision by the Labor Party and the Independents, you will find that the taxpayers of Australia have lost a dramatic amount of money—an enormous amount of money. Given the competition in this field, the value of the shares will continue to fall.

Let me go back to that because anyone who understands anything about business will know that when you have a company that is 50.1 per cent owned by government and 49.9 per cent owned by private shareholders, that company is absolutely crippled. Telecommunications is a very expensive area; it is an extraordinarily expensive area. The new technologies are very expensive. If you want to go out there and compete, you have to invest enormous amounts of money—billions of dollars have to be invested in these technologies if you are going to compete in the marketplace. How can Telstra go out there and raise share capital? It cannot. Anyone who has had an experience like I had in government as a minister in New South Wales for several years will know very well what the answer will be if you ask Treasury for sums of money that might run into billions. I can tell you very quickly what the answer will be. They will not come forward with those sums of money at all.

If we do not sell Telstra, we will absolutely cripple it. The signs are already there. If you look at Telstra’s last balance sheet and look at the profitable areas, particularly in the mobile phone and broadband areas, you will see that it is losing market share. It is losing market share to Optus and to competitors. Those are the profitable areas of telecommunications at the present time. If Telstra is forced to carry on with just the mundane areas of telecommunications then it will slowly but surely become unprofitable. It
might not be all that long before it becomes unprofitable because these things move extremely quickly. As I said, the problem here is the amount of money that you have to invest, and it will not come from government. Telstra is absolutely shackled. It cannot go out into the marketplace and raise sums of money through the share market.

I was quite interested to hear the member for Cunningham refer to Bob Walker. I have not heard that name for quite a while. I know Bob Walker extremely well from my days in the New South Wales parliament. Bob Walker has no credibility. Bob Walker is the original lap-dog of the Labor Party. When the Greiner and Fahey governments were in power in New South Wales, Bob Walker was writing in the papers almost every week, complaining and condemning the actions of the Greiner and Fahey governments. Of course the thing that really condemns him is that I have not heard him say a word about the Carr government. So how could he be credible?

Mr Sidebottom—You won’t let him. He’s not allowed.

Mr CAUSLEY—Of course he is not allowed, because the Carr government will not let him say it. The member for Braddon helps me. Of course Bob Walker is not allowed, because the Labor Party will not let him. If you bring Bob Walker into this argument, you have no credibility whatsoever. Quite frankly, Bob Walker has a very narrow opinion and he puts forward a view that is pretty well known in politics.

Let me go back over some of these points because I think they are very important. If you are going to provide services to isolated rural areas of Australia—the unprofitable areas—there is only one way it can be done now. You have to call for tenders, and it must be the taxpayers of Australia that call for tenders in order that those services are provided. That is exactly what this government has done. In some instances, Telstra has won the contract and, in other instances, Optus has won the contract.

Mr Sidebottom—Not many in the country.

Mr CAUSLEY—The member for Braddon comes from a very small part of Australia which is sometimes left off the map. In my area, let me tell the member for Braddon, Optus did win the contract for the mobile services. I want to talk about those mobile services because often one of the arguments brought forward is that some of the services are not up to speed at the present time, therefore we should not sell Telstra. There are many areas across Australia that still have black spots for mobile phones. How many years ago was it that we did not have mobile phones? It is not that many years ago. I think I saw my first mobile phone in 1991, and it was about 18 inches long. Mobile phones are a relatively new part of our life. I have never had any doubt that some of the isolated areas of Australia would eventually be serviced by satellite, and that is exactly what is happening. Satellite services today are now providing many communications into those areas at a reasonably competitive rate. When we improve satellite technology, I have no doubt that we will be able to supply not only telephones and mobile phones but also broadband. When we get to that stage, we will have a truly competitive market because those services will be able to be provided to everyone at the same cost no matter where you are. We need to ensure that Telstra is in the field and that Telstra will be able to compete in that field to provide those services.

Mr Sidebottom—They will.

Mr CAUSLEY—They will not at the present time, because the Labor Party have a fetish, wanting to please the pollsters all the time, and they do not want to look at busi-
ness because none of them have ever been in business. They do not want to look at the business side of it and say, ‘How do you remain competitive?’ You remain competitive if you keep up with the competition. You cannot keep up with the competition if you do not have the money to do it. There are plenty of examples of that around the world and in Australia. As I said, I will believe the Labor Party when they stand up in this parliament and give a categorical assurance, as this government has done, that they will provide services to isolated and rural Australia, expend taxpayers’ money and call contracts to provide those services, because I do not believe they will do that. I have seen that in the past, as far as those services are concerned.

Telstra should be sold. I think it should be allowed to compete. It is a great Australian company. At this stage, it has the technology to go out there and export that technology to Asia and the world and to raise export money for Australia, but it cannot do it while it is shackled by the dead hand of government. It will be an even deader hand if it is a Labor Party hand. We have to allow it to go out there and compete in the marketplace. I believe that there is absolutely no argument against this, except for populism. That is the only argument. I have not seen any other argument, and I do not believe there is any other argument. I can understand the attachment to it, but the Labor Party never had any attachment to Qantas, the Commonwealth Bank or to Aussat—funny that. It seems that it is only Telstra that they have an attachment to, and that is because they are in opposition.

I will give you one guarantee, Mr Deputy Speaker Wilkie: I will guarantee you now that, if the Labor Party ever gain office in this country, they will sell Telstra. And I can tell you what they will do with the money as they did with the proceeds from the sale of Qantas and the Commonwealth Bank: they will spend it. They will not take it off debt; they will not reduce interest rates in Australia; they will just squander it. We have heard that today. We have heard some of the agendas. In fact, I think it was the member for Sydney who let the agenda out of the bag. Labor have a big spending agenda and they will need money to do it. Guess what? Telstra will be right up there on their list to be sold. If on some sad day the coalition are in opposition, I am sure the coalition will agree with Labor to sell Telstra, because they believe that that is the right thing to do with Telstra. The honourable thing to do is to sell it and to allow it to go out there and compete with other companies so that it can ensure its future.

As I said, I am pleased to join this debate again. I have always had this position. I know that I am at odds sometimes with some of my colleagues, but I believe that, from my experience in business, it is a very sound position. I have always believed strongly from the day that we had competition in Australia, which was in 1991, that that was the day that Telstra needed to be sold. If it had been sold at that particular time, it would obviously be in a much stronger position than it is at the present time. It is now in a situation where it cannot compete in the marketplace with some of the younger, more aggressive, more nimble competitors that are out there trying to cherry pick, taking the profitable areas, and obviously that is going to be difficult for Telstra to protect.

I call probably vainly on the opposition to have a close think about this and to be honest. All of a sudden the opposition is saying that it is going to be honest; then be honest with yourself. Be honest with yourself that the only way to go is to sell Telstra. Be honest with yourself about that because, at the present time, all the details point to the fact
that this is just a populist position that is being taken. I dare say the worst offenders are the Independents—the member for Tamworth, the member for Kennedy and the member for Calare—who all represent rural seats and want their constituents to go back to STD calls, 35c local calls and no services in rural and remote Australia, because that is where you will go back to. You will go back to that position, if you keep Telstra, hug it closely to your body and say: ‘This is too valuable to sell. We cannot let this go.’ (Time expired)

Mr SIDEBOTTOM (Braddon) (7.12 p.m.)—In this debate on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2], I assure the member for Page before he leaves the chamber, and the members for Pearce, Moncrieff, Herbert, Paterson and Flinders of two things: first and foremost, I have thought about this long, hard and seriously and, secondly, let me assure the member for Page and the others listed to speak that Labor will not sell the remaining part of Telstra. I noted that only six coalition members are listed on the list of speakers. The member for Page, the one member from The Nationals who came into this House to speak, is from a rural area. I do not know where all the coalition members are who were so keen, as the member for Page was, to come into this House and argue for the full sale of Telstra, in order to guarantee the provision of proper telecommunications services to rural Australia. I can tell you who are not in this House and listed to speak. They are the members for Riverina and Hume—people who abstained the last time we voted on this issue in this House.

I do not know what has happened to the member for Dawson recently or, indeed, the member for Hume in terms of the surveys that they have done on Telstra, and particularly the attitudes of their electorates. But I could bet you my bottom dollar that the responses of their electorates have not changed one percentage point. Nothing has changed in this debate since the last time we had it except that members on this side of the House are prepared to come in and argue why we should not sell the remaining part of Telstra. But members on the other side are not prepared to stand up and have their names and comments listed in Hansard explaining why they are prepared to go contrary to the wishes of most of their electorate.

A new word is being bandied about at the moment: it is said that we on this side are ‘populist’. One interpretation of populist is that you take note of what the people of Australia want and form policy according to those wishes as well as according to your principles. Populist is not always a dirty word. Those on the other side are pretty quick to hop on the populist bandwagon when it comes to saving their skins. So I do not want any self-righteous, hand-wringing lectures, thanks, from some members in this House about what is right in politics and what is not. We have thought about this. I, as an elected member of parliament, have thought about this, and I want to express my views on behalf of my electorate. That is what I am meant to do, that is what I am paid to do and that is what I will do.

First and foremost, I do not support the legislation before us, and I want that on the public record. Secondly, I do not support this legislation because my electorate does not support it. Thirdly, there are good economic reasons why we should not support this legislation, and I am very happy to argue those as well. There is no doubt about it, and members on the other side have pointed it out: telecommunications are very important in our world, particularly in our world of commerce and in our hierarchy of community and social needs. Telecommunications are not just luxuries any more; they are fast becoming part and parcel of what we regard
as essentials. That is why in 1991 Labor legislated that the privatisation of Telstra had to pass through parliament before it could go ahead. Before then—and that is why it was so important—a government could merely regulate to make that decision. That is why we are having this debate, why we had the one before it and why we will have, no doubt, many more afterwards. The biggest surprise of all in this debate would be for the board and executive of Telstra. They would not have known that it was coming on, because it is not being done for the purposes of a double dissolution. The Newspoll today would tell you exactly why it is not a double dissolution trigger: no doubt it is to be used as part and parcel of this vague and interesting little argument about the obstructionism of the Senate.

The power of the privatisation argument is waning. However, those on the other side have claimed that we on this side are troglodytes in terms of the argument about privatisation. However, there are economic schools of thought that do not support the privatisation argument and I would like to present those. Those on the other side are quick to push the line that modern economic theory says that you should privatise, when in fact that is still controversial and highly debatable.

I would like to refer to the work of John Quiggin—as I did last year in this debate—on privatisation versus public ownership, particularly in a paper for Australian Policy Online, edited by the Institute for Social Research, Swinburne University of Technology. Quiggin has a great deal of credibility in the area. He points out that generally speaking there are three benefits expected of privatisation. A number of these have been reflected in the template speeches presented by those opposite. The first expected benefit, according to Quiggin, is that privatisation will generate cash for the government to spend on desirable public purposes, such as retiring debt. Secondly, privatised enterprises are more efficient than their publicly owned counterparts—this is an argument that we very often get from the other side. Thirdly, according to Quiggin there is a belief that private ownership will impose capital market discipline on investment decisions. So, in short, you will not have the big finger or the long arm of the government regulating industry investment decisions.

