INTERNET
The Votes and Proceedings for the House of Representatives are available at

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at

For searching purposes use
http://parlinfoweb.aph.gov.au

SITTING DAYS—2005

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>8, 9, 10, 14, 15, 16, 17</td>
</tr>
<tr>
<td>March</td>
<td>7, 8, 9, 10, 14, 15, 16, 17</td>
</tr>
<tr>
<td>May</td>
<td>10, 11, 12, 23, 24, 25, 26, 30, 31</td>
</tr>
<tr>
<td>June</td>
<td>1, 2, 14, 15, 16, 20, 21, 22, 23</td>
</tr>
<tr>
<td>August</td>
<td>9, 10, 11, 15, 16, 17, 18</td>
</tr>
<tr>
<td>September</td>
<td>5, 6, 7, 8, 12, 13, 14, 15</td>
</tr>
<tr>
<td>October</td>
<td>4, 5, 6, 10, 11, 12, 13, 31</td>
</tr>
<tr>
<td>November</td>
<td>1, 2, 3, 28, 29, 30</td>
</tr>
<tr>
<td>December</td>
<td>1, 5, 6, 7, 8</td>
</tr>
</tbody>
</table>

RADIO BROADCASTS

Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

- **CANBERRA**: 103.9FM
- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **GOSFORD**: 98.1 FM
- **BRISBANE**: 936 AM
- **GOLD COAST**: 95.7 FM
- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 747 AM
- **NORTHERN TASMANIA**: 92.5 FM
- **DARWIN**: 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—FOURTH PERIOD

Governor-General
His Excellency Major-General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

House of Representatives Officeholders
Speaker—The Hon. David Peter Maxwell Hawker MP
Deputy Speaker—The Hon. Ian Raymond Causley MP
Second Deputy Speaker—Mr Henry Alfred Jenkins MP

Members of the Speaker’s Panel—The Hon. Dick Godfrey Harry Adams, Mr Robert Charles Baldwin, the Hon. Bronwyn Kathleen Bishop, Mr Michael John Hatton, Mr Peter John Lindsay, Mr Robert Francis McMullan, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, the Hon. Alexander Michael Somlyay, Mr Kim William Wilkie

Leader of the House—The Hon. Anthony John Abbott MP
Deputy Leader of the House—The Hon. Peter John McGauran MP
Manager of Opposition Business—Ms Julia Eileen Gillard MP
Deputy Manager of Opposition Business—Mr Anthony Norman Albanese MP

Party Leaders and Whips
Liberal Party of Australia
Leader—The Hon. John Winston Howard MP
Deputy Leader—The Hon. Peter Howard Costello MP
Chief Government Whip—Mr Kerry Joseph Bartlett MP

Government Whips—Mrs Joanna Gash MP and Mr Fergus Stewart McArthur MP

The Nationals
Leader—The Hon. Mark Anthony James Vaile MP
Deputy Leader—The Hon. Warren Errol Truss MP
Whip—Mr John Alexander Forrest MP
Assistant Whip—Mr Paul Christopher Neville MP

Australian Labor Party
Leader—The Hon. Kim Christian Beazley MP
Deputy Leader—Ms Jennifer Louise Macklin MP
Chief Opposition Whip—The Hon. Leo Roger Spurway Price MP

Opposition Whips—Mr Michael David Danby MP and Ms Jill Griffiths Hall MP

Printed by authority of the House of Representatives
## Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott, Hon. Anthony John</td>
<td>Warringah, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Adams, Hon. Dick Godfrey Harry</td>
<td>Lyons, TAS</td>
<td>ALP</td>
</tr>
<tr>
<td>Albanese, Anthony Norman</td>
<td>Grayndler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Anderson, Hon. John Duncan</td>
<td>Gwydir, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Andre, Peter James</td>
<td>Calare, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Andrews, Hon. Kevin James</td>
<td>Menzies, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Bailey, Hon. Frances Esther</td>
<td>McEwen, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Baird, Hon. Bruce George</td>
<td>Cook, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Baker, Mark Horden</td>
<td>Braddon, TAS</td>
<td>LP</td>
</tr>
<tr>
<td>Baldwin, Robert Charles</td>
<td>Paterson, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Barresi, Phillip Anthony</td>
<td>Deakin, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Bartlett, Kerry Joseph</td>
<td>Macquarie, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Beazley, Hon. Kim Christian</td>
<td>Brand, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Bevis, Hon. Archibald Ronald</td>
<td>Brisbane, QLD</td>
<td>ALP</td>
</tr>
<tr>
<td>Billson, Hon. Bruce Fredrick</td>
<td>Dunkley, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Bird, Sharon</td>
<td>Cunningham, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Bishop, Hon. Bronwyn Kathleen</td>
<td>Mackellar, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Bishop, Hon. Julie Isabel</td>
<td>Curtin, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Bowen, Christopher Eyles</td>
<td>Prospect, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Broadbent, Russell Evan</td>
<td>McMillan, VIC</td>
<td>LP</td>
</tr>
<tr>
<td>Brough, Hon. Malcolm Thomas</td>
<td>Longman, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Burke, Anna Elizabeth</td>
<td>Chisholm, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Burke, Anthony Stephen</td>
<td>Watson, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Byrne, Anthony Michael</td>
<td>Holt, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Cadman, Hon. Alan Glyndwr</td>
<td>Mitchell, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Causley, Hon. Ian Raymond</td>
<td>Page, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Ciobo, Steven Michele</td>
<td>Moncrieff, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Cobb, Hon. John Kenneth</td>
<td>Parkes, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Corcoran, Ann Kathleen</td>
<td>Isaacs, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Costello, Hon. Peter Howard</td>
<td>Higgins, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Crean, Hon. Simon Findlay</td>
<td>Hotham, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Danby, Michael</td>
<td>Melbourne Ports, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Downer, Hon. Alexander John Gosse</td>
<td>Mayo, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Draper, Patricia</td>
<td>Makin, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Dutton, Hon. Peter Craig</td>
<td>Dickson, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Edwards, Hon. Graham John</td>
<td>Cowan, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Elliot, Maria Justine</td>
<td>Richmond, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ellis, Annette Louise</td>
<td>Canberra, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Ellis, Katherine Margaret</td>
<td>Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Elson, Kay Selma</td>
<td>Forde, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Emerson, Craig Anthony</td>
<td>Rankin, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Entsch, Hon. Warren George</td>
<td>Leichhardt, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Farmer, Hon. Patrick Francis</td>
<td>Macarthur, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Fawcett, David Julian</td>
<td>Wakefield, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Ferguson, Laurence Donald Thomas</td>
<td>Reid, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Martin John, AM</td>
<td>Batman, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Michael Durrel</td>
<td>Bass, TAS</td>
<td>LP</td>
</tr>
</tbody>
</table>
Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitzgibbon, Joel Andrew</td>
<td>Hunter, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Forrest, John Alexander</td>
<td>Mallee, VIC</td>
<td>Nats</td>
</tr>
<tr>
<td>Gambaro, Hon. Teresa</td>
<td>Petrie, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Garrett, Peter Robert, AM</td>
<td>Kingsford Smith, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Gash, Joanna</td>
<td>Gilmore, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Georganas, Steven</td>
<td>Hindmarsh, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>George, Jennie</td>
<td>Throsby, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Georgiou, Petro</td>
<td>Kooyong, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Gibbons, Stephen William</td>
<td>Bendigo, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Gillard, Julia Eileen</td>
<td>Lalor, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Grierson, Sharon Joy</td>
<td>Newcastle, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Griffin, Alan Peter</td>
<td>Bruce, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Haase, Barry Wayne</td>
<td>Kalgoorlie, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Hall, Jill Griffiths</td>
<td>Shortland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hardgrave, Hon. Gary Douglas</td>
<td>Moreton, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Hartsuyker, Luke</td>
<td>Cowper, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Hatton, Michael John</td>
<td>Blaxland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hawker, David Peter Maxwell</td>
<td>Wannon, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Hayes, Christopher Patrick</td>
<td>Werriwa, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Henry, Stuart</td>
<td>Hasluck, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Hoare, Kelly Joy</td>
<td>Charlton, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hockey, Hon. Joseph Benedict</td>
<td>North Sydney, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Howard, Hon. John Winston</td>
<td>Bennelong, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Hull, Kay Elizabeth</td>
<td>Riverina, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Hunt, Hon. Gregory Andrew</td>
<td>Flinders, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Irwin, Julia Claire</td>
<td>Fowler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Jenkins, Harry Alfred</td>
<td>Scullin, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Jensen, Dennis Geoffrey</td>
<td>Tangney, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Johnson, Michael Andrew</td>
<td>Ryan, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Jull, Hon. David Francis</td>
<td>Fadden, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Katter, Hon. Robert Carl</td>
<td>Kennedy, Qld</td>
<td>Ind</td>
</tr>
<tr>
<td>Keenan, Michael Fayat</td>
<td>Stirling, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Kelly, Hon. De-Anne Margaret</td>
<td>Dawson, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>Kelly, Hon. Jacqueline Marie</td>
<td>Lindsay, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Kerr, Hon. Duncan James Colquhoun, SC</td>
<td>Denison, Tas</td>
<td>ALP</td>
</tr>
<tr>
<td>King, Catherine Fiona</td>
<td>Ballarat, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Laming, Andrew Charles</td>
<td>Bowman, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Lawrence, Hon. Carmen Mary</td>
<td>Fremantle, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Ley, Hon. Susan Penelope</td>
<td>Farrer, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Lindsay, Peter John</td>
<td>Herbert, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Livermore, Kirsten Fiona</td>
<td>Capricornia, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Lloyd, Hon. James Eric</td>
<td>Robertson, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Macfarlane, Hon. Ian Elgin</td>
<td>Groom, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Macklin, Jennifer Louise</td>
<td>Jagajaga, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Markus, Louise Elizabeth</td>
<td>Greenway, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>May, Margaret Ann</td>
<td>McPherson, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>McArthur, Fergus Steward</td>
<td>Corangamite, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>McClelland, Robert Bruce</td>
<td>Barton, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Member</td>
<td>Division</td>
<td>Party</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------</td>
<td>---------</td>
</tr>
<tr>
<td>McGauran, Hon. Peter John</td>
<td>Gippsland, Vic</td>
<td>Nats</td>
</tr>
<tr>
<td>McBnull, Robert Francis</td>
<td>Fraser, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Melham, Daryl</td>
<td>Banks, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Moylan, Hon. Judith Eleanor</td>
<td>Pearce, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Murphy, John Paul</td>
<td>Lowe, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Nairn, Hon. Gary Roy</td>
<td>Eden-Monaro, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Nelson, Hon. Brendan John</td>
<td>Bradfield, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Neville, Paul Christopher</td>
<td>Hinkler, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>O’Connor, Brendan Patrick John</td>
<td>Gorton, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>O’Connor, Gavan Michael</td>
<td>Corio, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Owens, Julie Ann</td>
<td>Parramatta, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Panopoulos, Sophie</td>
<td>Indi, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Pearce, Hon. Christopher John</td>
<td>Aston, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Pilbersek, Tanya Joan</td>
<td>Sydney, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Price, Hon. Leo Roger Spurway</td>
<td>Chifley, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Prosser, Hon. Geoffrey Daniel</td>
<td>Forrest, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Pyne, Hon. Christopher Maurice</td>
<td>Sturt, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Quick, Harry Vernon</td>
<td>Franklin, Tas</td>
<td>ALP</td>
</tr>
<tr>
<td>Randall, Don James</td>
<td>Canning, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Richardson, Kym</td>
<td>Kingston, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Ripoll, Bernard Fernando</td>
<td>Oxley, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Robb, Andrew John</td>
<td>Goldstein, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Roxon, Nicola Louise</td>
<td>Gellibrand, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Rudd, Kevin Michael</td>
<td>Griffith, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Ruddock, Hon. Philip Maxwell</td>
<td>Berowra, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Sawford, Rodney Weston</td>
<td>Port Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Schultz, Albert John</td>
<td>Hume, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Scott, Hon. Bruce Craig</td>
<td>Maranoa, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>Secker, Patrick Damien</td>
<td>Barker, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Sercombe, Robert Charles Grant</td>
<td>Maribyrnong, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Slipper, Hon. Peter Neil</td>
<td>Fisher, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Smith, Anthony David Hawthorn</td>
<td>Casey, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Smith, Stephen Francis</td>
<td>Perth, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Snowdon, Hon. Warren Edward</td>
<td>Ligiari, NT</td>
<td>ALP</td>
</tr>
<tr>
<td>Somilay, Hon. Alexander Michael</td>
<td>Fairfax, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Southcott, Andrew John</td>
<td>Boothby, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Stone, Hon. Sharman Nancy</td>
<td>Murray, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Swan, Wayne Maxwell</td>
<td>Lilley, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Tanner, Lindsay James</td>
<td>Melbourne, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Thompson, Cameron Paul</td>
<td>Blair, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Thomson, Kelvin John</td>
<td>Wills, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Ticehurst, Kenneth Vincent</td>
<td>Dobell, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Tollner, David William</td>
<td>Solomon, NT</td>
<td>CLP</td>
</tr>
<tr>
<td>Truss, Hon. Warren Errol</td>
<td>Wide Bay, QLD</td>
<td>Nats</td>
</tr>
<tr>
<td>Tuckey, Hon. Charles Wilson</td>
<td>O’Connor, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Turnbull, Malcolm Bligh</td>
<td>Wentworth, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Vaile, Hon. Mark Anthony James</td>
<td>Lyne, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Vale, Hon. Danna Sue</td>
<td>Hughes, NSW</td>
<td>LP</td>
</tr>
</tbody>
</table>
Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vamvakinou, Maria</td>
<td>Calwell, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Vasta, Ross Xavier</td>
<td>Bonner, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Wakelin, Barry Hugh</td>
<td>Grey, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Wilkie, Kim William</td>
<td>Swan, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Windsor, Antony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Wood, Jason Peter</td>
<td>La Trobe, VIC</td>
<td>LP</td>
</tr>
</tbody>
</table>