So what in fact is the reality? Firstly, the idea that privatisation will generate cash for governments to spend on desirable public purposes has largely been discredited. Quiggin said the evidence suggests:

... that only in exceptional cases can governments realise sufficient savings, by selling assets and reducing debt, to offset the loss of the income streams generated by public enterprises.

He continues:

In the case of Telstra, the first and second stages of partial privatisation have already produced large and growing losses.

Note that he says not gains but losses. Colleagues who have spoken in this debate earlier, such as the member for Brisbane, raised this idea earlier in their comments on the legislation.

Let us look at the figures related to the so-called economic benefits to be gained from retiring public debt, and I refer specifically here to Telstra. I understand that $12.8 billion of public debt was paid off with the sale of the first two tranches of Telstra. This saved the government $2.7 billion in interest payments. However, it is very important to realise that the dividend forgone with the sales has been estimated at $2.78 billion, thus resulting in a net loss. That is a net loss, not a net gain, to the people of Australia of $81 million.

The indications are that just such a scenario will be replicated on the full sale of
Telstra, and the majority of Australians know this. On Thursday, 14 August 2003 the member for Hotham clearly indicated that this would be the result. Indeed, market based projections of future dividend earnings prepared by Macquarie and UBS Warburg have indicated that the full privatisation of Telstra will cost at least $1.7 billion in the forward estimates of the budget. So there is the first little furphy exposed in this issue.

The second argument is that in competitive, service oriented industries, where the case for government ownership is always weak, the evidence is that privatisation has generally been beneficial. But evidence, particularly in North America and OECD countries, increasingly shows that, in the infrastructure sector, as Quiggin says:

... commercialisation and corporatisation can produce cost reductions similar to, and sometimes greater than, those arising from full privatisation. (In both cases, such cost reductions must be measured against reduced community services, poorer working conditions and so on.)

Thirdly, there is the belief that private ownership will impose capital market discipline on investment decisions. What are the allocation of investment assumptions behind the argument for privatisation? Evidence indicates that the public sector has been far from perfect in the planning and implementation of infrastructure investment decisions. I think we would all agree with that. However, this is absolutely nothing compared to the record of bubble-and-bust private sector investment decisions surrounding the Internet and telecommunications sectors made by private capital markets. Day in and day out on the share market, we saw these companies crashing and the irresponsible decision-making associated with it. World wide, the energy sector has fared no better and the results of that are clear for everyone to see. So the privatisation argument is, by way of empirical evidence, quite dubious and shaky, unlike the view on the other side, which claims that it is sacred law in economic theory. There is no mention of this litany of failure in the speeches from members opposite, only rehashes of the so-called benefits of privatisation, which have been shown to be flawed.

Some of those opposite have advanced the argument that the privatisation of a monopoly such as Telstra is desirable because, under public ownership, the government faces a conflict of interest between its roles as a regulator and as an owner. Indeed, that was at the very heart of the argument of the member for Moncrieff. But this argument defies commonsense and, according to some economists, it defies the economic theory of principal-agent relationships. Let me explain.

In simple commonsense terms, the idea that governments should not own businesses that they need to closely regulate makes about as much sense as the idea that you should not own your own home because of the conflict between your roles as a landlord and as a tenant. It is only in separating ownership and use that conflict exists.

Sound economic analysis is consistent with commonsense. Basically, the closer and more complex the relationship between government and its enterprise or business, the stronger the case for ownership as a control mechanism. In the case of a monopoly such as Telstra, the most important regulatory decisions relate to prices for consumers or for third party access. With privately owned monopolies there is an inherent conflict—namely, if the price is set too high, consumers will suffer, while, if the price is set too low, investment will be inadequate. As a regulator, the government has a conflict of interest. On one hand, regulation is supposed to set efficient prices but, on the other hand, as representatives of consumers, governments have an incentive to fix prices at inefficiently low levels. Public ownership bal-
ances the incentives facing governments. If prices are set below the socially efficient level, the benefits to consumers are offset by a loss in revenue. The converse is true if prices are set too high. John Quiggin has summarised this by saying:

There is an inevitable conflict between the interests of producers and consumers ...

He goes on to say:

Where the number of producers and consumers is large, this conflict is resolved through competition in the market. But the fundamental institution for resolving social conflicts is democratic government.

The economic and social benefit arguments for public ownership of Telstra are indeed sound. Increasingly, evidence worldwide makes the case for privatisation more and more shaky. I honestly believe that, for all of the methodological faults that may have been involved in the surveys of many members in this House, particularly in the last debate that we had on this issue, the Australian people inherently see the sense in the economic argument to retain Telstra in public ownership, as well as in the social benefit argument. I honestly believe they innately know that to be true. That is certainly the case in my electorate of Braddon, where the sale of Telstra has twice been an issue in our elections. Indeed, bring it on for the next one, because it will be the same result. The policy has been rejected twice.

Mr Hunt interjecting—

Mr SIDEBOTTOM—Take it on record, my friend. The policy has been rejected twice. Labor’s support for the retention of the public ownership of Telstra has indeed been supported twice and will be supported again, so bring it on. Indeed, the state of Tasmania supports it. Labor are not just negative on this issue for the sake of being negative. Our position has been quite clear. It has been thrown up many times that Labor privatised in the past. In fact, when you listen to the other side, it is almost as though the template of notes given to members opposite must mention this several times, because they go through their list of privatisations of past Labor governments. They read their little template list and make sure they have all of their information. You will notice that most on the other side never have original speeches—they are all the same.

Mr Hunt—I have, my friend!

Mr SIDEBOTTOM—You’ve never had an original thought or speech, friend.

Mr Hunt—Then why don’t you put your notes away?

The DEPUTY SPEAKER (Mr Wilkie)—Order! The member for Flinders will have an opportunity to speak shortly.

Mr SIDEBOTTOM—We do oppose the privatisation—the further sale—of Telstra, but we do not necessarily object to privatisation per se. We positively support the return of Telstra to its core responsibilities of delivering high-quality telecommunications services which are accessible by all Australians. We will intensify the focus on the delivery of broadband services to ensure that Australia is leading the world in high-quality technological access for businesses. We will ensure that Telstra is more strictly regulated and that there is a clear internal separation between Telstra’s activities as a wholesaler, owner and manager of the network, and as a seller of telephone calls and communication capacity, so that we have a clear and genuinely competitive environment and a genuinely level playing field between Telstra and its competitors who use Telstra’s network.

Finally, Labor will introduce strengthened protections for telecommunications consumers in a range of areas that apply not only to Telstra but also to its competitors. It makes sense that we reject this government’s ideological bent to fully privatise Telstra. It does
Mr HUNT (Flinders) (7.31 p.m.)—In addressing the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] I rise to speak on a simple issue. This bill—this idea—is about unlocking Australia’s capital assets. It does so not just for the benefit of our telecommunications infrastructure and the way in which we communicate, interact and deal with the rest of the world but it does so for the benefit of all Australians for the future in very clear ways that I will outline.

In particular, there are three reasons for the sale which I believe are critical to what we are discussing today. Firstly, contrary to the assertions put forward by the member for Braddon, there are recurrent savings and the possibility of capital investment in future Australian capital investment intensive projects—things which would otherwise not be funded. So, firstly, there are ongoing annual recurrent savings of hundreds of millions of dollars. I will demonstrate the facts in that regard in a moment. Secondly, it is about the capacity of this institution to invest in its own future, the capacity to invest through equity rather than the raising of debt which has two effects: it has an effect on the breadth of activities in which Telstra can be involved and it also has an effect, with an institution of the size of Telstra, on the interest rates which prevail throughout Australia as a whole.

Thirdly—and this intriguing—it is about ensuring that there are adequate safeguards for the protection and promotion of telecommunications community service obligations throughout Australia. In fact, contrary to what you might expect, where the government is a majority shareholder it is constrained by its obligations to minority shareholders from taking those steps which would ensure that there is, in many situations, the full range of community service obligations, because to do so would sometimes be to the detriment of minority shareholders, and that is not a position which a majority shareholder can, by law, take.

For the bulk of this speech I want to deal with the question of what actually happens with the proceeds from the sale of Telstra. I have done a lot of work with the Parliamentary Library on this. The annual dividend which the government would receive as at today’s rates, published in the Australian Financial Review, is approximately $1.6 billion. That dividend compares very interestingly with the value which we would receive if we were to retire debt from the full sale of approximately $30 billion to $32 billion worth of Telstra assets. So, if you use that to retire debt, what we find is that, depending on the sale price and the prevailing interest rate, the annual savings to government each and every year would be between $1.7 billion and $2.2 billion.

When you compare that with the dividend, you see an annual net saving to all Australians of between $100 million and $600 million each and every year in perpetuity. That is funding which each and every year could be used for hospitals, schools, kidney machines, educational materials and all of the basics in our society. That is a bonus which we would receive each and every year. The facts are very simple: as at midday today, there would be an annual dividend of approximately $1.6 billion; as at midday today, depending on the price at which Telstra is finally sold and the prevailing interest rates, there would be a benefit to Australians of $1.7 billion to $2.2 billion annually. What we are saying is that we would not be throwing away $100 million to $600 million annually.
That is money which could be used in all those areas that I mentioned—in health, in education, for the roads or for the environment. That is the recurrent expenditure.

But there is, secondly, another element—and here I wish to present a proposal to the House. What capital benefit can be drawn from this revenue? I have a very simple proposal based on the principles which were established with the sale of parts 1 and 2 of Telstra. On each of those occasions the vast bulk of funds were rightly used to retire debt and the result has been a saving on our debt bill of over $3 billion per year to Australians. But what we also see is that on each of those occasions a principle was established whereby a small proportion of the total funds were set aside for the Natural Heritage Trust. It was money established for capital investment in Australia’s environment. It was a project which I played a small part in whilst we were in opposition and I am proud that it has come to fruition and been the single greatest benefit to Australia’s environment.

This proposal for the sale of the third part of Telstra is, firstly, that 90 per cent of funds should be used to retire debt. That would, as I said earlier, lead to savings of $1.7 billion to $2.2 billion per year—or $100 million to $600 million per year in net benefit—to the Australian budget. Secondly, I believe that this is a unique opportunity to take 10 per cent of those funds—approximately $3 billion per annum—for use in two capital trusts, unlocking Australia’s currently passive capital assets for active use in areas where there is a capital shortage. And here I talk about the creation of two national trusts: firstly, a national water trust with a capital base of $1½ billion; and, secondly, a national health and aged care infrastructure trust also with a capital base of $1½ billion.

The national water trust is the means over the next 20 years of working towards two particular goals. The first is the enhancement and rehabilitation of our inland river system through a process of providing annual funding not for recurrent expenses but for one-off and unique projects in the areas of desalination, estuarine improvement and improvement where necessary to the flows through purchasing of any licence agreements. The second part of the national water trust is in relation to the urban and coastal system.

Here, as I have previously put to the House, I believe that we have to work over the next 20 years towards a national ocean outfall policy. That policy will involve a commitment from the states. The first state government or opposition to commit to the closure of all the outfalls within its territory by the year 2025 is the Victorian state opposition. Only two weeks ago the Victorian state opposition leader, Robert Doyle, set a benchmark. It is a benchmark which I believe should go around Australia and be embraced by all state oppositions and all state governments to work towards the principle of the ending of ocean outfalls by 2025, because ocean outfalls are a source of environmental damage, entail health and safety risks and, above all else, are an extraordinary waste of our water. Over a period of 20 years this is a national objective. There should, of course, be some contribution from the Commonwealth to that. The national water trust presents a means of achieving that objective.