PARTY ABBREVIATIONS
ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals; Ind—Independent; CLP—Country Liberal Party; AG—Australian Greens

Heads of Parliamentary Departments
Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—H R Penfold QC
HOWARD MINISTRY

Prime Minister
Minister for Trade and Deputy Prime Minister
Treasurer
Minister for Transport and Regional Services
Minister for Defence and Leader of the Government in the Senate
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the House
Attorney-General
Minister for Finance and Administration, Deputy Leader of the Government in the Senate and Vice-President of the Executive Council
Minister for Agriculture, Fisheries and Forestry and Deputy Leader of the House
Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs
Minister for Education, Science and Training
Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s Issues
Minister for Industry, Tourism and Resources
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service
Minister for Communications, Information Technology and the Arts
Minister for the Environment and Heritage

The Hon. John Winston Howard MP
The Hon. Mark Anthony James Vaile MP
The Hon. Peter Howard Costello MP
The Hon. Warren Errol Truss MP
Senator the Hon. Robert Murray Hill
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin
The Hon. Peter John McGauran MP
Senator the Hon. Amanda Eloise Vanstone
The Hon. Dr Brendan John Nelson MP
Senator the Hon. Kay Christine Lesley Patterson
The Hon. Ian Elgin Macfarlane MP
The Hon. Kevin James Andrews MP
Senator the Hon. Helen Lloyd Coonan
Senator the Hon. Ian Gordon Campbell

(The above ministers constitute the cabinet)
<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Justice and Customs and Manager of Government Business in the Senate</td>
<td>Senator the Hon. Christopher Martin Ellison</td>
</tr>
<tr>
<td>Minister for Fisheries, Forestry and Conservation</td>
<td>Senator the Hon. Ian Douglas Macdonald</td>
</tr>
<tr>
<td>Minister for the Arts and Sport</td>
<td>Senator the Hon. Charles Roderick Kemp</td>
</tr>
<tr>
<td>Minister for Human Services</td>
<td>The Hon. Joseph Benedict Hockey MP</td>
</tr>
<tr>
<td>Minister for Citizenship and Multicultural Affairs</td>
<td>The Hon. John Kenneth Cobb MP</td>
</tr>
<tr>
<td>Minister for Revenue and Assistant Treasurer</td>
<td>The Hon. Malcolm Thomas Brough MP</td>
</tr>
<tr>
<td>Special Minister of State</td>
<td>Senator the Hon. Eric Abetz</td>
</tr>
<tr>
<td>Minister for Vocational and Technical Education and Minister Assisting the Prime Minister</td>
<td>The Hon. Gary Douglas Hardgrave MP</td>
</tr>
<tr>
<td>Minister for Ageing</td>
<td>The Hon. Julie Isabel Bishop MP</td>
</tr>
<tr>
<td>Minister for Small Business and Tourism</td>
<td>The Hon. Frances Esther Bailey MP</td>
</tr>
<tr>
<td>Minister for Local Government, Territories and Roads</td>
<td>The Hon. James Eric Lloyd MP</td>
</tr>
<tr>
<td>Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence</td>
<td>The Hon. De-Anne Margaret Kelly MP</td>
</tr>
<tr>
<td>Minister for Workforce Participation</td>
<td>The Hon. Peter Craig Dutton MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Finance and Administration</td>
<td>The Hon. Dr Sharman Nancy Stone MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Industry, Tourism and Resources</td>
<td>The Hon. Warren George Entsch MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>The Hon. Christopher Maurice Pyne MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Defence</td>
<td>The Hon. Teresa Gambaro MP</td>
</tr>
<tr>
<td>Parliamentary Secretary (Trade)</td>
<td>Senator the Hon. John Alexander Lindsay MacDonald</td>
</tr>
<tr>
<td>Parliamentary Secretary (Foreign Affairs) and Parliamentary Secretary to the Minister for Immigration and Multicultural and Indigenous Affairs</td>
<td>The Hon. Bruce Fredrick Billson MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon. Gary Roy Nairn MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon. Christopher John Pearce MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for the Environment and Heritage</td>
<td>The Hon. Gregory Andrew Hunt MP</td>
</tr>
<tr>
<td>Parliamentary Secretary (Children and Youth Affairs)</td>
<td>The Hon. Sussan Penelope Ley MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Education, Science and Training</td>
<td>The Hon. Patrick Francis Farmer MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry</td>
<td>Senator the Hon. Richard Mansell Colbeck</td>
</tr>
</tbody>
</table>
SHADOW MINISTRY

Leader of the Opposition
The Hon. Kim Christian Beazley MP

Deputy Leader of the Opposition and Shadow Minister for Education, Training, Science and Research
Jennifer Louise Macklin MP

Leader of the Opposition in the Senate, Shadow Minister for Indigenous Affairs and Shadow Minister for Family and Community Services
Senator Christopher Vaughan Evans

Deputy Leader of the Opposition in the Senate and Shadow Minister for Communications and Information Technology
Senator Stephen Michael Conroy

Shadow Minister for Health and Manager of Opposition Business in the House
Julia Eileen Gillard MP

Shadow Treasurer
Wayne Maxwell Swan MP

Shadow Attorney-General
Nicola Louise Roxon MP

Shadow Minister for Industry, Infrastructure and Industrial Relations
Stephen Francis Smith MP

Shadow Minister for Foreign Affairs and Trade and Shadow Minister for International Security
Kevin Michael Rudd MP

Shadow Minister for Defence
Robert Bruce McClelland MP

Shadow Minister for Regional Development
The Hon. Simon Findlay Crean MP

Shadow Minister for Primary Industries, Resources, Forestry and Tourism
Martin John Ferguson MP

Shadow Minister for Environment and Heritage, Shadow Minister for Water and Deputy Manager of Opposition Business in the House
Anthony Norman Albanese MP

Shadow Minister for Housing, Shadow Minister for Urban Development and Shadow Minister for Local Government and Territories
Senator Kim John Carr

Shadow Minister for Public Accountability and Shadow Minister for Human Services
Kelvin John Thomson MP

Shadow Minister for Finance
Lindsay James Tanner MP

Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services
Senator the Hon. Nicholas John Sherry

Shadow Minister for Child Care, Shadow Minister for Youth and Shadow Minister for Women
Tanya Joan Plibersek MP

Shadow Minister for Employment and Workforce Participation and Shadow Minister for Corporate Governance and Responsibility
Senator Penelope Ying Yen Wong

(The above are shadow cabinet ministers)
SHADOW MINISTRY—continued

Shadow Minister for Consumer Affairs and Shadow Minister for Population Health and Health Regulation  Laurie Donald Thomas Ferguson MP
Shadow Minister for Agriculture and Fisheries Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Small Business and Competition  Gavan Michael O’Connor MP  Joel Andrew Fitzgibbon MP
Shadow Minister for Transport  Senator Kerry Williams Kelso O’Brien
Shadow Minister for Sport and Recreation  Senator Kate Alexandra Lundy
Shadow Minister for Homeland Security and Shadow Minister for Aviation and Transport Security  The Hon. Archibald Ronald Bevis MP
Shadow Minister for Veterans’ Affairs and Shadow Special Minister of State  Alan Peter Griffin MP
Shadow Minister for Defence Industry, Procurement and Personnel  Senator Thomas Mark Bishop
Shadow Minister for Immigration  Anthony Stephen Burke MP
Shadow Minister for Aged Care, Disabilities and Carers  Senator Jan Elizabeth McLucas
Shadow Minister for Justice and Customs and Manager of Opposition Business in the Senate  Senator Joseph William Ludwig
Shadow Minister for Overseas Aid and Pacific Island Affairs  Robert Charles Grant Sercombe MP
Shadow Parliamentary Secretary for Reconciliation and the Arts  Peter Robert Garrett MP
Shadow Parliamentary Secretary to the Leader of the Opposition  John Paul Murphy MP
Shadow Parliamentary Secretary for Defence and Veterans’ Affairs  The Hon. Graham John Edwards MP
Shadow Parliamentary Secretary for Education  Kirsten Fiona Livermore MP
Shadow Parliamentary Secretary for Environment and Heritage  Jennie George MP
Shadow Parliamentary Secretary for Industry, Infrastructure and Industrial Relations  Bernard Fernando Ripoll MP
Shadow Parliamentary Secretary for Immigration  Ann Kathleen Corcoran MP
Shadow Parliamentary Secretary for Treasury  Catherine Fiona King MP
Shadow Parliamentary Secretary for Science and Water  Senator Ursula Mary Stephens
Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs  The Hon. Warren Edward Snowdon MP
CONTENTS