I believe that, firstly, there should be the establishment of a national water trust, with capital assets currently going to capital assets in the future—not for recurrent expenditure or recurrent consumption, but for capital assets in the future. Secondly, I am also strongly in support of a national health and aged care infrastructure trust of approximately $1½ billion. Together these comprise $3 billion or 10 per cent of the total value of slightly over $30 billion of this third part of Telstra.
The way in which a national health infrastructure trust would work would be primarily to focus on two things: rural and regional hospital infrastructure and aged care capital upgrades. There is a massive challenge in Australia with high-care nursing homes. They have a challenge to meet their upgrade capacities and they have a challenge with their capital funding. What is proposed here is a revolving capital trust where they have to pay back the capital. But by providing this capital, therefore making a government contribution along the same lines that many have proposed with low-care—so there would be a comparable inclusion of funds as for low-care—what you see is that over a period of time you contribute to the stock, care and improvement of our aged care capital infrastructure. Together those things mean that what we are doing is unlocking the assets; we are applying those assets to tangible practical goals, whilst having a massive impact of $27 billion on our national debt.

There is a third benefit which comes from this. That, of course—and I address the words of the member for Braddon directly here—is that this has a direct impact on the interest rate environment in Australia. If you take out $27 billion in government debt, that has an impact on the interest rate environment in Australia. Why? The answer, very simply, is that it decreases the total demand for money against a constant supply. It decreases the total demand for money, and historically at the international level and within Australia that has a demonstrable effect on the prevailing interest rate.

Those two trusts, whilst only comprising 10 per cent, take capital directly from one national capital holding and apply it to the creation of capital infrastructure in two areas. It is only my view, but it is a view that I am happy to argue for. It is a principle which was established in the Natural Heritage Trust. It applies exactly that principle to the creation of further sustainable long-term national capital investment. Against that there are two final reasons for supporting the process of unlocking our capital assets and transferring the value of our holding in Telstra to other more productive and profitable uses for all Australians. The first is that as a telecommunications institution Telstra develops the capacity to invest freely. What it does mean is that, rather than having to raise debt—as we saw only yesterday with the purchase of the Trading Post Group—which imposes an impact on its balance sheet and on its bottom line, what Telstra is able to do is swap its own equity for equity in other firms. That is a way of expanding and building in a global market. It cannot survive as a local telecommunications provider.

The nature of telecommunications in the current environment is very simple. At this point and for ever more, going forwards, telecommunications is a global business. To perform and to be effective you have to be able to compete at the global level; you have to be able to participate in different markets. The very nature of it is that there are economies of scale—there are synergies and transboundary needs—and this bill allows Australia’s greatest company to become one of the world’s great companies.

A very important message to Australians in the bush and in the outer metropolitan regions is that this bill sets out clear and absolute safeguards for the way in which Telstra would operate. It establishes arrangements to deliver adequate telecommunications services to all Australians, including maintaining the improvements to all existing services. It ensures the universal service obligations: a customer service guarantee, price controls and network reliability. In addition, there will be an increased role for the Telecommunications Industry Ombudsman. This will happen: at some stage some government will sell the remaining portion of Telstra, and it

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will do so for sound reasons in terms of Telstra, and it will do so for sound reasons in terms of retiring debt and unlocking our capital assets.

I present to the House tonight a proposal based on the earlier work for the Natural Heritage Trust, which sets out that 90 per cent of Telstra’s capital value should be used for retiring debt, with the consequent effect of $100 million to $600 million of recurrent, eternal benefit to the Australian budget. The remaining 10 per cent should be used, firstly, to transfer capital to capital purposes for the creation of, firstly, a national water trust and, secondly, a national health and aged care infrastructure trust—that is, $1½ billion for each. They will be maintained into the future and they will have an impact on our natural environment and on our health and aged care environment, helping to provide those capital elements which we would otherwise not be able to do. I commend the bill to the House, and I particularly commend to the House the proposal for the national water trust and the national health and aged care infrastructure trust.

Mr SNOWDON (Lingiari) (7.47 p.m.)—Whilst I am pleased to be able to make a contribution to this debate on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2], frankly, it pains me that we have to do so. The last time I stood on my feet in this chamber and addressed this bill, or a bill close to it—it does not matter—was on 20 August last year. Frankly, the arguments I used then have not changed. As you know, Mr Deputy Speaker Barresi, having heard the contributions of others, this bill is about repealing the provisions of the Telstra Corporation Act 1991 which require the Commonwealth to retain 50.1 per cent equity in Telstra. This is the same bill that was rejected by the Senate on 30 October last year.

As others have pointed out, Labor stands absolutely opposed to any further sale of Telstra—a position which remains unchanged. We will oppose this bill every step of the way. It is fair to say, Mr Deputy Speaker, as I am sure you are able to observe, that we are the only party in this parliament that has maintained a consistent, ironclad opposition to the further sale of Telstra. We believe in retaining Telstra in public ownership, as an organisation that will deliver adequate and affordable telecommunications services to all Australians, regardless of where they live. As I have said previously in this place, on a number of occasions, telecommunications services are essential services and only a majority publicly owned Telstra can ensure that all Australians have equitable access to these services.

It needs to be understood—and I do not think a lot of people in this place do—that to be active participants in the world of commerce, to be active participants in the area of public information, and to be active participants in the area of knowledge, it is absolutely imperative that all Australians have access to up-to-date telecommunications services. Unfortunately, that appears to be lost on the government, because they, having trumpeted the Estens inquiry last year—which, of course, was a whitewash and gave the government the report they believed they wanted, providing to them the excuses they needed to further pursue their ideological obsession with the further sale of Telstra—maintain that somehow or other they have brought Telstra service standards up to an acceptable level across Australia. Nothing could be further from the truth. It amazes and appals me that we have the Prime Minister, his Treasurer—the pretender—his Minister for Communications, Information Technology and the Arts, his frontbench colleagues, and particularly the members of the coalition parties who represent rural Australia, sup-
porting this absurd proposition. All I can say is that they must go around with their eyes closed.

I heard the contribution made by the member for Page, and I have to say that it amazed me. In a convoluted way, he was trying to say that the only way to get services to non-profitable areas was to privatise Telstra. Hey? I am sorry? I am not quite with you, because I know what is happening in my own electorate. It is arguably the most sparsely populated area of Australia, but it contains populations which experience the greatest levels of poverty of any communities in Australia and it contains communities and households which, compared to elsewhere in Australia, have less contact with the communications infrastructure that other Australians take for granted.

If you listen to the government, they would have you believe that the whole show is hunky-dory, that there are no problems out there—’Just go for it.’ I will demonstrate with just one example how clearly wrong they are. More importantly, I will show comprehensively how they misunderstand the role of communications for people who live in remote parts of Australia and how important it is from our perspective for Telstra to be in majority public ownership so the government can have a significant impact upon its direction in terms of its policies and the way it does its business. The government want us to believe that they can privatise this organisation and still get out of it the things we maintain are important from an organisation in public ownership. That is a fraudulent argument and bears no relationship to the truth or the current state of reality.

This new bill provides for the Minister for Communications, Information Technology and the Arts or the Australian Communications Authority to make licence conditions requiring Telstra to maintain a local presence in regional, rural or remote parts of Australia. It also requires regular reviews of regional telecommunications every five years by an expert committee appointed by the minister. What? Perhaps you could tell me what this committee is going to do. Perhaps you could tell me what is going to happen once the committee makes the recommendations to the minister. Perhaps you could tell me what guarantees there will be that the recommendations that go to the minister—whatever they might be—will actually be enacted through the budgetary process.

We know what will happen because it has happened historically. As soon as these issues are taken out of Telstra’s hands, where the responsibility currently lies, and taken out of the budget context, we will yet again be going cap in hand every budget to try and claim the priority for budget expenditure for remote services. We are not fools. The people in my electorate and the people in remote Australia generally are not fools. They do not take kindly the absurd abuse that they suffer at the hands of this government, because it is very clear to them that they will be most adversely affected by the proposals which the government has in train.

The provisions I have just spoken about are absolutely laughable. The government wants us to believe that, apart from the process of this committee, a huge, privately owned Telstra will bow to its demands. Please! You cannot be serious. The government should look at other parts of the private sector for a moment. Look at the way in which the banks have operated. Look at the way in which the airlines have operated. You cannot in all conscience expect me to believe that the government is anywhere near serious in these proposals.

Telstra’s report card under the Howard government’s privatisation drive is rather bleak. It is highlighted by some of the fol-
lowing statistics. Telstra has suffered a deteriorating network crippled by major investment reductions and staff cutbacks. It is worth noting that Telstra’s capital expenditure has fallen from $4.47 billion in 1999-2000 to $3.437 billion in 2002-03—and these are Telstra’s own figures. Over that period, full-time staff numbers have fallen from around 50,761 to 37,169. A very substantial proportion of these staff cuts has come from employees involved in direct customer service and network maintenance activities, particularly in regional Australia.

We know that there have been enormous losses on investments in Asia; rapidly escalating line rental fees which are not adequately compensated for by reductions in call prices; inadequate competition because of Telstra’s market dominance and control of the fixed line network; poor rollout and take-up of broadband compared with equivalent countries; and, an emerging Telstra focus on moving into other sectors, such as media and information technology management, at the expense of its traditional responsibilities. That has been made only too obvious this week.

When Labor comes to government, Telstra will be required to intensify its focus on its core responsibilities to the Australian community and reduce its emphasis on foreign ventures and media investments. Telstra will be asked to intensify its focus on the provision of affordable and accessible broadband services available for all Australians. The competition regime will be strengthened by requiring much stricter internal separation of Telstra’s wholesale and retail activities, and the minister for communications will be removed from the process of ACCC scrutiny and regulation of accounting separation within Telstra to ensure the process is genuinely independent and rigorous. Consumers will be given stronger protection from sharp practices by telecommunications companies, and the price control regime will be made fairer.

I have to place on record my belief that the staff who carry out Telstra’s activities in the Top End of the Northern Territory—and indeed in the Northern Territory itself—do a magnificent job. Telstra Country Wide generally, I believe, is significantly underresourced, but nevertheless its staff and its management team are genuinely interested in providing appropriate services to people who live in remote Australia. Unfortunately, as I have needed to say at other times in this place, they are not being given support from the board in Melbourne. It is about time the people who run Telstra understood what this means.

I have an example of the impact of the failure of communications services on communities in very remote parts of Australia. If I may, I will use as an example the position of an organisation which runs the Top Springs Hotel. Mr Deputy Speaker Barresi, you will of course be familiar with Top Springs. It is a significant distance from Darwin, to the west of Katherine. It is probably 300 kilometres west or maybe even further from Katherine on the road to Kalkaringi, Daguragu and Lajamanu. This particular place had a line problem on 23 December last year. Their line ceased to function and that meant that they lost fax, phone and EFTPOS lines. A number of things happened. In a very isolated place, how do you report the fault? Send a pigeon? It is a basic dilemma. You have lost communications services in a remote community. Immediately, you have a problem. How do you report the fault?

Mr Lindsay—Get on your satellite phone.

Mr SNOWDON—Here we go. Muggins over there would not know his backside from his elbow. Fortunately, as it happens, in this
instance a Telstra employee was travelling along the road from Kalkaringi and, understanding that this particular community was in a very difficult situation, lent them a satellite phone. They were given a call number and they were able to report the fault. They did not have their own satellite phone. They made a number of inquiries and explained that they were actually calling on the satellite phone which was owned by Telstra, and that they were unable to make further calls out on that phone because it was a Telstra employee’s phone. It was six days later, having reported the fault, that the first attempt at fixing the problem was made. Having fixed the problem, or so it appeared, the Telstra employee left the site—only for the lines to collapse again. They were then told that they would have to wait until 5 January.

It is important to understand what we are talking about here. Unlike the member for Herbert, there are many people in my electorate who do not have access to satellite telephones, despite what he might like to think. They rely on landlines for a whole range of services. In this particular instance—and I will come back to EFTPOS services by satellite later, my friend—the loss of this service was very important to this small commercial enterprise, because their EFTPOS transactions were worth between $2,000 and $4,000 a day.

Mr Lindsay—So they should have had a satellite phone. You have destroyed your own argument.

Mr SNOWDON—Listen, mug, you need to understand that there are examples I can give you where satellite telecommunications do not help in terms of EFTPOS.

The DEPUTY SPEAKER (Mr Barresi)—Order! The member for Lingiari will address his comments through the chair.

Mr SNOWDON—Sorry, Mr Deputy Speaker. Through you to the mug opposite, there is absolutely no doubt that—

Ms Worth—On a point of order, Mr Deputy Speaker. I think it is inappropriate that descriptions of ‘mug opposite’ et cetera, especially when not directed through the chair, seem to be occurring. I would ask that the member speaking withdraw those comments.

The DEPUTY SPEAKER—The member for Lingiari will withdraw those comments.

Mr SNOWDON—A mug is a mug. What am I withdrawing? Is ‘mug’ unparliamentary?

The DEPUTY SPEAKER—The member for Lingiari will withdraw those comments.

Mr SNOWDON—Is ‘mug’ unparliamentary?

The DEPUTY SPEAKER—The parliamentary secretary has taken offence. The member for Lingiari will withdraw the comments.

Mr SNOWDON—I am asking for a ruling here. Is the word ‘mug’ unparliamentary?

The SPEAKER—Yes, it is in this case.

Mr SNOWDON—I see. The word ‘mug’ is unparliamentary. I will take that on board, Mr Deputy Speaker. I can perhaps call the member for Herbert a clown or a know-all—someone who believes he knows everything. Well, he doesn’t. I invite him through you, Mr Deputy Speaker, to come and visit these communities in my electorate and understand what it is like to be devoid of telecommunications services—understand what it means for these communities when these telecommunications services do not operate properly.

Mr Lindsay—On a point of order, Mr Deputy Speaker. I have a history and a livelihood in telecommunications. I know everything about telecommunications.
Mr SNOWDON—I think we have got an admission; this bloke knows everything about telecommunications! What I have to tell you, Mr Deputy Speaker, and the government is that we know that the people of my electorate do not support the full sale of Telstra. They understand the implications of having shoddy service, they understand what is required to maintain services and they know that the only way that they can guarantee getting appropriate telecommunications services into the future is by keeping Telstra is full public ownership.

Despite the know-all opposite, there are many people in my electorate who do not have access to telephone services via satellite or any other means. The member for Herbert appears to think that this is affordable technology that everyone can access. Well, I have got news for him and I have got news for the government. What I would say to the government, as I am sure The Nationals have said on a number of occasions, is: do not pursue this ideologically driven piece of legislation, and ensure that Telstra is retained in public ownership. (Time expired)

Mr LINDSAY (Herbert) (8.08 p.m.)—In this debate on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] I do not have to call people mugs, I do not have to call them clowns, I do not have to call them know-alls—I just have to speak of the facts. I earned my living for many years in electronics before coming to this place, so I know what I am talking about. I am amazed that the member for Lingiari used the example of an EFTPOS system that broke down in the bush that takes, in his words, $2,000 to $4,000 a day, and yet that particular business in remote Australia does not have a back-up satellite phone. I cannot believe that. I do not think it does any credit to the member for Lingiari to bring that example before the parliament.

I found myself wondering during the member for Lingiari’s contribution, in his concern about Telstra services breaking down in remote Australia, what would happen if a person’s car broke down in remote Australia. We would not hear outrage from the Australian Labor Party. This is the same situation. Remote Australia is not like metropolitan cities; it is not like regional Australia. It is remote Australia and sometimes you cannot expect in the bush exactly the same services that you get in a capital city. You cannot—it is just not reasonable, and most people would not expect to receive the same services in remote Australia.

My son happens to be a geologist. His partner is a geologist. They work in the Northern Territory. Where do they work? They work in the remotest parts of the Tanami Desert. Do they have any trouble with communications? No, they do not. They do not because this government has ensured, and Telstra has ensured, that the services are available in an appropriate and timely manner. This is in one of the remotest parts of the Northern Territory of Australia—the Tanami Desert. The member for Lingiari knows the Tanami Road; he knows that 1,000-kilometre stretch between Alice Springs and the Northern Territory border. My son and his partner, geologists, both work off the road, in the middle of nowhere, and I can ring them now and get through instantaneously.

Mr Snowdon—What does that prove?

Mr LINDSAY—that is the kind of service that is available in remote Australia.
Mr Snowdon—What is the issue here?

The DEPUTY SPEAKER (Mr Barresi)—Order!

Mr LINDSAY—This government—

Mr Snowdon interjecting—

The DEPUTY SPEAKER—Order! The member for Lingiari has made his contribution.

Mr LINDSAY—does not have ideological reasons for selling Telstra. This government only embarks on legislation in the national interest—I repeat: in the national interest. But the Labor Party opposes what the government wants to do for its own political interests. Let us call a spade a spade here.

Let us understand why it is important that Telstra be privatised. I hope that the member for Kennedy is also listening. He has been a fierce populist in this debate, working against the interests of his own constituents. Let us look at why that might be.

We all know and we would all agree that advances in technology are going 110 miles an hour faster than we are. People are asking for better and faster services—the world is going that way—and it is reasonable to assume that all Australians would like access to the fastest services possible. It is reasonable, and where possible they should be provided. How are they provided? They are provided at a cost. It costs capital to provide those new high-speed services. Where does the capital come from? It comes from the government. The government is currently a 51 per cent owner of Telstra, so the capital comes from the government.

People such as the member for Lingiari say, ‘We need better services in regional Australia; we need better services in remote Australia. We want capital.’ That is fine. That is okay for him to say that. But then along comes the Australian Labor Party and along come the people of Australia, and they say, ‘We want better health services and we want better education services.’ When they are faced with a choice between the government providing capital for Telstra and the government providing more money for health or education, it is no surprise at all when health or education wins. What happens to technology? No money—Telstra does not get the capital it needs. Health gets it, or education gets it, because that is what people want.

So when the member for Kennedy says, ‘We should not sell Telstra,’ what he is doing is committing all of his electors in remote Australia to a situation where Telstra cannot raise the capital to improve its services and make the lives of his constituents better. That is his position. That is the position of the Australian Labor Party: ‘We don’t want services to get better in the bush because we don’t want Telstra to have the opportunity to get the capital it needs to address the emerging information technology revolution.’ It is a pretty sobering thought, isn’t it?

Most people think that the argument is that the government should not be the owner of the telco and the regulator at the same time. Of course, there is a lot of truth in that. We saw that happen recently, where the Telstra board wanted to do certain things. It was difficult for everybody, because the government was the major shareholder and also the regulator. But I see the point that I made to the parliament a moment ago as being far more significant. Unless Telstra’s hands are untied by full privatisation, they will never be able to raise the capital needed to be able to provide the very services in the bush that the opposition—and of course the government—wants provided.

The opposition are saying, ‘We are going to make sure that Telstra can’t provide the services to the bush that people in regional and remote Australia think they are fairly entitled to.’ I agree with those people. While I do not think that there should be a fibre-
optic cable up every gum tree in outback Australia, I do think that we should do the best that we can for people in the remote parts of the country. But it needs capital; it needs money. The money will not come from the government, because the electorate in Australia wants that money to be spent on health and education. So it is not going to happen. I say to the Australian Labor Party; cut out the political opportunism. I say to the member for Kennedy: understand the reality of the real world. If you want the best for your people then vote with the government on privatising Telstra. Australia will never look back.

I want to pay tribute to the Telstra Country Wide people in my area. For some years, there was severe criticism that Telstra was leaving regional Australia. Story after story appeared in the *Townsville Bulletin* about job losses. I can tell you it has been the reverse in Townsville—absolutely the reverse. Telstra Country Wide have come to River Quays. They have established a world-leading and world-recognised call centre operation. In fact, there are two call centres in the River Quays building. A couple of weeks ago I was privileged to be with the Minister for Communications, Information Technology and the Arts, the sponsor of this bill, at the Telstra call centre in Townsville, where we opened the first Indigenous call centre in the country. It services all the Northern Territory; it services all of Australia. It is run by Indigenous people. Not only are there Aboriginal Australians but there are Torres Strait Islanders running the Indigenous call centre. It is Telstra on the ground, looking after Australians, no matter where they might be in the country. I was very impressed—and very proud that it was established in Townsville.

The Telstra Country Wide manager, Owen Taylor, is an extraordinary person. He is extraordinarily dedicated to making sure that Telstra provides the service that its customers should rightly expect. He is backed up by Lindsay Ward, the customer service manager, and Arthur Tsakissiris, the engineering manager—a fantastic team. It is good to see that in Townsville, Australia’s largest tropical city. When I was first elected, I used to get significant complaints about Telstra. Do you know what? I do not get any anymore. I have not had one this year. I did not have one last year. Telstra’s service is second to none, and it is all due to the work of the Telstra Country Wide team at River Quays in Townsville.

Technology moves on. I said to the Country Wide team: ‘We have a problem in one of our suburbs, Riverside Gardens. It is more than three kilometres from the Gulliver exchange, and they cannot get ADSL. It is a suburb with a significant university population. It is right next to James Cook University. They need high-speed access but can’t get ADSL.’ I am pleased to tell the parliament tonight that my Telstra Country Wide team have designed and installed an Australian first so that ADSL can now be accessed more than eight kilometres from the local telephone exchange. This is what Telstra Country Wide are doing in regional Australia. They put a sub-exchange in Riverside Gardens. It is a kind of repeater system. It now provides all 6,000 residents of Riverside Gardens with the opportunity to connect to ADSL. I am sorry—there goes my phone. It is an SMS.

The DEPUTY SPEAKER—The member for Herbert knows that phones need to be turned off.

Mr LINDSAY—I am sorry about that.

Mr Quick—It is Telstra ringing you up!

Mr LINDSAY—It is a Telstra phone. I have to say that, for those very few people who cannot get connected to a landline, there is satellite technology all over the country. It is available and very reliable indeed. I have
indicated to the parliament that my son is a geologist. In January he was in a part of New Guinea where no white man had ever been before, but if I needed to I could speak to him every night on a Telstra system via a satellite. That is the kind of service that is right across the country today, the kind of service that people appreciate.