WEDNESDAY, 7 SEPTEMBER

CHAMBER

Telstra .................................................................................................................................................. 1
Student Assistance Legislation Amendment Bill 2005—
  First Reading ....................................................................................................................................... 3
  Second Reading .................................................................................................................................... 3
Telecommunications Legislation Amendment (Future Proofing and Other Measures)
  Bill 2005—
  First Reading ....................................................................................................................................... 4
  Second Reading .................................................................................................................................... 4
Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer
  Codes) Bill 2005—
  First Reading ....................................................................................................................................... 7
  Second Reading .................................................................................................................................... 8
 Appropriation (Regional Telecommunications Services) Bill 2005-2006—
  First Reading ....................................................................................................................................... 8
  Second Reading .................................................................................................................................... 8
Fuel Quality Standards (Ethanol Content) Legislation ................................................................. 10
Tax Laws Amendment (2005 Measures No. 5) Bill 2005—
  Second Reading .................................................................................................................................... 13
  Consideration in Detail ........................................................................................................................ 38
  Third Reading ....................................................................................................................................... 39
Workplace Relations Amendment (Better Bargaining) Bill 2005—
  Second Reading .................................................................................................................................... 39
  Consideration in Detail ........................................................................................................................ 48
  Third Reading ....................................................................................................................................... 54
Health Insurance Amendment (Medicare Safety-nets) Bill 2005—
  Second Reading .................................................................................................................................... 54
Questions Without Notice—
  Telstra .................................................................................................................................................. 67
  Economy ............................................................................................................................................ 68
  Telstra .................................................................................................................................................. 68
  Economy: Exports ................................................................................................................................. 69
Distinguished Visitors .......................................................................................................................... 69
Questions Without Notice—
  Telstra .................................................................................................................................................. 70
  Hurricane Katrina .................................................................................................................................. 71
  Telstra .................................................................................................................................................. 72
  National Security ................................................................................................................................. 72
  Telstra .................................................................................................................................................. 73
  Workplace Relations ............................................................................................................................ 74
  Telstra .................................................................................................................................................. 75
  Schools Funding ................................................................................................................................. 75
  Telstra .................................................................................................................................................. 76
  Indigenous Health ............................................................................................................................... 77
  Telstra .................................................................................................................................................. 77
  Native Title .......................................................................................................................................... 77
  Telstra .................................................................................................................................................. 78
Howard Government—
  Censure Motion ................................................................................................................................. 78
CONTENTS—continued

Documents .............................................................................................................................................. 86
Questions to the Speaker—
   Questions in Writing .......................................................................................................................... 86
   Unparliamentary Language .................................................................................................................. 86
Matters of Public Importance—
   Telstra .................................................................................................................................................. 87
Human Services Legislation Amendment Bill 2005—
   Assent .................................................................................................................................................. 101
Building and Construction Industry Improvement Bill 2005 ................................................................. 101
Building and Construction Industry Improvement (Consequential and Transitional) Bill 2005—
   Returned from the Senate .................................................................................................................. 101
Main Committee ...................................................................................................................................... 101
Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005—
   Second Reading .................................................................................................................................. 101
Adjournment—
   Telstra .................................................................................................................................................. 137
   Mr Irfan Yousef .................................................................................................................................. 138
   Telstra .................................................................................................................................................. 139
   Mandurah Bypass ................................................................................................................................. 140
   Telstra .................................................................................................................................................. 141
   National Youth Roundtable .................................................................................................................. 142
   Telstra .................................................................................................................................................. 144
Notices ....................................................................................................................................................... 145
MAIN COMMITTEE
Statements By Members—
   Pension Bonus Scheme ........................................................................................................................ 146
   Mr Duncan Butler ................................................................................................................................. 146
   La Perouse Public School ...................................................................................................................... 147
   Palm Island ......................................................................................................................................... 148
   Port Adelaide ....................................................................................................................................... 148
   Boothby Electorate: Adelaide Hills ...................................................................................................... 149
   Franklin Electorate: Ralphs Bay .......................................................................................................... 150
QUESTIONS IN WRITING
Foreign Honours and Awards—(Question No. 1261) ............................................................................. 152
Health Insurance Commission—(Question No. 1402) ......................................................................... 152
Detention Centres—(Question No. 1664) ............................................................................................... 153
Iraq—(Question No. 1889) ...................................................................................................................... 154
Poster Mailout—(Question No. 1987) ..................................................................................................... 155
Memoranda of Understanding—(Question No. 2096) ........................................................................... 155
The SPEAKER (Hon. David Hawker) took the chair at 9.00 am and read prayers.

TELSTRA

Mr BEAZLEY (Brand—Leader of the Opposition) (9.00 am)—Firstly, I am glad that we are delivered from evil today. Now I wish to deliver us from a further evil. I move:

That so much of the standing and sessional orders be suspended as would prevent the Leader of the Opposition moving that: This House decline to deal with any bill or proposal about Telstra until after the completion of the Australian Security and Investment Commission’s inquiry relating to the Howard Government’s cover up of vital information about Telstra’s woefully inadequate services, major lack of investment in the nation’s future and its financially irresponsible and unsustainable practice of paying dividends from reserves.

Yesterday, the Prime Minister came into this place and urged that Telstra mislead—

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (9.01 am)—I move:

That the member be no longer heard.

Question put:

The House divided. [9.06 am]

(The Speaker—Hon. David Hawker)

Ayes.............. 76

Noes.............. 57

Majority........ 19

AYES


NOES


Members mover and seconder are marked with an asterisk *
O’Connor, G.M. Owens, J.
Plibersek, T. Price, L.R.S.
Roxon, N.L. Rudd, K.M.
Sawford, R.W. Sercombe, R.C.G.
Smith, S.F. Snowdon, W.E.
Swan, W.M. Tanner, L.
Vamvakinou, M. Wilkie, K.
Windsor, A.H.C.

* denotes teller

Question agreed to.

The SPEAKER—Is the motion seconded?

Mr STEPHEN SMITH (Perth) (9.10 am)—I second the motion. This is John Howard’s disgrace, ripping off nearly two million mum and dad shareholders. It is an absolute—

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (9.10 am)—I move:

That the member be no longer heard.

Question put.

The House divided. [9.12 am]

(The Speaker—Hon. David Hawker)

Ayes………….. 77

Noes………….  57

Majority……… 20

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baird, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadman, A.G. Cauley, I.R.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Elsom, K.S. Entsch, W.G.
Farmer, P.F. Fawcett, D.
Ferguson, M.D. Forrest, J.A. *
Gambaro, T. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hartsuyker, L. Henry, S.

Hockey, J.B. Johnson, M.A.
Kelly, D.M. Laming, A.
Lindsay, P.J. Macfarlane, I.E.
May, M.A. McGauran, P.J.
Nairn, G.R. Neville, P.C.
Pearce, C.J. Pyne, C.
Richardson, K. Ruddock, P.M.
Scott, B.C. Slipper, P.N.
Somlyay, A.M. Stone, S.N.
Tollner, D.W. Tuckey, C.W.
Vaile, M.A.J. Wakelin, B.H.
Wood, J. Wood, J.

Jensen, D. Keenan, M.
Kelly, J.M. Ley, S.P.
Lloyd, J.E. Markus, L.
McArthur, S. * Moylan, J.E.
Nelson, B.J. Panopoulos, S.
Prosser, G.D. Randall, D.J.
Robb, A. Schultz, A.
Secker, P.D. Smith, A.D.H.
Southcott, A.J. Tiehurst, K.V.
Truss, W.E. Turnbull, M.
Vasta, R. Washer, M.J.

NOES

Adams, D.G.H. Beazley, K.C.
Bevis, A.R. Bird, S.
Bowen, C. Burke, A.E.
Byrne, A.M. Crean, S.F.
Corcoran, A.K. Danby, M. *
Elliot, J. Edwards, G.J.
Ellis, A.L. Ellis, K.
Emerson, C.A. Ferguson, L.D.T.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. Geroge, J.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G. *
Hayes, C.P. Hoare, K.J.
Irwin, J. Jenkins, H.A.
Katter, R.C. Kerr, D.J.C.
King, C.F. Livermore, K.F.
Macklin, J.L. McClelland, R.B.
McMullan, R.F. Melham, D.
Murphy, J.P. O’Connor, B.P.
O’Connor, G.M. Owens, J.
Price, L.R.S. Ripoll, B.F.
Rudd, K.M. Sercombe, R.C.G.
Sawford, R.W. Snowdon, W.E.
Smith, S.F. Swan, W.M.

* denotes teller
Question agreed to.

Original question put:
That the motion (Mr Beazley’s) be agreed to.

The House divided. [9.14 am]

(The Speaker—Hon. David Hawker)

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

AYES
Adams, D.G.H. 
Beazley, K.C. 
Bird, S. 
Burke, A.E. 
Corcoran, A.K. 
Danby, M. * 
Elliot, J. 
Ellis, K. 
Ferguson, L.D.T. 
Fitzgibbon, J.A. 
Georganas, S. 
Gillard, J.E. 
Griffin, A.P. 
Hayes, C.P. 
Irwin, J. 
Katter, R.C. 
King, C.F. 
Macklin, J.L. 
McMullan, R.F. 
Murphy, J.P. 
O’Connor, G.M. 
Plibersek, T. 
Quick, H.V. 
Roxon, N.L. 
Sawford, R.W. 
Smith, S.F. 
Swan, W.M. 
Vamvakinou, M. 
Windsor, A.H.C. 

NOES
Abbott, A.J. 
Andrews, K.J. 
Baird, B.G. 
Baldwin, R.C. 
Bartlett, K.J. 
Bishop, B.K. 
Broadbent, R. 
Cadman, A.G. 
Cibbo, S.M. 
Downer, A.J.G. 
Elson, K.S. 
Farmer, P.F. 
Ferguson, M.D. 
Gambroo, T. 
Haase, B.W. 
Hartsuyker, L. 
Hockey, J.B. 
Johnson, M.A. 
Kelly, D.M. 
Laming, A. 
Lindsay, P.J. 
Macfarlane, I.E. 
May, M.A. 
McGauran, P.J. 
Nairn, G.R. 
Neville, P.C. 
Pearce, C.J. 
Pyne, C. 
Richardson, K. 
Ruddock, P.M. 
Scott, B.C. 
Sliper, P.N. 
Somlyay, A.M. 
Stone, S.N. 
Tollner, D.W. 
Tuckey, C.W. 
Vaile, M.A.J. 
Wakelin, B.H. 
Wood, J. 

* denotes teller

Question negatived.

STUDENT ASSISTANCE LEGISLATION AMENDMENT BILL 2005

First Reading

Bill presented by Dr Nelson, and read a first time.

Second Reading

Dr NELSON (Bradfield—Minister for Education, Science and Training) (9.18 am)—I move:

That this bill be now read a second time.
The Student Assistance Legislation Amendment Bill 2005 amends the Student Assistance Act 1973 and the Social Security Act 1991 to make it clear that a student cannot apply for assistance under the Student Financial Supplement Scheme under either act after the commencement of the bill.

The bill also amends both acts to provide for the alignment of the Student Financial Supplement Scheme repayment thresholds and indexation with the Higher Education Loan Program, otherwise known as HELP, under the Higher Education Support Act 2003 and applies the definition of taxable income used under the HELP arrangements to the Student Financial Supplement Scheme.

The Student Financial Supplement Scheme was a voluntary loan scheme under which eligible tertiary students could trade in income support in return for a loan on the basis of a $1 trade for a $2 loan. The money traded in became part of the loan, all of which is repayable.

The Student Financial Supplement Scheme was closed in response to increasing levels of bad and doubtful debt and reduced take-up of loans. The Australian Government Actuary has estimated that some 84 per cent of the loans under the Student Assistance Act 1973 and 56 per cent of the loans under the Social Security Act 1991 may never be repaid.