The government have been to two elections on this, and they have won both. The government have clearly said to the Australian people: ‘We believe it’s in the national interest and Telstra’s interest to fully privatise Telstra.’ We believe that for good reasons, yet the Australian Labor Party continue to oppose the will of the Australian people. They continue to say, ‘No, we’re not going to allow it,’ and they continue to vote against the privatisation of Telstra in the Senate. It is a shame. Australian telecommunications could be so much better.

There are safeguards in the sale of Telstra. Changes in Telstra’s ownership status will not affect the government’s ability to protect the interests of consumers, competitors and the public generally, no matter where they might be. How could the Australian Labor Party oppose the sale when there is consumer protection there? The universal service obligation, the customer service guarantee, price controls, a network reliability framework and the telecommunication industry ombudsman will be maintained into the future. There is no downside for the customers of Telstra, no matter who owns it. The services and the service quality will remain. So I find it bizarre that, for the sake of political expediency, the Australian Labor Party continues to oppose the sale based on the emotive argument, which cannot be sustained, of not selling the family silverware. That argument cannot be sustained in logical debate. It is such a shame, because Telstra in private ownership could do so much better. Australia could do so much better.

In the past eight years, the federal government have argued some very difficult issues. When you look back on those policies we have succeeded in implementing, the country has done better. Look at the waterfront issue. We are now world competitive in our movements on the waterfront, when the Labor Party said that could not be done and opposed it all the way. Our export industries have had a major benefit. The government were proven right. It is such a shame that, on this great issue that the government have thought through very carefully and where we have argued the reasons, the Australian Labor Party continue to oppose the sale. I am disappointed with that. I do hope that we will see good sense. I do hope that we can take the opportunity to move this country forward.

Of course, there is a double benefit. Not only do we get a telecommunications company that has its hands untied to do better things for our community but we can transfer the value of Telstra to the benefit of Australians in other ways. If Telstra is sold, the government do not intend to just use the proceeds of the sale in recurrent expenditure. That is the policy of the Australian Labor Party—that is, sell the government asset, spend the money and it is gone forever. The government want to retire debt. The government want to save all of the interest that we currently pay to overseas borrowers, and that money that we save is the money that we can spend year in, year out on providing more services to Australians or in giving something back in tax cuts. It is a great opportunity.

The parliament is faced with the opportunity of getting a world-leading telco to provide world-class services everywhere in the country and at the same time providing more services to Australians in other areas, such as health, education, crime related matters, tax cuts and so on. It is a double benefit, and I
just do not understand for the life of me why the Australian Labor Party would oppose such a great benefit for the country. I ask the Australian Labor Party to review their position and to vote in the interests of our great country.

Mr QUICK (Franklin) (8.27 p.m.)—I am delighted to follow my friend the honourable member for Herbert, for whom I have a great deal of respect, in this debate on the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]. He raised some cogent issues. It is pleasing to see the honourable member for Adelaide in the house. I know that it is her 11th anniversary on Saturday, as it is mine. We are both from the class of '93, so I would like to wish her all the best for 11 years on Saturday. We have served in this place a long time and we are great friends.

One wonders when the government will finally realise that the proposal to sell off the remaining 51 per cent of Telstra is not just a dead duck; it is somewhat of a rotting, smelly carcass. As the honourable member for Herbert said, this is the second time this bill has been presented to parliament. He highlighted our apparent intransigence, but I would like to think that those opposite must register the fact in their cerebellums that Australians do not want to sell the remaining portion of Telstra; they wish to retain ownership of one of Australia’s last great icons.

In that beautiful piece of poetry that some of us quoted to our girlfriends in our younger days, Elizabeth Barrett Browning asked, ‘How do I love thee? Let me count the ways.’ Translated to Telstra-speak, this statement becomes: ‘What are the sound reasons for keeping Telstra in public ownership? Let me count the ways.’ We on this side argue against the full sale of Telstra on a number of grounds. They are historical, traditional and sentimental grounds; financial and economic grounds; technical, service and infrastructure grounds; customer service grounds; and, finally, competition grounds. I would argue that sound, sensible reasons can be extrapolated from all of the above topics to retain Telstra in public ownership.

First of all, on historical, traditional and sentimental grounds, I know that we cannot retrace our steps to the days when the Postmaster General’s Department had sole responsibility for telephonic communications. But I would argue that many of the values of that era have been lost between the advent of the telephone and digital pay TV. A few I want to mention are internal training, adequate staffing levels and employment in the regions. We used to love the PMG. I am old enough to remember, as a child growing up in Ballarat, wandering past the PMG markers and reciting as all the kids did in those days, ‘PMG—Pig’s market Geelong.’ If only we loved Telstra the same way, as we loved the PMG.

As Telstra has moved closer and closer to a private non-government corporation, it has become recalcitrant and developed some bad habits. I would argue that it is divorcing itself from our loving care. Telstra’s bad habits are now forcing many, not only on this side, to question their loyalty to and their love for this huge Australian corporation. Why should we stay loyal and supportive to what should have been a great Australian icon when it cares so much for its workers that it moves Australian jobs offshore? Why should we stay loyal when it reduces staff in regional areas, reduces capital investment in its network and reduces its level of customer service? How can we really believe those slick ads on TV when, as federal members, we know and experience at first-hand the poor quality service shown not only to us but to many of our constituents? I would argue that the closer Telstra gets to full privatisation the worse its behaviour is.
In this day and age one wonders what Telstra’s core business is. Is it telecommunications? Is it the newspapers—Fairfax or the Trading Post? Is it digital pay TV? Perhaps it is a combination of all three. Privatisation, divorcing the benevolent parents, lets Telstra lose from its constraints. I would argue that bad behaviours will develop and tantrums will get worse. Maybe Telstra cannot be dragged kicking and screaming back to the positive behaviours of earlier times, but we should try and prevent the current situation from deteriorating even further. Nothing will convince me that a privatised Telstra will be lovable simply because the government legislates community service obligations. I would argue that there is no enforcer strong enough to bring it into line. I would also argue that no matter which side of politics you are on, whether you represent a regional area, as you do in New South Wales, Mr Deputy Speaker Causley, and as I do in Tasmania, or whether you live in suburban conurbations, if we are honest we could cite numerous examples where Telstra has given us the bum’s rush and put a line to the constituents that is not true and honest. I have lived in regional Australia in three states: Victoria, South Australia and now, proudly, Tasmania. I know at first-hand just how difficult it is for me, as a consumer and as a federal MP, to have Telstra address my phone hassles. The ordinary everyday punter has no chance under the current regime. I would therefore argue that we must not sell the remaining shares in Telstra.

The second point is on financial and economic grounds. Telstra is a big fat cash cow. Who can deny that? With only marginal leakage to its competition, Telstra’s profits are massive. Who can really argue against the massive bonus that Telstra provides consolidated revenue each year—the special dividend paid to government coffers out of Telstra’s profit? The sums have been done and the annual special dividend is a huge advantage over retiring debt. The reduction in public debt interest will not offset the loss of dividends from Telstra in the medium term. In particular, I want to stress that the special dividend can be used for recurrent expenditure because it is paid into consolidated revenue. By contrast, capital gain from the sale can only be used to retire debt or invest in like assets.

Up until now, the government’s smoke and mirrors routine has camouflaged the source of funds for the Natural Heritage Fund and the like. This sneaky government would have you believe that moneys from the sale of Telstra 1 and Telstra 2 were linked to the funds. Not so. The sale of Telstra funds had to be used to retire debt. Money allocated to these other funds came out of consolidated revenue—the central pot of money for which all segments of the budget process compete. Those Telstra special funds then reduced the amount of money available for recurrent expenditure. The bottom line is that if the sale proceeds are spent on recurrent expenditure, it is a debit against the budget without an accompanying credit. Therefore, most large scale spending of the Telstra sale proceeds on anything but debt retirement will send the budget spiralling into deficit. This is why the Treasurer and the Minister for Revenue both keep saying that the proceeds will be used for debt retirement—it is basically all they can do with it. The Independents and Nationals who think billions and billions of dollars are there to be spent are, to put it simply, living in la-la land.

On the issue of technical and service infrastructure grounds, Telstra reduced its investment in the network by over $1 billion between 1999 and 2003—$1 billion in four years. At the same time, staff numbers were slashed. What reasons can there be for this slash and burn approach, other than to maximise profits and subsequently maximise
the sale price? What is the cost to the network—the physical assets without which Telstra and its customers have no reason to be joined together? The cost can be found on Telstra’s web site when you go to check if you can access broadband services. Large tracts of this country cannot access broadband. I live in Hobart. The small town of Margate in my electorate is only minutes from Hobart, and Margate cannot access broadband. Kingston, a suburb of Hobart, is likewise denied a full broadband service. Constituents regularly complain to me that, if they work from home, their business opportunities are restrained and, in some cases, jeopardised by the poor service from Telstra and its lack of full— and I mean full— broadband services. And it gets worse. The further south you travel from Hobart, the less opportunity there is to access broadband. I acknowledge, as the member for Herbert did, that there are some exceptions and that Telstra has upgraded some exchanges and made broadband available to some suburbs in my electorate.

The telling point, however, is that there are no immediate and foreseeable plans to increase access to broadband. Why can’t we all have it? Why is it just allocated to specific areas? The further you travel from an exchange, the less likely you are to be able to access broadband. Of course, the further Telstra travel away from a centre of population—Melbourne, Sydney, Hobart, Perth, Brisbane—the less likely they are to have fancy profit margins and the more it costs them to provide the infrastructure. Why should they bother, considering their current administrative mindset? I argue that telecommunications is more than just profit; it is more than just bottom line. Telecommunications is a lifeline that must be available for all Australians, regardless of where they live.

Telstra competitors focus on the high population density areas to penetrate the market. Private companies must deliver a bottom line for their shareholders. Unleashing Telstra from public ownership will launch it into an unbridled lust for the cream of the market. Already Orange exists in just Melbourne, Sydney and Brisbane. Unleash Telstra from public ownership and the bottom line becomes top priority—make it look good. I have been arguing about unleashing Telstra, but look at what Qantas has been doing in regional markets with the introduction of Jetstar. For instance, in my state—Hobart, Launceston, Perth—who cares about that market? Qantas does not; the services have gone. Take your pick! Who cares about those markets? For the sake of the network throughout the country, do not sell the rest of Telstra.

In respect of customer service, there can be no comparison to the days of a Tasmanian regional manager. We used to have a wonderful guy called Ted Taylor; I remember him well and the staff Telstra employed to fix faults, install new lines and take calls from Tasmania, in Tasmania. Today one could be talking to a telephone operator in Gosford, Brisbane or Perth. You have to explain that the fault is in a street in a particular suburb in Hobart to someone who has no idea where you are, and soon we could be explaining the same thing to a call centre operator in India, for God’s sake.

As the honourable member for Herbert explained, he has a wonderful Telstra Country Wide team, and in the last couple of minutes remaining to me I would like to highlight the wonderful work that Margaret O’Rourke and her Telstra Country Wide team are doing. They are doing a fantastic job in keeping my constituents informed but, against the corporate tide seeking bottom line results, they are often at a disadvantage. They bear the brunt of the ADSL broadband anger, and they bear the brunt of the anger about mobile phone black spots. If you travel
in Tasmania, south from Hobart, I can assure you that there are quite a few of them. To her credit, Margaret O’Rourke and her team travel down the same road that I do on a regular basis. They have a few more transponders and translators but still the problem is there. Margaret and her team do the best they can in the environment, and I publicly salute them. I shudder to think what a fully privatised Telstra would ultimately do to the Telstra Country Wide team. Once again, I point to the recent Qantas experience.

Mr Deputy Speaker Causley, can you imagine a rampant Telstra running riot through the business jungle? Can you imagine a fully privatised Telstra stomping on its competitors like an elephant? Telstra owns the network and is forced to allow resellers access. Telstra is forced to allow Internet service providers access to the Internet to on sell. But Telstra squeezes every competitive advantage it can, by fair means or foul. The Australian Competition and Consumer Commission has been kept busy by competitors’ complaints against Telstra and the muscle it wields. One only has to look at the wholesale pricing Telstra has set for Internet access. By dropping the rate to its own BigPond customers and setting the wholesale rate just a little below its own retail rate, Telstra is giving Internet service providers almost no profit margin. Only a government owned Telstra can be controlled and restrained from using its network and market dominance in an unfair way.

Telstra must be kept on the leash. For all the reasons I have stated tonight, for community service and loyalty, for Australian jobs in Australia, for the annual dividend to the budget bottom line and for the fair operation of telecommunications markets in this country, I argue most strongly and sincerely that the remaining government share in Telstra must not be sold.

Mr TUCKEY (O’Connor) (8.44 p.m.)—I rise to speak to the Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]. I am not criticising in any way the member for Franklin’s personal commitment to a philosophy, but he totally misunderstands the processes involved in the sale of the balance of Telstra. It is a great pity that he has forgotten the behaviour of his own party—and I thought he was around for some of it—when they were last in government. I well remember a one-time Prime Minister called Bob Hawke calling privatisation an ‘obscenity’ until he ran out of money and it became a ‘necessity’.

The philosophy was still the same: a belief in government enterprise—but, when you are short of money, what do you do? You sell Commonwealth Serum Laboratories, TAA and Qantas, and then you start selling an icon called the Commonwealth Bank. How was that sold? They said, ‘Just 19 per cent and, we promise you, no more.’ Then it was: ‘We’ve sold 19 per cent; why don’t we sell another 30 per cent?’ That makes 49 per cent and that still guarantees government ownership.’ People started to get a little concerned about this—more particularly, the Commonwealth Bank Employees Union, a stand-alone union for this great public institution. It became incumbent upon the minister of the day, if not the Prime Minister, to write them a letter making an I-a-W type promise: ‘We promise you faithfully we won’t sell the other 51 per cent.’ I might add that when they sold the 19 per cent they promised in the prospectus that they would not sell any more of it. If anybody sitting in this room had some private enterprise activity and put out a prospectus with a promise of that nature and did not maintain that stance, they would probably end up in court and, possibly, incarcerated. But the government having made a promise to people who had bought those original shares and made a judgment
based on the fact that they were only going to sell 19 per cent those people suddenly found the government selling another 30 per cent and then making a promise to the union that they would not sell any more.

What did they do? They came out of a successful election and said: ‘We have discovered something about the Commonwealth Bank. It is impossible for a business to function with a hybrid government-public ownership. Notwithstanding that we do not want to sell the other half, we feel obliged to do so in the interests of the entity.’ What is more, that was a very good judgment—as the share price shows. I think the shares originally sold for 12 bucks and they market today at around $30. They said some very sensible things. The interesting thing was not that the opposition of the day, the coalition, had any benefit from the government of the day filling their coffers with money that they then spent—they were spending all the proceeds of those sales and borrowing money at the same time—it was that we supported them. Why? Because it was our policy to privatise these great government business institutions. The difference was that we told the truth. We were told that we had a policy that was an obscenity but, when it became convenient to the Labor government of the day, they sold the family silver, and they constantly told fibs to the people, election after election, about their policy in that regard.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I say to the member for O’Connor that I think ‘fibs’ is the same as ‘lies’. I ask him to withdraw that.

Mr TUCKEY—I withdraw that and say they told fibs. I think that is a more appropriate comment. They misled the Australian people; I cannot say they misled the parliament. The reality is: that is what they did; that is their form. And, of course, they corporatised Telstra. They converted it to a business entity. Whilst I am unable to quote to you, Mr Deputy Speaker, the actual figures, the job losses consequent on that decision during the term of the Labor government exceeded job losses that have occurred since the sale of some components of Telstra.

The member for Franklin wanted to talk about job losses. The reality is that his government engineered, with the corporate entity of Telstra, more job losses than have occurred since. Admittedly, we know why job losses have occurred—there is great pressure on all corporate entities to return greater profits. We have this view that profits go to the rich and famous and wealthy of Australia. Some no doubt do, but who are the major shareholders in all Australia’s great corporations? The industry union super funds, like Cbus. Do you think Bernie Fraser lets them invest in less glorious entities than Telstra? Is anyone suggesting that all the union super funds do not invest in Telstra or the Commonwealth bank and so on? The computer tells them exactly how much to invest in each and every one of them. And what is that money invested for? To guarantee the retirement of a lot of workers. So Australia’s workers, outside those who directly hold shares in Telstra or the Commonwealth Bank, are also investors through a variety of super funds, be they union dominated or otherwise.

So there is a responsibility, because those union fund managers are ringing up Ziggy Switkowski and saying: ‘How are your profits going, mate? Are you delivering enough profit so that I can maintain my high levels of investment returns?’ Are they ringing up? Do they drop Ziggy if they think they can get a better profit out of another investment? Of course they do. Why do they do that? Because their prime responsibility is to their contributors.

This brings me to the major point of this debate. We still hear the member for Mel-
bourne, Lindsay Tanner, telling us what he will do to influence the board of Telstra if Labor win the next election. He had better go and consult somebody on company law. He is a lawyer himself. I would imagine that, throughout his life, he has actually found himself in court on matters arising from company law. But it is obvious from his public remarks that he has not read sections 232 and 233. These are the sections that forbid a majority shareholder from influencing the board in a manner detrimental to other shareholders. For all of those mums and dads out there who now own Telstra shares or all of those other contributors to union super funds who invest in Telstra, the law of the Commonwealth prevents the majority shareholder from acting in that fashion. He might say, ‘Wink, wink, nod, nod—I will get rid of some of those highly credentialed board directors who appear on most occasions to take some fairly sensible decisions on the management of the company; I will put a few old union mates in and we will run it according to our philosophy.’ Even that is contrary to the company law of Australia because it is an influence. In other words, fundamentally, ownership of 51 per cent of Telstra delivers no influence to the government as that majority shareholder.

Alternatively, and this government has practised this mechanism, the fact of life is that government, in issuing a licence, can apply very significant influence. In other words, if we sell all of Telstra tomorrow, we then are probably, in a fashion, legally better entitled to influence the activities of Telstra and other associated deliverers of communications. So the first question is: where is the benefit, in terms of the performance of Telstra, in ownership? If we say to the board of directors, ‘Go out tomorrow and build another thousand CDMA towers,’ and they say, ‘I’m sorry, but the other shareholders, in terms of their dividend income, would be disadvantaged by that,’ do we take them to court? Is it the intention of the Labor Party in government to send Tom Domican around to have little chat with them? What are you going to do? The law prevents the majority shareholder from applying influence to the board of directors that may disadvantage other shareholders—that is, everybody else bar the government.

On the other hand, in progressing this debate in my own electorate—and this might be a message to those who think it is a great electoral issue—whilst the government at the last election did not promise to sell Telstra and gave a guarded response in that regard, I told everyone in the O’Connor electorate that I thought that the balance should be sold. My Labor opponent went around saying that he had signed the Beazley pledge—and, of course, I reminded people about the Commonwealth Bank pledge—and my vote went up two per cent. So some people might want to start analysing whether this sort of scare campaign will deliver the votes they want.

But I will put that aside. The fundamental issue in this regard is: how does the government of the day best deliver adequate telecommunications services to the people of Australia? It might sound like an interesting comparison, but, for many years and for good reason, state governments thought it appropriate to add conditions to the licence to make money that is called the selling of alcohol. How did they apply that? They said, ‘You can have a hotel licence, Mr X, but you will have so many bedrooms available for the travelling public, you will maintain an adequate dining room and you will apply all of those additional services.’ And people, myself included, provided those particular services—notwithstanding that, in many parts of Australia, they were loss-making—for the privilege of having a licence to sell alcohol. Furthermore, the government of the day said to me, as I operated in Carnarvon:
‘You will open at nine o’clock in the morning with no customers and you will close at 11 o’clock when you have a heap of them.’

Mr Gavan O’Connor—You never closed on time—don’t tell me that!

Mr TUCKEY—Don’t worry about that, Gavan. If you want to discuss who has broken the law during their lifetime, drop around some time and I will give you a list of your own. The fact of life is that those laws were complied with by people because the government said so. Quite clearly, our government has applied a series of regulatory measures. It is an interesting thing to me that, from time to time, members stand in this place to complain that their constituents have not been serviced according to those measures. I do not complain about that because, when they contact my office, we ensure that, overnight, Telstra has done the job as the government provides under the regulations. These are quite simple procedures. As such, they are ones that solve the problem of service and, at the same time, clarify the issues according to the Labor Party dictum on the difficulties of having a hybrid company that cannot do the things that it should do in the corporate sense, and that includes raising capital. You cannot ask the government of the day to buy more shares.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 9.00 p.m., I propose the question:

That the House do now adjourn.

Education: School Values

Ms MACKLIN (Jagajaga) (9.00 p.m.)—Recently I had the great pleasure to go to one of the schools in my electorate—Rosanna Golf Links Primary School. It is a great primary school in my local area. I went there to present the leadership badges for the school-children for this year. As I arrived, the students were all assembled and they stood to face the Australian flag. Their little band, which had just got together for the new year, made an excellent start to my visit by playing the national anthem. What was also very special at this assembly was that, in addition to the children singing the national anthem, there was a choir of deaf children who signed the national anthem.

It is a very special experience to go to a school where you have children who are able to sing and other children, who are deaf, who are able to sign the national anthem. The values in this school, I have to say, were immediately apparent to everyone. First and foremost, there was a delightful respect for and enjoyment of our national symbols. With the deaf choir there was the very special value of inclusion of children with disabilities—a value that in this school is built into every activity that the school undertakes, whether it is participating in the singing of the national anthem or the schoolwork that goes on in the classroom.

I then presented the badges to the school leaders—the school and house captains and the student representative council. The values very apparent there were those of leadership, even down to some of the littlest children coming up to receive their badges—children prepared to take on responsibility to represent other children in the school. Children also gave sports reports, and their reports showed the encouragement given to the values of participation, team play and doing your best when it comes to playing for your school. Then the school had the student of the week presentations. They made presentations for trying very hard in a particular class, for doing well in a science experiment and for caring for other students.