The bill also makes a minor technical amendment to the Student Assistance Act 1973 by inserting an express provision to permit the incorporation of an instrument ‘as in force or existing from time to time’ for the purposes of section 14 of the Legislative Instruments Act 2003. This will eliminate the need to make new regulations under the act whenever guidelines for the non-statutory Abstudy and Assistance for Isolated Children schemes are altered.

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

Debate (on motion by Mr Crean) adjourned.

TELECOMMUNICATIONS LEGISLATION AMENDMENT (FUTURE PROOFING AND OTHER MEASURES) BILL 2005

First Reading

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

Second Reading

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (9.22 am)—I move:

That this bill be now read a second time.

With a great deal of pride and satisfaction, I am bringing forward into this House for consideration the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005, which amends the Telecommunications (Consumer Protection and Service Standards) Act 1999 and the Telecommunications Act 1997. This bill gives effect to a number of vitally important telecommunications future-proofing arrangements for regional, rural and remote Australia, including a commitment to funding for the Connect Australia initiatives that I announced on 17 August 2005. The government...
ment honours its commitment and its obligations to rural and regional Australia and telecommunication consumers where they live within this land of ours.

The bill is part of the package that delivers on the government’s commitments to give Australians access to first class telecommunications services now and into the future.

The bill:

• provides for a dedicated and perpetual communications fund of $2 billion;
• establishes the framework for future, regular and independent reviews of the adequacy of regional telecommunications services;
• provides for an industry body or association to apply to the Australian Communications and Media Authority for consideration of eligibility for reimbursement of the costs of developing consumer and related codes to be recovered from industry;
• clarifies that at least two of the Telstra board members have to have regional, rural and remote experience;
• includes amendments that facilitate appropriations in connection with a Telstra sale scheme; and
• makes a consequential amendment to the Telstra Corporation Act 1991.

The measures proposed in this bill are comprehensive and go to providing rural, regional and remote consumers with improved technology, infrastructure and capacities now and into the future. It is an integrated package of initiatives aimed at addressing what the regional telecommunications inquiry—or Esten’s inquiry—called future proofing. The measures are provided in addition to the existing consumer regulatory safeguards such as the universal service obligation, which the Howard government strengthened from the legacy, paltry as it was, bequeathed to us by the Labor Party. Then the Howard government introduced the customer service guarantee, price controls, the network reliability framework, and the Telecommunications Industry Ombudsman, which are essential safeguards that were not only introduced by the Howard government after 13 years of missed opportunities by the Labor Party but will be maintained into the future.

The measures in the bill are also in addition to the local presence obligation recently placed on Telstra by way of a licence condition—again a Labor Party oversight or example of negligent administration, especially as it affected rural and regional subscribers. The local presence initiative requires Telstra to maintain a presence in rural, regional and remote Australia and to prepare a local presence plan, which is to be submitted to the minister for communications for consideration and approval in December of this year.

The measures in this bill further demonstrate that this government is fully committed to ensuring that all Australians can share in and benefit from the opportunities provided by affordable telecommunications now and—I will repeat it again—into the future. We are not leaving behind rural consumers, as Labor did with its abolition of the analog network.

Communications Fund

The creation of a dedicated and perpetual communications fund of $2 billion from the proceeds of the final sale of Telstra will provide an ongoing income stream to fund the government’s response to any recommendations proposed as a result of the regular reviews into the adequacy of regional telecommunications. The bill establishes the communications fund as a special account and provides for the arrangements for managing the account. The bill establishes that
the revenue generated from the fund will be spent on implementing the government’s responses to future recommendations contained in the reports of the Regional Telecommunications Independent Review Committee.

The establishment of the communications fund gives regional and rural Australians great security into the future, unless per chance there is an election of a Labor government. To the greatest extent possible, the legislative arrangements will prevent a Labor government abolishing or compromising that communications fund. Under a coalition government, the income derived from that communications fund will be available to improve the services and capacities of the rural infrastructure.

Regular Reviews

The bill provides for establishment of a Regional Telecommunications Independent Review Committee to review the adequacy of telecommunications services in regional, rural and remote parts of Australia on a regular basis. The regular review provisions in this bill were previously introduced into this Parliament in the Telecommunications Legislation Amendment (Regular Reviews and Other Measures) Bill 2005. However, these provisions have now been included as part of this comprehensive package of measures.

These arrangements provide a high degree of certainty for regional, rural and remote communities that the review process will result in improved, equitable access to important telecommunications services and that the reviews are independent from the executive government of the day. The bill provides for the first review to be commenced before the end of 2008 and then subsequent reviews to occur at a minimum of three-year intervals. The reviews will include public consultation and the government of the day must publicly respond to recommendations made by the committee.

Consumer Codes

Consumer codes are a notion unfamiliar to the Labor Party when in government. The bill amends part 6 of the Telecommunications Act 1997, dealing with industry codes and standards, to provide for a scheme to enable industry bodies and associations that develop consumer related industry codes to recover the costs of code development. Industry bodies and associations will be able to apply to the Australian Communications and Media Authority (ACMA) prior to commencing code development. ACMA will have a standing appropriation to reimburse costs from consolidated revenue, pending the recovery of costs from carrier licence charges made possible by amendment to the Telecommunications (Carrier Licence Charges) Act 1997.

This scheme will increase funding certainty for industry bodies or associations, such as the Australian Communications Industry Forum (ACIF), which generally rely on voluntary membership fees for funds and will enable increased consumer participation in the development of industry codes that benefit residential and small business consumers.

The bill will also make a consequential amendment to subsection 8BUA(1) of the Telstra Corporation Act 1991. This subsection requires Telstra to ensure that at least two of its directors have knowledge of, or experience in, the communications needs of regional, rural and remote areas of Australia. The bill replaces the reference in subsection 8BUA(1) to ‘regional’ areas with a reference to ‘regional, rural or remote’ areas for consistency with the independent reviews of telecommunications services in regional, rural and remote Australia.
The Telstra Corporation Act 1991 is also consequentially amended to provide appropriations for costs and expenses incurred by the Commonwealth in connection with the Telstra sale.

The bill acknowledges the government’s intention to provide funding of $1.1 billion for the comprehensive communications package called Connect Australia announced on 17 August this year and that this funding is in addition to the perpetual Communications Fund. The government’s twin policy approach is to have the Communications Fund to provide for infrastructure investment and service upgrades allowing for the emerging of new technology and new players into the future but, at the same time, Connect Australia with its $1.1 billion funding will immediately address deficiencies or weaknesses in telecommunications in rural areas from day one. The Connect Australia package is the biggest regional telecommunications assistance program in Australia’s history—so we can expect the Labor Party to vote against it. It is a targeted package aimed at providing all Australians access to first-class telecommunications into the future, as well as immediately, through four components:

(a) the $878 million Broadband Connect program to assist residential customers, small business and not-for-profit organisations in regional, rural and remote areas to access broadband at affordable prices;

(b) the $113 million Clever Networks program, supplemented by funding from state and territory governments and private investment, to provide for strategic investments in new broadband infrastructure and to enhance the delivery of government services;

(c) a further $30 million for the Mobile Connect program to expand the satellite phone handset subsidies scheme, and for terrestrial mobile coverage where operating costs can be recovered and investment is commercially viable; and

(d) the $90 million Backing Indigenous Ability package to deliver community phones, internet and videoconferencing in remote Indigenous communities and to improve Indigenous radio and television services.

Conclusion

In drawing to a conclusion I again emphasise the point—which is not lost on any fair minded, rational and clear-thinking person but is a totally foreign notion to the Labor Party members—that this comprehensive and forward-looking package of legislative and related measures is a demonstration of the government’s ongoing and proactive commitment to ensuring that Australia’s telecommunications system combines the best elements of competition, access to first-class telecommunications now and into the future and customer service. All the elements of a successful telecommunications service for non-metropolitan Australia are covered off by this package of reforms.

It represents the biggest commitment by any Australian government to telecommunications services—not only for non-metropolitan Australians but for all Australians wherever they live. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Crean) adjourned.
Second Reading

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (9.34 am)—I move:

That this bill be now read a second time.

The main purpose of the Telecommunications (Carrier Licence Charges) Amendment (Industry Plans and Consumer Codes) Bill 2005 is to enable the recoupment from licensed telecommunications carriers of costs incurred by industry bodies or associations, such as the Australian Communications Industry Forum, in developing consumer related industry codes of practice in the telecommunications sector.

Currently, industry bodies or associations rely almost entirely for funding on voluntary membership fees. It is becoming increasingly difficult to meet the costs of developing consumer related codes from these fees, particularly as these costs have risen substantially over the last two years.

Schedule 3 to the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005 provides for a scheme to enable industry bodies or associations to apply for reimbursement from the Australian Communications and Media Authority (ACMA) of the costs of developing consumer related codes.

Through the amendments proposed in this bill, ACMA will be able to recoup these payments from telecommunications carriers. Under the existing arrangements carrier licence charges are equitably based on each carrier’s share of total telecommunications revenue.

This scheme will mean more equitable funding of consumer related codes. It will also increase funding certainty for industry bodies or associations, and enable increased consumer participation in, and more timely development of, industry codes that benefit residential and small business consumers.

The amendments will help to address the concerns of consumer bodies, who have sought increased opportunities to participate in code development, for example in the report Consumer driven communications: strategies for better representation.

The bill also contains amendments that are consequential to the proposed amendments in schedule 1 to the Telecommunications Legislation Amendment (Competition and Consumer Issues) Bill 2005, which would remove the requirement for telecommunications carriers to have an industry development plan.

The bill also makes a retrospective amendment to the Telecommunications (Carrier Licence Charges) Amendment Act 1998 to correct a misdescribed amendment in that act.

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

Debate (on motion by Mr Crean) adjourned.

APPROPRIATION (REGIONAL TELECOMMUNICATIONS SERVICES) BILL 2005-2006

First Reading

Message from the Governor-General transmitting particulars of proposed expenditure and recommending appropriation announced.

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

Second Reading

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (9.38 am)—I move:

That this bill be now read a second time.

This is a memorable day for the government members who have toiled hard and publicly
to convince the electorate to support our plans for the full sale of Telstra. We have won the endorsement of regional and rural Australians over four elections. We did not take to four separate elections a hidden agenda away from the light of public examination, as the Labor Party did with its numerous privatisations. Consequently, this is a memorable, even unforgettable, day for those of us who represent regional Australia.

So with the greatest of pleasure I introduce the Appropriation (Regional Telecommunications Services) Bill 2005-2006. As I mentioned a short while ago, this is the third bill in the government’s package of measures that will support a robust, competitive telecommunications environment and advance communications services in regional, rural and remote Australia.

Mr Crean interjecting—
Mr Fitzgibbon interjecting—
Mr McGauran—These measures deliver on the government’s commitments to give Australians access to first-class telecommunications services now and into the future. The Labor Party is fighting a rear-guard action with meaningless interjections and interruptions—
Mr Fitzgibbon interjecting—
The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Hunter.

Mr McGauran—because they can see the fruition of public debate and election votes here this morning as the government fulfills its commitments. The government has won the debate. We have sought and received the confidence and support of rural and regional Australia. The reforms we introduce will upgrade telecommunications services now and in the future.

This bill proposes additional funding for the continuation of the Higher Bandwidth Incentive Scheme, HiBIS, and the implementation of the Connect Australia programs. It seeks total appropriations of $2.19 billion.

Mr Crean—What are you talking about?

Mr McGauran—Despite a cacophony of noise from the other side, that is a staggering amount of money. The government is seeking almost $2.2 billion—a staggering investment on behalf of taxpayers to upgrade telecommunications services.

The Higher Bandwidth Incentive Scheme provides registered internet service providers with incentive payments to supply higher bandwidth services in regional, rural and remote areas at prices comparable to those available in metropolitan areas. This bill seeks appropriation for 2005-06 of $67 million to enable the continued operation of this scheme under the higher levels of demand. That amount will be partly offset by a bringing forward $17 million from funding originally planned for 2006-07.

The Connect Australia programs are part of the largest regional telecommunications assistance package in Australia’s history. It is a targeted package aimed at providing Australians living or working in regional, rural and remote areas with access to first-class telecommunications now and into the future. The Connect Australia programs will involve funding totalling some $1.1 billion.

The Appropriation (Regional Telecommunications Services) Bill 2005-2006 seeks appropriation of $148.8 million to enable two program elements of Connect Australia to operate in 2005-06. The first element, Broadband Connect, will be based on the Higher Bandwidth Incentive Scheme. It will continue to assist residential customers, small businesses and not-for-profit organisations in regional, rural and remote areas to access broadband at affordable prices. However, it will introduce refinements to encourage providers to expand their areas of service.
supply and limit the possibility of providers recovering more than the legitimate capital costs of installing broadband infrastructure. Other minor refinements are being made so that the scheme continues to reflect metropolitan pricing levels. They will increase broadband penetrations rates in regional, rural and remote areas. Broadband Connect will be developed in consultation with key stakeholders.

The second element, called Mobile Connect, will build on the Mobile Phone Handset Subsidy Scheme to extend terrestrial mobile coverage to areas where operating costs can be recovered and investment is commercially viable. It will continue to subsidise satellite handsets for other areas, taking over from the Satellite Handset Subsidy Scheme. The various components of Mobile Connect will commence during 2005-06.

Lastly, this bill also requests appropriation of $3.5 million to cover the departmental costs arising from the increased program activity during 2005-06.

The Connect Australia funding proposed in this bill will be made available from the date on which the later of the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005 and the Telstra (Transition to Full Private Ownership) Bill 2005 receives royal assent—the latter bill being introduced in another place this week. This arrangement will ensure that the government’s Telecommunications Framework for the Future will be implemented as an integrated package.

I should return to the total amount of appropriations being sought by this bill. It is not $2.19 billion, as the member for Hotham, in distracting me, elicited. Instead, it is $219 million this financial year. A short while ago I spoke of the $2 billion communications fund and I spoke of the $1.1 billion Connect Australia fund and the four components of that fund. The appropriation sought is $219 million.

The Appropriation (Regional Telecommunications Services) Bill 2005-2006 is part of a comprehensive and forward-looking package. It is a significant demonstration of the government’s ongoing and proactive commitment to ensuring that Australia’s telecommunications system combines the best elements of competition and access to first-class telecommunications now and into the future. I commend the bill to the House.

Debate (on motion by Mr Crean) adjourned.

**FUEL QUALITY STANDARDS (ETHANOL CONTENT) LEGISLATION**

Mr WINDSOR (New England) (9.46 am)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for New England from moving the following motion immediately:

That this House:

1. bring forward the debate on Private Members’ bill—Fuel Quality Standards (Ethanol Content) Amendment Bill 2005;
2. acknowledges the skyrocketing fuel prices across the nation;
3. recognises the lowest fuel price in Australia is at Mount Warren Park which has 85% of its petrol sales being E10;
4. acknowledges the health issues being impacted on by current makeup of petrol in Australia and recognises the Australian Medical Association’s call for a 10% mandate for health and environmental purposes;
5. acknowledges the value of mandating ethanol in petrol to alleviating some of these health and environmental problems;
6. acknowledges the cost of investment opportunity lost through the continued delay in the process of giving security and direction to proponents of the ethanol industry;
(7) acknowledges the value of the development of the ethanol industry to the economies of rural and regional communities as well as the national economy;

(8) acknowledges the time being eaten into the excise exemption period granted by this place to encourage investors in new ethanol projects;

(9) acknowledges that the Federal Government already mandates the makeup of petrol through its removal of lead from petrol and therefore can mandate the inclusion of ethanol in petrol;

(10) acknowledges that through the scaling up of the inclusion of ethanol in petrol that the developing ethanol industry will be able to supply the Australian domestic market needs without the need for importing ethanol from overseas; and

(11) recognises that the Renewable Energy Target put in place by the Government in 2001 have not and will not be achieved by voluntary renewable energy targets.

It is time for Australia to realise that the fuel companies will not take up—

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (9.48 am)—I move:

That the member be no longer heard.

Question put.

The House divided. [9.52 am]

(The Deputy Speaker—Mr Jenkins)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes</td>
<td>53</td>
</tr>
<tr>
<td>Majority</td>
<td>24</td>
</tr>
</tbody>
</table>

AYES

Abbott, A.J.          Anderson, J.D.
Andrews, K.J.         Bailey, F.E.
Baird, B.G.           Baker, M.
Baldwin, R.C.         Barresi, P.A.
Bartlett, K.J.        Billson, B.F.
Bishop, B.K.          Bishop, J.I.
Broadbent, R.         Brough, M.T.
Cadman, A.G.          Causley, I.R.

Ciobo, S.M.          Cobb, J.K.
Downer, A.J.G.       Draper, P.
Elson, K.S.          Entsch, W.G.
Farmer, P.F.         Fawcett, D.
Ferguson, M.D.       Forrest, J.A. *
Gambaro, T.          Georgiou, P.
Haase, B.W.          Hardgrave, G.D.
Hartsuyker, L.       Henry, S.
Hockey, J.B.         Hull, K.E.
Jensen, D.           Johnson, M.A.
Keenan, M.           Kelly, D.M.
Kelly, J.M.           Laming, A.
Ley, S.P.            Lindsay, P.J.
Lloyd, J.E.          Macfarlane, I.E.
Markus, L.           May, M.A.
McArthur, S. *       McGauran, P.J.
Moylan, J.E.         Nairn, G.R.
Neville, P.C.        Panopoulos, S.
Pearce, C.J.         Prosser, G.D.
Pyne, C.             Randall, D.J.
Richardson, K.       Robb, A.
Ruddock, P.M.        Schultz, A.
Scott, B.C.          Secker, P.D.
Slipper, P.N.        Smith, A.D.H.
Somlyay, A.M.        Southcott, A.J.
Stone, S.N.          Ticehurst, K.V.
Tollner, D.W.        Truss, W.E.
Tuckey, C.W.         Turnbull, M.
Vaile, M.A.J.        Vasta, R.
Wakelin, B.H.        Washer, M.J.
Wood, J.            

AND

Adams, D.G.H.        Andren, P.J.
Beazley, K.C.        Bevis, A.R.
Bird, S.             Bowen, C.
Burke, A.E.          Byrne, A.M.
Corcoran, A.K.       Crean, S.F.
Danby, M. *          Edwards, G.J.
Elliot, J.           Ellis, A.L.
Ellis, K.            Emerson, C.A.
Ferguson, L.D.T.     Ferguson, M.J.
Fitzgibbon, J.A.     Garrett, P.
Georganas, S.        George, J.
Grierson, S.J.       Griffin, A.P.
Hall, J.G. *         Hatton, M.J.
Hayes, C.P.          Hoare, K.J.
Irwin, J.            Katter, R.C.
Kerr, D.J.C.         King, C.F.
Lawrence, C.M.       Livermore, K.F.
Macklin, J.L.        McClelland, R.B.
McMullan, R.F.       Melham, D.
Question agreed to.

The DEPUTY SPEAKER (Mr Jenkins)—Is the motion seconded?

Mr KATTER (Kennedy) (9.57 am)—In seconding the motion, I would like to point out to the House that those people opposing mandating—

Mr PEARCE (Aston—Parliamentary Secretary to the Treasurer) (9.57 am)—I move:

That the member be no longer heard.

Question put.

The House divided. [9.58 am]

(The Deputy Speaker—Mr Jenkins)

Ayes………… 77
Noes………… 53

Majority……. 24

AYES
Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baier, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadam, A.G. Causley, I.R.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Elson, K.S. Entsch, W.G.
Farmer, P.F. Fawcett, D.
Ferguson, M.D. Forrest, J.A.*
Gambaro, T. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hartsuyker, L. Henry, S.
Hockey, J.B. Hull, K.E.
Jensen, D. Johnson, M.A.

NOES
Adams, D.G.H. Andren, P.J.
Beazley, K.C. Bevis, A.R.
Bird, S. Bowen, C.
Burke, A.E. Byrne, A.M.
Corcoran, A.K. Crean, S.F.
Danby, C. Edwards, G.J.
Elliot, J. Ellis, A.L.
Ellis, K. Emerson, C.A.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. George, J.
Grierson, S.J. Griffin, A.P.
Hall, J.G.* Hatton, M.J.
Hayes, C.P. Hoare, K.J.
Irwin, J. Katter, R.C.
Kerr, D.J.C. King, C.F.
Lawrence, C.M. Livermore, K.F.
Macklin, J.L. McClelland, R.B.
McMullan, R.F. Melham, D.
McMullen, R.F. O’Connor, B.P.
Murphy, J.P. Owens, J.
O’Connor, G.M. Plibersek, T.
Quick, H.V. Rudd, K.M.
Roxon, N.L. Snowdon, W.E.
Vamvakinou, M. Wilkie, K.
Windsor, A.H.C. * denotes teller

Question agreed to.
Original question put:
That the motion (Mr Windsor’s) be agreed to.
The House divided. [10.01 am]
(The Deputy Speaker—Mr Jenkins)

Ayes…………… 53
Noes…………… 78
Majority……… 25

AYES
Adams, D.G.H. Andren, P.J.
Beazley, K.C. Bevis, A.R.
Bird, S. Bowen, C.
Burke, A.E. Byrne, A.M.
Corcoran, A.K. Crean, S.F.
Danby, M. * Edwards, G.J.
Elliot, J. Ellis, A.L.
Ellis, K. Emerson, C.A.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. Griffin, A.P.
Grierson, S.J. Hatton, M.J.
Hall, J.G. * Hoare, K.I.
Hayes, C.P. Katter, R.C.
Irwin, J. King, C.F.
Kerr, D.J.C. Livermore, K.F.
Lawrence, C.M. Macklin, J.L.
Macklin, J.L. Melham, D.
McCullum, R.F. Melver, B.P.
Murphy, J.P. Owens, J.
O’Connor, G.M. Price, L.R.S.
Plibersek, T. Ripoll, B.F.
Quick, H.V. Rudd, K.M.
Roxon, N.L. Snowdon, W.E.
Sawford, R.W. Wilkie, K.
Vamvakinou, M. Windsor, A.H.C.
Ferguson, M.D. Forrest, J.A. *
Gambaro, T. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hartsuyker, L. Henry, S.
Hockey, J.B. Hull, K.E.
Jensen, D. Johnson, M.A.
Keenan, M. Kelly, D.M.
Kelly, J.M. Laming, A.
Ley, S.P. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
Markus, L. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J.E. Nairn, G.R.
Nelson, B.J. Neville, P.C.
Panopoulos, S. Pearce, C.J.
Prosser, G.D. Pyne, C.
Randall, D.J. Richardson, K.
Robb, A. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Ticehurst, K.V. Toltner, D.W.
Truss, W.E. Tuckey, C.W.
Turnbull, M. Vail, M.A.J.
Vasta, R. Wakefield, B.H.
Washer, M.J. Wood, J.