And so it went on. Each and every presentation represented the values that are so
treasured in this school. I wonder, then, how it is that we have a Prime Minister who says that he feels that government schools have become too politically correct and too values neutral. I must say, I do not think the Prime Minister is in touch with schools like Rosanna Golf Links Primary School, which provide such outstanding values to our children. If the Prime Minister has problems with our government schools, of course it is the responsibility of any of us as leaders in this country to fix those problems, not to stand on the sidelines and have pot shots at great schools like the ones so many of us have in our electorates—schools that value inclusion and make sure that children with serious disabilities are able to participate in everyday activities; schools that value leadership; schools that value excellence; schools that value the wonderful things that come from participating in sport; schools that value caring for other children and making sure that children feel happy to be at school.

I say to our Prime Minister: come to these wonderful schools that we have in our electorates, these wonderful government schools with such deep values that so many of us as parents, as well as leaders, are so proud of. I congratulate everyone at Rosanna Golf Links for the outstanding work that they do at the school, whether they are teachers in the school or parents who so actively participate in making sure that these values go to the heart of what we want to see and deliver in great schools throughout Australia.

**Eden-Monaro Electorate: Fish Sausages**

**Mr NAIRN (Eden-Monaro) (9.04 p.m.)—** We are all very aware of the great Australian saying about throwing a shrimp or a snag on the barbecue. Today I had the pleasure of throwing a new product on a barbecue. In fact, it was a fish sausage manufactured in Eden. It was a brainwave of a couple of escapees from the Canberra area. One of them would certainly be known to people on the other side: Richard Farmer. He and Peter Gill now reside in Eden in my electorate. They are manufacturing these fish sausages in Eden. They are a great, healthy product and something I would recommend all members take an interest in and get a hold of now that we will be selling them in the Canberra region as well.

The fish sausages are extremely healthy, in fact. They have been tested and the tests show that they have less than 10 per cent of the saturated fat of the standard pork and beef varieties of sausage. They have one-third of the carbohydrates of their meat counterparts but 45 per cent more protein. So they are an extremely healthy product, that is for sure. There are a lot of other positive things about this product. The sausages use parts of fish that are often discarded after the fish have been filleted. Also, the sausages will be using much of the by-catch of certain types of fish that the fishers are not able to market properly, so it is a real win-win situation all around.

The other aspect of this little venture in Eden is that in many respects it is a flow-on effect of the Eden Region Adjustment Package, which was put in place by the Howard government when the tuna cannery in Eden closed down a few years ago. That put 150 people out of work, which was pretty devastating in a town of 3,000 or 4,000 people. But the $3.6 million Eden Region Adjustment Package proved to be very successful, attracting in the order of $12 million or more in investment.

One of the recipients of a grant out of that particular program was Pelagic Fish Processors. Now they are providing fish to Richard Farmer and Peter Gill for their venture and they have helped them along the way in putting it together as well. So we have had this
very good flow-on effect from the Eden Region Adjustment Package to yet another small business setting up, operating, employing people and providing a wonderful product. Their sausages are very, very tasty, I can assure members. They have a variety of types; the one that I prefer has a Thai flavour. When you look at the ingredients you see that about 81 per cent is fish—mainly flathead; 13½ per cent is onion; 3.7 per cent is olive oil; and the remainder is chilli, ginger, coriander, mint, salt and pepper. It is all very healthy. They are all natural products. There are no fillers, no preservatives—nothing like that.

When you hear a name like ‘Farmer’ and the word ‘sausage’, you naturally think ‘beef’. But it is interesting: when you put ‘Farmer’ together with ‘Gill’—Peter Gill—you end up with fish sausages! Richard and Peter are a very innovative and entrepreneurial couple down there in Eden. I congratulate them. I was very pleased to launch the fish sausages here in Canberra today. The fisheries minister, Senator Ian Macdonald, came along to participate. The member for O’Connor, Wilson Tuckey, because he was the minister at the time of the ERAP project, was there to be part of that launch. I congratulate Richard and Peter. I certainly think they have been very innovative and lateral thinking. They probably have now got what really will be the next barbecue stopper.

Howard Government: Leadership

Mr ALBANESE (Grayndler) (9.09 p.m.)—Someone said the other day that Peter Costello was the last person, apparently, to realise that John Howard would be staying on past his 64th birthday.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I ask the member for Grayndler to refer to members by their seats or their titles or I will sit him down.

Mr ALBANESE—now the Minister for Foreign Affairs, in 1994. Anyone who stands aside in a leadership queue for the most unsuccessful political leader Australia has ever seen really likes to stand aside. The reason he likes to stand aside is that he likes things served up to him on a silver platter. It is how he got Higgins; it is how he got the deputy leadership; it is how he would like control of the Victorian branch; and it is how he expects to get the prime ministership. He likes receiving things on a silver platter because he does not like a fight.

We on this side of the House have had a chance to watch him for many years standing over there doing his ‘Kmart Keating’ routine. He is a big tough guy in question time when the questions take 15 seconds and the answers take five minutes. But in both of the election campaigns that he has done as Treasurer he has been famous for lighting exploding cigars in public. In 1998 he was caught fiddling Labor’s costing figures to
include everything short of the Sydney Harbour Bridge. In 2001 he decided what a great idea it would be to reveal the price he was expecting to get for Telstra shares when he flogged off the rest. His bush colleagues gave him a free character analysis that would make even Jeffrey Kennett blush.

And he loves carrying the can. Who can forget the Shane Stone memo? You can just imagine the Prime Minister and his mate Shane sitting down to write that one like two schoolkids painting a big ‘kick me’ sign to stick on the Treasurer’s back. We worked that one out, but he still has not. And he was out there with his old mate the can again last month, defending the politicians’ super scheme on national radio while the Prime Minister’s office was putting the finishing touches to the backflip package for cabinet. It begs the question: why didn’t the Prime Minister protect him by letting him in on the secret before he made a fool of himself on national radio? The Treasurer might want to ask himself that question. Why indeed? Can it be true that he is the last to notice the member for Warringah being groomed in a soft and cuddly portfolio; the last to notice Malcolm Turnbull laying claim to succession from outside the parliament—the biggest merchant banker of them all, who will need the doors of the parliament widened just to get his head in.

From close range, the Treasurer is the last to spot another big-spending pre-election budget to shore up the Prime Minister and mess up the Treasurer’s budget figures and the last to notice the Prime Minister’s increasingly obvious Napoleon complex—the increasingly palatial extensions to Kirribilli. The only dip into the public purse the Prime Minister has not tried yet is the catering bill for the ceremony where he crowns himself emperor for life. When the Treasurer said, ‘Work till you drop,’ in response to the inter-generational crisis, he did not think the Prime Minister would take him literally. Yet the Treasurer seems to always be the last to know. We have all noticed it: the member for Warringah has; the member for Bradfield has; and Malcolm Turnbull certainly has. But it is not just them: Tony Smith, gone from his office in the parliament; Mitch Fifield, ditto; Niki Savva, giving up; and Michael Kroger—

Mr Hardgrave—Mr Deputy Speaker, I rise on a point of order. I do not believe the member for Grayndler has acknowledged your earlier interruptions or suggestions to him about using the names of members’ seats in their description. The fact that he has not used the member for Casey’s name in this regard—

The DEPUTY SPEAKER—The minister will resume his seat. I think the member for Grayndler has got the message. If he has not, I will sit him down.

Mr ALBANESE—It is often said that in politics knowledge is power. That being so, being the last to know is a very safe place to be. Peter Costello is the impossible prime minister. The Prime Minister has been talking about—

The DEPUTY SPEAKER—The member for Grayndler will resume his seat and will be named if he does not.

Cook Electorate: Church Locations

Mr Baird (Cook) (9.14 p.m.)—I am very glad to speak tonight on something that concerns my electorate. What we have seen in Sydney and across Australia is a change in where churches are located. Instead of being in the shopping and commercial areas, they are now moving into the industrial zones, into warehouses, where they can have child-minding centres and where people can play a full range of musical instruments without upsetting the neighbours. This is the new trend: lots of large buildings, accommodating
large crowds. Many young people are involved and are enjoying the new style of worship services. This has become a trend not only within Australia but around the world.

First of all we saw Christian City churches and then Hill Song, up in the Hills area of Sydney, setting the trend around Australia by going into the industrial zones. We have seen examples of that trend in my own electorate, with the church in Taren Point, the Caringbah Baptist Church, and the Kingsway Community Church—which are very large churches—operating out of former warehouses. They have youth activity centres and very large childminding centres, and both of them have large music contingents. Their ability to have community activities is quite extensive.

However, that trend is now going to be stopped by the Sutherland Shire local environment plan. The coalition of Shire Watch and the Labor Party in the Sutherland Shire recently approved, as part of the local environment plan, 4,500 extra living units in area where it is clearly indicated that overdevelopment is not acceptable. They have now withdrawn from the LEP the provision that churches can be located in former industrial zones. As part of the new naming, they are being called employment centres. It is quite interesting when you look at what is actually provided. They have taken out the churches but they have put in, as two areas that can be included, brothels and sex shops. So it is okay to have a brothel or sex shop, but it is not okay to have a church in the industrial zone. This is totally unacceptable to the churches in my electorate.

Mr Hardgrave—Absolutely.

Mr BAIRD—Minister Hardgrave, who is at the table and who grew up in my electorate, would know that we have a strong church tradition in the shire. There are a lot of church attendees in my community and they are outraged by this. The parking requirements have been ramped up, so that for every 10 square metres of a church facility you have to provide one car space. For a normal church building in terms of a new warehouse facility—500 square metres is a typical example—you have to provide at least 50 car spaces.

Rising house prices and the increased costs of retail centres in my electorate, a developed area, make it prohibitive for new churches to become established. Where can you have a music centre or a childminding centre? An example is the East Coast City Church, which has some 350 members and is looking for a new site at the moment. The site that they had established is now not available because it has been taken out of the local environment plan. This is a quite famous church. A footballer for the Sharks, Jason Stevens, and his brother Paul, who are integrally involved with the church, have been told quite clearly that their church cannot go to this new area. It is clearly against the local interest and the local will that this should be occurring.

Another aspect of the local environment plan is that a brothel cannot be within 200 metres of a church. This is being used as a reason why the churches cannot be put in the area. If we ban the churches, they can put in more brothels. Schools also cannot be in the old industrial zones, which are now called new employment zones. A large number of churches in my electorate are looking at these areas: the Assembly of God churches, the Churches of Christ, the Baptist churches, the East Coast City Church, and a whole range of charismatic churches. The community is outraged by this. It is appropriate that the Sutherland Shire Council should revisit the local environment plan and ensure that the churches can meet the community needs and provide music centres and childminding
centres, which is what the community wants and demands. Certainly they are out of step with the broader needs of the community, particularly those who attend the churches.

Health and Ageing: Aged Care

Ms KING (Ballarat) (9.19 p.m.)—I rise to speak on the neglect and mismanagement of aged care by this government and the impact it is having in my electorate. I know that Hepburn, Ballarat and Djerriwarrh health services are doing their best to accommodate a federal funding shortfall. They do a magnificent job considering the pressure they are under and I would like to congratulate them on that. But there will come a time in the not too distant future when they will be facing a tough decision—a decision to either get out of aged care or go under. It is a not a decision I want them to have to contemplate, but government complacency could leave them with no choice.