* denotes teller

Question negatived.

TAX LAWS AMENDMENT (2005 MEASURES No. 5) BILL 2005
Second Reading

Debate resumed from 18 August, on motion by Mr Brough:
That this bill be now read a second time.

Mr FITZGIBBON (Hunter) (10.05 am)—The Tax Laws Amendment (2005 Measures No. 5) Bill 2005 and a number of actions on the government’s part in the House this morning demonstrate the failed and misdirected priorities of this government. We have seen regional Australia sold out by way of the introduction of the Telstra sale bills. We have also seen a very good motion put by the member for New England in an attempt to talk about a very important matter to regional Australia—that is, the di-
versification of our fuel mix and, in particular, efforts to raise the consumption of ethanol, which not only has environmental benefits and gives strength to independent service station operators as they attempt to tackle the power of the major oil companies but also would create jobs in rural and regional Australia. But do we get to debate ethanol in this place this morning off the back of the motion put by the member for New England? No, of course we do not. All we get is a gag motion, an unpreparedness on the part of this government to debate the important things to Australians at the moment.

Democracy is dead in this place. We see this new form of extremism, with the government taking control of the Senate. From now on they have simply determined they will do whatever they want to do, both in this place and in the other place. Forget about the priorities for ordinary Australians. Forget about the high taxation they are facing. Forget about the high fuel costs they are facing. Instead, the government say, ‘We will get on with the privatisation of Telstra,’ something that is contrary to the interests of those living in rural and regional Australia, as I think the member for Moncrieff indicates is the fact by the look on his face.

This is another tax bill to address what we on this side of the House now commonly refer to as Brough-ups—another bill which largely goes to correct a number of administrative errors from the Minister for Revenue and Assistant Treasurer, something we now see in this place on a regular if not daily basis. He has become a serial offender in this regard. Here we are again today addressing a couple more of those Brough-ups. What we should be doing in here today is talking about wider and broader tax reform—not just fiddling around the edges but taking on some of the big tax issues confronting the Australian economy and Australian society.

I am pleased the member for Moncrieff is in here this morning, because he is a leader of those on the government side in the so-called ginger group on tax, which has identified the need to go for some more general tax reform in this country. But alas this morning we can see by the narrowness of this bill that he and his group have been unable to further that cause within their own party room. They have been unable to do that, notwithstanding the fact that in more recent weeks he has been able to recruit the member for Wentworth to the ginger group, who now appears to be the leading light in the push to secure some tax reform in this country. I suspect that the member for Moncrieff is not quite in tune with the member for Wentworth. In recent weeks we have seen a few packages from the member for Wentworth that do not really have as their main focus tax reform—that is, getting rid of the high effective marginal tax rates so many people face, substantially addressing bracket creep and improving both horizontal and vertical equity of the tax system. Rather, the focus is on the big end of town. The focus is on the highest wage earners in this country. In other words, it is on reducing the tax contribution of the highest earners in this country.

When we had this debate a couple of years ago, the top marginal tax rate cut in at around $70,000 and, not long before that, around the time of the introduction of the GST, it cut in at $60,000. At that point in time, about 16 per cent of the taxpaying work force was facing the top marginal tax rate. We now know that from 1 July next year just three per cent of wage income earners will be facing the top marginal tax rate. What that means is that this is no longer the priority it once was: just three per cent will be facing that top marginal tax rate.

I remind the House of some research done by the Parliamentary Library back in 2003 that made the point that 65 per of the elector-
ates which had within them high levels of income earners on the top marginal rate were government-held seats. So you would not be surprised to see government members pushing for tax reform that focused on that top marginal rate. But that 65 per cent—the number produced by the Parliamentary Library in 2003—was based on 2001 census figures. What do you think the same sort of research would produce in today’s terms on the most recent census figures? It would show that it is now somewhat more than 65 per cent. So it is not surprising that, when we hear the member for Wentworth and some of his colleagues talking about tax reform, they are entirely focused on high-income earners.

The Labor Party do not want to talk just about high-income earners. We recognise that the top marginal rate is too high; it is not internationally competitive. The big gap between the 47 per cent rate and the 30 per cent corporate rate is an incentive for all sorts of creative accounting such as the establishment of trusts, incorporations and people moving to sole traderships—all the things that make the tax system more and more complex. We should be putting in place disincentives to things like incorporation—not putting in place greater incentives, which is partly what the member for Wentworth has been trying to do. We accept all those problems and we are focused on addressing them.

The top marginal rate is an 11th order issue now that only three per cent of income earners will be facing it come 1 July next year. The real issues are in the middle—for example, families on the 42 per cent rate who are facing big disincentives to work that bit of overtime to make their lives easier in financial terms and, more particularly, the people further down who are facing high effective marginal tax rates. So the opposition welcome the ginger group’s ideas and their contribution to the debate.

Mr Ciobo—Mr Deputy Speaker, I rise on a point of order under standing order 76. How long must the member for Hunter carry on about matters totally irrelevant to the subject matter of this bill before you will call him to order on relevance?

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Moncrieff will resume his seat. The honourable member for Hunter knows his responsibility to be relevant to the bill.

Mr FITZGIBBON—This might be an appropriate time for me to move my amendment to the motion that the bill be read a second time. I move:

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

“whilst not declining to give the bill a second reading, the House condemns the Government for

(1) the mismanagement of the legislative program by continuing to introduce tax bills with significant errors and anomalies requiring costly and cumbersome legislative correction;

(2) creating uncertainty for the small business sector by again changing debt equity provisions; and

(3) failing to bring forward a cognate bill to deal with all necessary changes to the consolidation regime”.

The opposition are interested in tax reform. We have the highest taxing government in Australia’s history, punishing people who are looking to get ahead and sitting back and doing nothing about tax reform other than talking big time about what needs to be done at the top. I have to say that I have not on any occasion heard the Prime Minister criticise or rule out of hand anything put forward by the member for Wentworth. I think it is fair for us on this side to suggest that that implies that the Prime Minister is in tune with the member for Wentworth.
The member for Moncrieff will have an opportunity in 15 minutes or so to say a few things. He has an opportunity to say to the people in his electorate: ‘Don’t think that after 1 July next year, with the threshold going to $125,000, the top marginal rate is the No. 1 issue.’ He has an opportunity to say that the member for Wentworth is wrong to be putting incentives in place which will encourage people to enter into clever financial arrangements like incorporations to reduce their tax. He has an opportunity to say that the member for Wentworth is wrong to suggest that regional zone rebates should be abolished to pay for tax cuts at the top end. I know he does not represent a rural or regional seat, but he has an opportunity to stand up—

Mr Ciobo—I raise a point of order under standing order 76. Whilst it is clear that the member for Hunter has done zero preparation for this debate, the only possible connection between what the member for Hunter is speaking about and the bill before the House is the word ‘tax’—and that is it. I would ask you to call the member to order.

The DEPUTY SPEAKER—Order! The long title of this bill is: ‘A Bill for an Act to amend the law relating to taxation, and for related purposes’. The member for Hunter has moved a second reading amendment. The honourable member for Hunter understands the obligations of the standing orders that he be relevant to the bill and to the matters that arise from his second reading amendment.

Mr FITZGIBBON—The member for Moncrieff obviously has not read the second reading amendment. I will move to the provisions of the bill in one moment; I will just finish what I was about to say. The other thing the member for Moncrieff will have an opportunity to say in 15 minutes time is that he rejects the abolition of the zone rebate for country areas, and we have already seen the government attacking country areas and Telstra this morning. He will have an opportunity to say, ‘No, zone rebates will remain in place.’ He will also have a chance to reject the proposition of the member for Wentworth that work related deductions should be removed for middle- and low-income earners so that the member for Wentworth can pay for tax cuts at the top end of the scale. That is what the member for Moncrieff will have an opportunity to do when he stands up in 15 minutes time. If he fails to do so, we can only assume that he agrees with the member for Wentworth.

Dr Nelson—Further to the point of order, Mr Deputy Speaker: I realise that your patience is being tested here, but clearly the member for Hunter is not speaking to the substance of the bill nor to the amendment. I support the member for Moncrieff in asking you to bring him to the substance of the debate.

The DEPUTY SPEAKER—The honourable member for Hunter will continue, but he is nearly bordering on the tedious repetition standing order, and we might move on.

Dr Nelson interjecting—

The DEPUTY SPEAKER—No, the minister should not be encouraged.

Mr FITZGIBBON—To assist the chair I will turn to the provisions of the bill, but I simply say that the member for Moncrieff will have the opportunity to say that the views of the wealthiest MP in this country are not shared by him—that the view of the wealthiest MP in this country that the focus should be entirely on the top end of the tax scales is not the view shared by him.

This bill largely attempts to address some of the problems in the tax system in a narrower sense at the moment; it attempts to address some of those issues that, as I said, we on this side commonly refer to as
Brough-ups. There are six initiatives in the bill, and I turn first to schedule 1, which goes to the modification to exemptions for foreign earnings. Section 23AG provides for individuals working in foreign service, usually under aid contracts, to receive tax-free income under certain circumstances. The measures in this bill are designed to make it easier to be eligible for the concession, in particular by clarifying what constitutes a break in the foreign service—that is, a break cannot exceed one-sixth of the maximum 91-day period of service.

Labor does not oppose this refinement but does draw to the attention of the House the issue of the size of these taxation concessions. The tax expenditure statement put forward by the government does not distinguish between the concession applicable under 23AG of the act and proposed 23AF, which relates to tax-free income for residents involved in projects specified by the minister. That is an important point. This is extending the concession to new bodies that the minister decides are appropriate bodies to attract the concession. The combined total cost of the concessions is over $600 million each year. Perhaps the minister can help the House in this regard. I understand that we sought a briefing from the government on this matter but were denied one. I do not know why the government does not want to cooperate with the opposition and give us the briefings we require so that we can better assess these proposals and, therefore, put ourselves in a better situation to make a positive and helpful contribution to the debate.

Given that the minister was not prepared to give us a briefing, I now call upon him to provide separate costings for the new 23AG measure so that we can appreciate in the future how much taxpayers' money is being given up to assist those working in the more traditional area of the earlier provisions of the bill, and how much will be going to the new provisions—that is, to people working for organisations that the minister can now deem appropriate. The best way to undermine the integrity of a measure like this is to give carte blanche to the minister to suddenly decide which organisation should attract this exemption and which should not. I think it is appropriate for the opposition to put that question here. I invite the minister in his summation of the bill to answer that question; alternatively we will have no choice but to pursue it further during the consideration in detail stage of the bill.

Schedule 2 relates to the refundable film tax offset, an extension of the offset to higher budget television series. Currently a 12.5 per cent refundable tax offset applies to expenditure for large-scale films, telemovies and television miniseries which have a high degree of expenditure taking place in Australia. It is subject to a minimum of $15 million. These changes provide that budget television series will be covered by the offset, with the intention of attracting such operations to locate in Australia. Whether the offset will achieve this objective depends on the relative tax treatment of the investment in alternative jurisdictions, and whether the operation is a resident for tax purposes. Although documentaries cannot receive the current concession, documentary style series will be able to receive the concession. The sector has sought the bundling of different projects to meet the current minimum thresholds. Although moving such an amendment would assist the domestic industry, Labor accepts that such bundling is unlikely to achieve the primary objective of seeking to attract foreign film production to Australia. So Labor supports the schedule in its current form.

The third schedule goes to consolidation, something we talk about in this place all too often. Consolidation occurs when a group forms a single entity for taxation purposes. The regime began in July 2002. Changing
the tax regime to provide for consolidation has proved to be an extraordinarily complex affair, subject to amendment 11 times since the regime began. As I understand it, this is to be the 12th amendment.

These current amendments have three objectives. The first is to apply the same rules for deductibility of bad debts for a group within a foreign-headed company as apply to the Australian group. The second is to apply the same rules for deductibility of swap losses for a group with a foreign-headed company as apply to an Australian group—a swap loss occurs when debt is swapped for equity, when the book value of the debt is greater than the market value of the equity. The third is to grant an extension for irrevocable choices. When a consolidation occurs there are one-off choices to be made—for example, currency valuation and choice of depreciation regimes. This bill extends by some 12 months the period over which such choices can be made. This is a correction of another government error. The bill enacting irrevocable choices was passed just nine months ago. Clearly, this did not allow enough time for the choices to be made and this bill grants an extension of another three months. This might yet prove to be insufficient time, and therefore I suspect we will be back here doing it all over again or for the 13th time—a very unlucky number. So they are the three key objectives of the bill. Although Labor does not oppose these changes, the whole process of tax amendment to the consolidation regime is becoming very messy. In fact, it is a continuing fiasco and I do hope that we are not back doing it again in the next little while.

The fourth schedule of the bill goes to thin capitalisation transitional provisions. Thin capitalisation provisions seek to counter the threat of international groups setting up front companies here in Australia with a thin capital base but borrowing heavily in Australia to claim tax deductions. The rules associated with asset valuation of intangible assets—especially, for example, goodwill—have now changed in Australia, due to the adoption of international accounting standards on 1 January 2005. In order to ensure that no individual is disadvantaged as a result of these changes, a three-year transition regime is provided for under this bill so that, for the purposes of the requirements of the thin capitalisation provisions, an entity can elect to use accounting standards enforced prior to 1 January 2005. This measure, again, is supported by the opposition.

The fifth schedule goes to the extension of concessions for the forest plantation industry. There is currently a concession for seasonally dependent agronomic activities that allows a deduction for prepaid expenditure of plantation forestry management agreements. The expenditure occurs at establishment, when the trees are planted. The immediate deduction is granted to the taxpayer for expenditure even though the business may not yet have incurred the expense and may not incur the expense for some years. The concession is very generous. For a taxpayer, the deduction for an investment is a major supplement to the return on the investment and to any other profit. Labor recognise the importance of this sector in regional Australia and, as a former shadow minister for forestry, I have a very close understanding and appreciation of the role it plays in the economy in regional areas. On that basis, we support the extension of the concession, but we will of course reserve the right to watch it closely, particularly in terms of its impact on the budget bottom line. The ongoing concern with all these things is that they are opening areas of potential abuse.

Two other points need to be made. The first is that the explanatory memorandum on the schedule is exceedingly brief. The Minister for Revenue might care to explain that,
and I invite him to add to it. No policy rationale seems to be provided in the bill. I have already acknowledged and recognised the importance of the industry, but I think more could have been done in the explanatory memorandum and in the minister’s second reading speech to justify the extension. This tends to support my second point: that the measure is simply the government making good on a deal it made in an election context. We have seen a few of those around this place of late. We have also seen a couple of backflips on election commitments that were made in the flurry of the campaign, when the government was feeling under considerable pressure. But I suspect this is one that was made ‘rolled gold’. Schedule 5 is the making good of that commitment made during an election campaign. Still, I invite the minister to provide a more cogent tax policy justification for the measure. This is rather than just accepting the explanation that this is an election commitment made good, unlike some of the others that have not been made good—and the best example is the Medicare safety net, which I am sure Minister Nelson, who is at the table, has a deep-seated interest in.

Schedule 2 goes to debt and equity interest. The government has previously brought forward legislation to empower the Commissioner of Taxation to deem that repayment of certain related party at call loans are to be treated as unfranked dividends for taxation purposes. Owners of small family companies provide capital and cash flow to those companies as required by the business. There is nothing unusual about that. They then tend to withdraw the funds when the cash flow of the company allows. Typically, the owners have treated this capital advance as a loan and it is withdrawn as a repayment. The outstanding interest charged by the owner is a deduction in the hands of the company. The ATO was concerned that this process was a form of tax evasion and it convinced the government to bring forward legislation made in 2004 to make the repayment of a deemed dividend an assessable income. In other words, it would make it a tax penalty. In response to lobbying from the sector, the minister has already changed the implementation date of the government’s own arrangements. In other words, it is another ‘Brougher’.

In this bill, the government has decided just to give the game up. It is all too hard—the small business sector has been knocking on its door. Having originally decided that there was a serious tax policy flaw here, a concession that was open to rorting, it has now decided that it is all too hard and withdrawn the idea altogether. So I again invite Minister Brough to expand on his explanation of this very significant backdown. Labor are not opposing the backdown. Obviously, the government’s incompetence in attempting to administer and implement the process has led to the backdown. We think this did have the potential to place an unnecessary burden on small business. Small business is already struggling under the burden of the GST, and of course there are the increasing administrative demands of this government—the burden of the BAS and all the other compliance costs.

I remind the House again that, back in 1996—I think it was during the 1996 election—the Prime Minister promised that he would reduce red tape for small business by some 50 per cent. This is a commitment that is now roundly laughed at within the small business community. We know now of course that, rather than reduce red tape by 50 per cent, he has significantly increased the compliance costs burden on small business. Despite the fact that we often hear the Treasurer, in particular, and the Prime Minister extolling the virtues of the GST, this government continues to kid itself if it believes
that the GST has been a welcome thing for small business. Of course this also needs to be seen in the context of the government’s failure to move on improvements to the Trade Practices Act—improvements that have been called for by not only the small business sector itself but a number of economic bodies. Even the Senate itself has called for it. In particular, it has called for initiatives to strengthen section 46 of the Trade Practices Act in such a way to protect small business from the antics of the major players—the bigger businesses—with whom they do business.

We had the Baird report, the Reid report and many others. There was the Prosser committee. Many others have called for similar reforms. I think, Mr Deputy Speaker Quick, you may have sat on one of those committees and seen the issues faced by small business as they attempt to tackle the market power of the bigger business with which they do business. Stuck right now in the Senate is a very important trade practices amendment which has at its heart an initiative to create a less expensive, less burdensome and less onerous way of accessing the collective bargaining provisions of the Trade Practices Act. The amendment will allow small businesses to work together to counter the market power of the bigger business with which they do business. Stuck right now in the Senate is a very important trade practices amendment which has at its heart an initiative to create a less expensive, less burdensome and less onerous way of accessing the collective bargaining provisions of the Trade Practices Act. The amendment will allow small businesses to work together to counter the market power of the bigger business with which they do business.

In his inquiry, Justice Dawson recommended that this new streamlined process be put into place. Labor supports it, and I understand the government supports it. Justice Dawson reported three years ago and the trade practices amendment—which is still parked in the Senate—first came before this House 14 months ago, but we still do not have a new streamlined process for small business collective bargaining in this country. Why do we still not have a new streamlined process? There are two reasons. The first is that the government has again decided to put the interests of big business in front of the interests of small business, and it has done so by linking the small business collective bargaining initiative with two other highly controversial measures.

The first measure is the weakening of our mergers laws in this country. The proposal to entirely cut the ACCC out of the process of authorising or approving mergers and takeovers in this country is totally unacceptable to the opposition. The government has also linked the initiative to the watering down of the third line forcing provisions of the Trade Practices Act, an important protection for small business and the consumer. Why? Because the big end of town has been calling for it. I am pleased that, since the bill’s introduction, the Treasurer has backed down on the third line forcing provisions of the bill, but the mergers issue still remains in place. The collective bargaining provisions still remain coupled to those merger provisions. The Labor Party will not accept those merger provisions, and the government continues to hold up that very important initiative for small business.

The other reason it is being held up of course is that, the second time the bill was introduced, the government decided to get a little bit clever by inserting a new clause in the bill which denied trade union officials the right to act on behalf of small business with respect to both the development and lodging of collective bargaining arrangements. This is a silly thing to do. It discriminates against small businesses who rely on trade unions to do their bargaining for them, and there are many of them both in the agricultural sector and in the transport sector. It is just a stunt. Under the authorisation system, trade unions have always been allowed to be a participant. Why should they not be allowed to be a participant under the new notification regime?
The DEPUTY SPEAKER (Mr Quick)—Is the amendment seconded?

Mr Tanner—I second the amendment.

Mr CIOBO (Moncrieff) (10.35 am)—I have never heard such a rambling, disjointed contribution, if I can call it a contribution, to this debate on the Tax Laws Amendment (2005 Measures No. 5) Bill 2005. It is very clear that the member for Hunter came into the chamber this morning having perhaps only briefly glanced at the notes that were no doubt prepared by his office and that he was completely unfamiliar with the subject matter of the bill before the House. So much so that the issues that I wish to talk about in the debate this morning were not mentioned by the member for Hunter. He traversed all sorts of landscapes and different issues, from a broad-ranging tax debate through to the operation of section 46 of the Trade Practices Act, before even dealing with the issue at hand: the Tax Laws Amendment (2005 Measures No. 5) Bill 2005.

I will take this opportunity to respond directly to some of the comments that were made by the member for Hunter in this debate. In particular, the member for Hunter spoke about conflict within government. The amazing thing is that the Liberal and National coalition has always been a broad church that is welcoming of various contributions from members, including from the backbench. I believe that, in a number of regards, ministers of the Crown have done an outstanding job of incorporating feedback from the backbench insofar as we saw significant tax reform by Peter Costello as Treasurer, announced in the 2005 budget—reform which, I might add, the Australian Labor Party stood opposed to. That reform saw $21 billion worth of tax cuts flowing to ordinary Australians, which the Australian Labor Party stood opposed to.

Through all the wrangling that we heard from the Australian Labor Party when it came to tax reform—something that apparently is incredibly dear to the member for Hunter, given he spoke on it for about 10 or 15 minutes as a precursor to debating the subject matter of this bill—it is very clear that the member for Hunter actually is not concerned with tax reform. If the member for Hunter had been concerned with tax reform, perhaps he could have convinced his colleagues to vote in favour of tax cuts for ordinary Australians and not to stand opposed to them, as the Australian Labor Party did. So, despite all the rhetoric from the member for Hunter and despite all the rhetoric from the Leader of the Opposition, it is very clear—and I see now the member for Hunter rises because he does not want to hear the truth—that Labor is opposed to tax cuts.

Mr Fitzgibbon—Mr Deputy Speaker, I rise on a point of order on relevance—the very standing order the member for Moncrieff used to interrupt me. He just needs to tell us whether he supports Malcolm Turnbull or not: yes or no?

The DEPUTY SPEAKER (Mr Quick)—There is no point of order. The honourable member for Hunter will resume his seat.