Last year we had the Minister for Health and Ageing in Creswick, opening the new wing at the John Curtin Memorial Hospital, which was not funded by the Commonwealth; the money was raised as a loan by the local community. Just down the road in Creswick there is another aged care facility that is run by Hepburn Health Services. Hepburn Health Services is operating on a $1 million annual deficit. The bulk of this deficit is due to the fact that the bed day subsidies that Hepburn Health Services receives from the Commonwealth for the aged care facilities it operates in Creswick, Daylesford and Trentham have plateaued, while costs in care have increased to the extent that the health service is now unable to cover the deficit with funding from its other services. It has been effectively subsidising aged care for years from its state funded hospital services.

The problem goes beyond Hepburn. Djerriwarrh Health Services in Bacchus Marsh estimate that they are currently running at an annual deficit of $240,000. They are using their existing overall budget to cover the cost of aged care facilities. Ballarat has a unique situation. According to the Department of Health and Ageing figures, it has enough beds. According to the government’s formula, we are in fact overallocated for aged care beds. But what the formula fails to take into account is that, in districts such as my own, there is a tendency for aged care beds to cluster in the large regional centre of Ballarat, in the heart of my electorate, which means that areas such as Bacchus Marsh, Creswick, Trentham and Ballan are often struggling with waiting lists. In Bacchus Marsh it is an absolutely huge problem.

In addition, in the case of Ballan and Stawell in my electorate, when they are finally granted a few aged care beds—generally it is only around five—they struggle to then access the government’s rural capital program. In one instance it has taken up to two years to actually get the funding together to build to accommodate aged care beds. The government’s rural capital program and the allocation of bed licences seem to have no association with one another. The issue emerging in Ballarat itself is that a major shift is occurring in the sector. Non-government organisations, such as Vision Australia, are moving away from the aged care sector, and in Ballarat they are selling their facility in Wendouree. That is similar to the prospects the Salvation Army is facing across Victoria. Like the other health services in my electorate, Ballarat Health Services currently has to supplement its aged care facilities’ budget from funding through other services, but our concern is that this is just not sustainable and, with non-government organisations pulling out, the pressure is likely to build.

So what is the response from this government? It goes back to the usual way it han-
dles funding problems—that is, to cost shift on to individuals. We saw it with university fees and the downgrading of Medicare—the move to more user-pays. The Prime Minister has hinted at accommodation bonds which would have a serious impact on older people as they try to determine what to do as they become frailer. But, to be fair, we do not actually know what the Prime Minister is proposing because the government has been sitting on the Hogan report for a long time. What we do know is that there is a pattern of behaviour from this government that seems to be being replicated here: dribble a bit of policy to the media, generate a huge fear reaction and then do something a bit more in the middle so people will not think it is so bad and they will accept a worse off situation than they currently have.

The problem with that strategy is that, by the time the Prime Minister finally releases the Hogan report and he finally turns his head to aged care, it could be too late—too late for small rural health services that are subsidising aged care from their other funding sources, too late for families struggling to assist their older relatives to have some meaningful quality of life and too late for older people who have paid taxes all their lives and want some assurances that they are not going to have to mortgage their children’s future to get an aged care bed. The Prime Minister should get on with developing a decent aged care policy or he should, in his own words, just get out of the way.

Herbert Electorate: Local Government Elections

Mr LINDSAY (Herbert) (9.23 p.m.)—On the fourth Saturday in March this year, there will be local government elections throughout all of Queensland, and Townsville is no exception. I want to pay tribute to three Liberals who are standing in divisions 2, 8 and 10 in Townsville. We have got some very good candidates there. In division 2 we have Faye Barker. She is the vice-chairman of our FEC. She is a very impressive woman. She is a director of the Great Barrier Reef Marine Park Authority, a director with the RACQ and a director with Jupiters. She is very well connected and a very impressive businesswoman. She would bring enormous experience to the Townsville City Council, something that is currently very much lacking.

In division 8 we have Steve Hawker, a migration agent and the former candidate for the state seat of Mundingburra. He has worked very hard in the division and he cares for the division. His most recent issue related to Marabou Park, where the Townsville City Council had a community Envirofund project which promised 1,000 trees and all sorts of remediation for the creek banks and so on. They planted 100 trees in November but they did not provide any watering for them and half of them have died. It has just been a disaster. Steve has taken that up, and good on him. It is the same with the issue of the footbridge in Marabou Park, which was washed away in the January rains and has not been repaired. It just shows you that the Townsville city councillors do not care for their division. It is time that we had a mixture on the council and some fresh voices. Steve Hawker would do a great job.

In division 10 we have young David Crisafuli. David was the former news director at WIN Television. He is a young man who has huge amounts of energy. He will have doorknocked the whole of the division by the time of the election. He has been very prominent in making sure that we get ADSL in Riverside Gardens and he is very concerned that ADSL has not come to Douglas. He has been able to attend to many of the projects and many of the questions that have come up in the doorknocking that he has conducted. It is pretty awesome to be door-
knocking in Townsville at this time of the year. It is 34 degrees every day, and he has got out and done the hard slog. I certainly hope that David, Steven and Faye are successful.

I have observed—and I guess many of us see this wherever our homes may be—that the council elections come along and suddenly all the councillors come out to hold public meetings and say, ‘We’d like to consult and hear from you,’ but you do not ever hear from them from one election to the next. It is not like federal members of parliament who are out there all the time, always consulting, always working hard. You would think councillors, who have relatively little responsibility compared to federal members, would be able to find some time to be out there talking to their constituents. Often they only have about 5,000 constituents in a major city. In some areas, they only have 500. In other areas, they only have 50. Yet federal members seem to get more widely known because they work harder and are out there all of the time consulting with their constituents.

It just amazes me that you do not see Townsville councillors—who are all of the one political colour—appearing at all between elections. I hope that when the constituents in the electorate come to put their mark on the paper on 27 March they recognise that and understand that it is good to have alternate voices and is good to have watchdogs that can bark when necessary. I certainly hope that the people of Townsville recognise that. In closing, I want to wish the Mayor of Thuringowa, Councillor Les Tyrell, and his team—who have done extraordinarily good work for that city—well in the coming election. I certainly hope that Les is returned, as do the majority of the people of Thuringowa.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I call the Minister for Citizenship and Multicultural Affairs.

Mr Albanese—Mr Deputy Speaker, on a point of order: the order of speakers normally goes side to side.

The DEPUTY SPEAKER—I rely on standing order 65, if the member for Grayndler would like to consult it. I call the minister.

Education: School Values

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs and Minister Assisting the Prime Minister) (9.29 p.m.)—Earlier this evening, the member for Jagajaga raised a point that I would also like to discuss in the minute we have left in this adjournment debate tonight. I too have schools within my electorate which predominantly teach students with a hearing impairment and involve them in such a way as to make them feel very much so part of the wide school community. The Yeerongpilly special school, which is attached to Yeronga State School, is certainly a special school unit and I am very proud of the work they do.

The Warrigal Road Primary School in my electorate equally ensures that through signing and full participation it is possible for deaf students to attend the school. I know that next week they will be celebrating Harmony Day, which proves not only the diversity factor involving those with a hearing impairment but also all the cultures and traditions that are part of this massive school community. I salute the Warrigal Road Primary School.

The DEPUTY 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 Ruddock to present a bill for an act to amend the Sex Discrimination Act 1984, and for related purposes. (Sex Discrimination Amendment (Teaching Profession) Bill 2004)

Mr Ian Macfarlane to present a bill for an act to amend the Petroleum (Submerged Lands) Act 1967 and other legislation to give effect to the Greater Sunrise unitisation agreement, and for other purposes. (Greater Sunrise Unitisation Agreement Implementation Bill 2004)
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Employment: Job Seekers
(Question No. 2881)

Mr Albanese asked the Minister for Employment Services, upon notice, on 4 December 2003:

(1) Over the duration of ESC2 what proportion of (a) jobseekers, and (b) disadvantaged jobseekers undertook Intensive Assistance (i) once, (ii) twice, and (iii) three or more times.

(2) What proportion of (a) jobseekers, and (b) disadvantaged jobseekers who undertook Intensive Assistance (i) once, (ii) twice, and (iii) three or more times obtained an employment outcome.

(3) Can he provide this information for different sub-groups which experience disadvantage in the labour market.

Mr Brough—The answer to the honourable member’s question is as follows:

(1) The following table shows the proportion of jobseekers who commenced in Intensive Assistance once, twice and three or more times during the ESC2 contract period:

<table>
<thead>
<tr>
<th>Times in IA</th>
<th>Disadvantaged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td>77%</td>
</tr>
<tr>
<td>2</td>
<td>19%</td>
</tr>
<tr>
<td>3+</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note that a disadvantaged jobseeker is defined by the Intensive Assistance Funding level achieved through the application of the Jobseeker Classification Instrument (JSCI).

(2) The following table shows the proportion of jobseekers who obtained a positive outcome by number of times in IA and disadvantaged status during the ESC2 contract period:

<table>
<thead>
<tr>
<th>Times in IA</th>
<th>Disadvantaged</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td>56.7%</td>
</tr>
<tr>
<td>2</td>
<td>50.5%</td>
</tr>
<tr>
<td>3+</td>
<td>48.6%</td>
</tr>
</tbody>
</table>

(3) The determinant of jobseeker disadvantage for the purposes of Intensive Assistance funding is calculated by the application of the JSCI. The JSCI takes into consideration a range of personal and geographical factors which on their own do not signify a jobseeker as being disadvantaged in the labour market. For this reason the further disaggregation of the above data by JSCI factors is not appropriate for determining disadvantage.

Employment Services: Conclusive Certificates
(Question No. 2934)

Mr Danby asked the Minister for Employment Services, upon notice, on Monday, 9 February 2004:

(1) How many conclusive certificates has the Minister issued under each of sections 33, 33A, and 36 of the Freedom of Information Act 1982 in each of the last six financial years.

(2) In each of the last six financial years, how many appeals against those certificates were (a) lodged with the AAT, (b) successful, and (c) unsuccessful.
(3) What are the case names of all the appeals lodged with the AAT in each of the last six financial years.

Mr Brough—The answers to the honourable member’s questions are as follows:

(1) None.
(2) Not applicable.
(3) Not applicable.

Foreign Affairs: Iran
(Question No. 2957)

Mr Murphy asked the Minister for Foreign Affairs, upon notice, on 10 February 2004:

(1) Why did the Government offer only $2 million aid to the people of Iran after the earthquake.
(2) Will the Government vastly increase Australia’s $2 million offer of aid; if not why not.

Mr Downer—The answer to the honourable member’s question is as follows:

(1) The Australian Government pledged $4 million in aid to the people of Iran after the Bam earthquake; an initial pledge of $2 million for immediate relief assistance on 28 December 2003 made in response to calls by the Government of Iran, the United Nations and international agencies, and a contribution of an additional $2 million in response to a United Nations flash humanitarian appeal. In addition, the Australian Government mounted an emergency airlift of relief supplies costing an estimated $500,000.

(2) Figures provided by the United Nations Office for the Coordination of Humanitarian Affairs show that Australia was an early and generous donor to the relief effort.