Mr CIOBO—I find it incredible that the member for Hunter would speak for 10 or 15 minutes on an issue, ask me a question and then seek to deny me the opportunity to respond. I say to the member for Hunter: I am responding to your issues. The member for Hunter invited me to provide my indication as to whether or not I support different tax proposals. Let me put it on the record very clearly: I support tax reform that this government has instituted, and I stand opposed to tax reforms—or lack thereof—that the Australian Labor Party would seek to implement.
This is a fairly straightforward issue of tax. The Australian Labor Party stand for higher taxes; the coalition stands for lower taxes. It could not be more clear. We saw the Leader of the Opposition in this debate following the 2005 budget making various comments about how the Australian Labor Party would stand opposed to tax cuts and how the Australian Labor Party would not support the government’s amendments to raise thresholds and provide real dollars in the bank accounts of ordinary Australians as a consequence of our tax reform program. Yet, despite this fact, when the opportunity came for the Australian Labor Party to actually implement a disallowance motion, for example, in the Senate or to make good on the Leader of the Opposition’s threat to stand opposed to it, they did nothing. The opposition did nothing. So not only did they ring the bells of alarm by saying they would stand opposed to tax cuts but they argued until the eleventh hour that they were opposed to tax cuts—but, when push came to shove, the opposition actually crumbled.

Let me provide an answer to the member for Hunter’s question. I stand in favour of tax reform that this government implements. I will continue to speak in favour of tax reform which, in a sustainable and cost-effective way, provides maximum tax relief to the majority of Australians. I will continue to stand opposed to the Australian Labor Party’s plan to provide greater taxation of ordinary Australians.

I will turn now to the substance of the Tax Laws Amendment (2005 Measures No. 5) Bill 2005, as is more appropriate—unlike the member for Hunter, who continued raving on about section 46, changes to mergers and acquisitions policy and so on. The bill at hand has six key amendments: modifications to tax exemption for foreign earnings; a refundable film tax offset extension to high-budget television series; consolidation and bad debts changes; changes to thin capitalisation—a transitional provision; an extension of provisions pertaining to managed forestry investments; and the extension of provisions pertaining to the taxation treatment of debt and equity interest. They are the six key provisions in the bill, and I will run through them rather briefly, as it is a fairly technical bill.

With respect to the first provision, modifications to the tax exemption for foreign earnings will work to further simplify the operation of the income tax exemption that applies to foreign employment income through section 23AG of the Income Tax Assessment Act. Section 23AG exempts foreign employment income of Australian resident individuals engaged in foreign service for a continuous period of 91 days. The amendments in this bill simply relate to the continuous service rule and should reduce compliance costs for taxpayers, as it reduces the complexity pertaining to the continuous service rule.

With regard to the second issue, the refundable film tax offset—on which I would like to go into more detail towards the end of my speech—it amends the film tax offset provisions to include high-budget television series as an eligible format. Under the current law, television series are not eligible for the refundable film tax offset. This amendment will allow certain high-budget television series to claim the refundable 12½ per cent film tax offset against their qualifying Australian production expenditure. There is a minimum expenditure threshold of $1 million of qualifying Australian production expenditure per hour in addition to expenditure minima that apply under the refundable film tax offset rules more broadly. The intent of this amendment is to provide an attractive basis for large-scale television series to come to Australia. It also aims to provide greater
economic, employment and skill development opportunities over the coming years.

On consolidation and bad debts, this bill provides further refinements to the consolidation regime by clarifying interactions with other parts of the tax law and giving more time for making or revoking certain choices. Currently the income tax laws contain rules for determining when an entity can claim a deduction for bad debts. The proposed modifications clarify the operation of those rules for consolidated groups. These amendments are part of the ongoing refinement to the consolidation regime to provide greater flexibility, to clarify aspects of the regime and to ensure it integrates appropriately with other parts of the income tax law. The amendments are expected to have minimal impact in terms of compliance costs.

With respect to thin capitalisation, the amendments in this bill will ensure that the thin capitalisation position of taxpayers is not immediately affected by the alignment of Australian accounting standards with International Financial Reporting Standards. Currently the thin capitalisation regime operates when the amount of debt used to finance Australian operations of an entity exceeds certain limits. The regime disallows a certain proportion of otherwise deductible interest expenses. If taxpayers choose to take advantage of the transitional provision, they will be required to undertake thin capitalisation calculations based on old accounting standards. That provides certainty for the industry. There will be compliance costs involved in determining the relevant figures and in maintaining appropriate records, but many of these compliance costs are currently already incurred.

With regard to managed forestry investments, the measures in this bill simply ensure that investors in forestry managed investment schemes can continue to claim year of expenditure deductions for certain prepaid expenditure for an additional two years. This measure extends the operation of the 12-month rule until 30 June 2008, whereas previously it was set to expire on 30 June 2006. With regard to the taxation treatment of debt and equity interests, the amendments contained in this bill will reduce the tax compliance costs of small business. The changes will simplify the tax treatment of the at-call loans of small companies where the loans are from a related party—typically, these are from the owner of the company. The current income tax law treats interests in a company as either debt interests or equity interests, and the changes will benefit companies that have an annual turnover of less than $20 million. The deemed debt treatment for related party at-call loans has an estimated revenue cost of approximately $11 million for this income year, which will increase over time. This is a very worthwhile initiative because, despite this potential cost to revenue, it does mean that those business owners that are actively engaged in small business will be the major recipients and beneficiaries of these further changes to the tax treatment of debt and equity interests.

I would like to go back to the second element of this bill, the changes to the refundable film tax offset scheme. This is particularly pertinent to the Gold Coast and my constituents in the electorate of Moncrieff, the reason being that people on the Gold Coast have a vested interest in what is happening with the film and television industry in Australia. The Gold Coast, through the Warner Bros-Village studios, continues to be one of the key areas for film-making and television production within Australia. Most notably and perhaps infamously, the Big Brother television series is produced on the Gold Coast but, beyond that, a large number of very high budget films have come from the Gold Coast. Perhaps the most high-
profile one in recent years was the film *Peter Pan*, which saw hundreds of millions of dollars of investment being put into Australian film-making by Warner Bros through the operations and filming that took place at its sound stages.

I am very pleased to see that the refundable film tax offset scheme, a great success, will now be extended to television series. That is certainly something that needed to be done. Several years ago, I came out calling for the implementation of this measure. I called for its implementation because Australia must remain competitive on an international basis with the other countries that provide taxation incentives to try to attract film and TV industry investment to their countries. Australia does have a very strong record of having excellent postproduction facilities. Australia does have a very strong record of providing superb craftsmanship when it comes to the set and costumes, for example, involved in film and TV series. So I certainly do welcome the extension of the refundable film tax offset to television series, because a large number of Australians are employed in this new and growing trade of film and television production and they deserve to have their shot.

They can rely on their excellent craftsmanship and they can rely on their skills when it comes to postproduction, directing films, directing television series, concept development, sound mixing and all the variety of different skills that are tied up in the film and TV industry, not least of which is its most high-profile component—the actors themselves. Australia has some very fine actors in both television and film series. The extension of the refundable film tax offset to television series means that we as a government will continue to provide to the arts industry the very best opportunity that it can have to be competitive internationally, through our generous treatment when it comes to taxation incentives of the film and television industry as well as our ensuring that positive benefits flow from this generous tax treatment and the fact that we create very tangible opportunities not only for Australian actors but also for all of those in the ancillary services that are tied up with television and film production. As I said, those are the people in, for example, postproduction facilities—and the list is very long.

I want to see the television industry on the Gold Coast continue to grow. It is an industry that has great potential to employ many thousands of Australians from all walks of life, whether they be carpenters building sets, technicians doing sound mixing or those that are actually behind the cameras filming the television series and film series. What is clear is that we are skilled at this. In fact, I think the first film ever made was made by an Australian—that is an interesting aside. Australia does have the ability to really generate positive export income through growing our film and television industry, and for the Gold Coast that is particularly good news. As it is a highly mobile industry, people look for lifestyle, and that is of course one of the reasons why Los Angeles remains one of the key areas for film and television. So we need to be competitive, and I am pleased that we are doing it through this extension of the refundable film tax offset.

As an additional aside, it was interesting to hear the member for Hunter indicate that when it comes to product bundling the Australian Labor Party supports the current position. I know that at a state level, for example, a Queensland Labor minister has called for the bundling of television series to be allowable when it comes to reaching the threshold required for the refundable television tax offset, as I should call it now that it will hopefully be incorporated as a consequence of the passing of this bill by both this place and the other place. From my perspective, I
welcome the comments of the member for Hunter on the bundling of television series, because the bundling of television series does remain a hotly contested issue. As I indicated, certainly at a state level a Queensland Labor minister is of the view that bundling should be allowed because that would enable more television series to reach the required threshold for the tax offset. Having said that, I note others believe that we should be seeking projects significant enough in their own right to be of a size so as to qualify for the tax offset. So there may be some conflict between the federal and state levels of the Australian Labor Party when it comes to its position on the bundling of television series. But, not seeking to point-score on this issue, it is interesting to hear the Australian Labor Party’s federal view that it is opposed to bundling when it comes to the operation of the tax offset.

This bill, although technical and incorporating a variety of different amendments, is important to my electorate in two ways. It is important because of the extension of the refundable film tax offset and also because the Gold Coast is the small business capital of Australia on a per capita basis. In that vein, in particular when it comes to the taxation treatment of debt and equity interest and at-call loans by small business owners, this is a very welcome measure because it provides greater clarity and a higher threshold for small business owners when it comes to the loans they make to their businesses. It is great news for small business and, of course, the extension of the tax offset is great news for business on the Gold Coast. I commend the bill to the House.

Mr MARTIN FERGUSON (Batman) (10.53 am)—I rise this morning to speak on the Tax Laws Amendment (2005 Measures No. 5) Bill 2005 and, in doing so, indicate my support for the second reading amendment moved by the shadow minister for taxation. This bill is another in what the opposition considers to be a long line of tax law amendment bills that, unfortunately, reflect the government’s incompetence and mismanagement of the taxation system in Australia. As I and others have said in the House on more than one occasion, the government’s approach to the taxation system is to continually fiddle at the edges. The record shows that, in many ways, since March 1996 what the government has sought to portray as so-called taxation reform has in essence been about more and more complexity. It has been about more and more special circumstances for certain sectors—more and more opportunities for rorting by certain sectors, more and more often by mates of the Howard government. It has also been about more and more administrative costs and red tape associated with tax collection and rebate payments of special concern to the small business sector—the driving force of jobs growth in the Australian economy. In that regard, the member for Hunter is correct. Five of the six schedules to this bill fall into this category. My colleagues will continue to ensure that these issues are raised.

Prior to dealing with schedule 5, I would like to make some general comments on the issue of taxation reform which specifically relate to my portfolio responsibilities as shadow minister for primary industry, resources, forestry and tourism. Speakers on the other side have raised the issue of taxation reform and questioned the Labor Party’s credentials. I want to make a few brief comments on this because the record will show that Labor in government was serious about genuine and long-lasting taxation reform—not just PAYE tax scales but also such fundamental issues as the level of business taxation in Australia and cracking down on rorts such as the free business lunch which used to apply on a regular basis in the business sector of the Australian economy.
On that note, I especially want to deal with the pressures that are currently being experienced by ordinary Australian workers and their families. That takes me back not only to Labor’s record in government on taxation reform but also to a recent debate about changes in the PAYE tax system and the position adopted by the Labor Party in that debate around the budget this year. I raise these comments in the context of the serious financial pressure currently on Australian families as a result of the dramatic rise in the price of petrol in Australia. To be fair, there is no simple answer to the petrol price rises both domestically and internationally at the moment. But there is a capacity for government to assist those who are doing it tough: those who are having to make choices about whether or not they can put petrol in the tank, put food on the table for their children, pay for their children to go on school excursions or pay for their children to have a new pair of runners—all the pressures that families experience on a day-to-day basis.

It is for those reasons that Labor adopted a very different position from the Australian government in the debate on taxation earlier this year. The strength of our position is being reinforced around Australia at the moment, with people telling us how difficult life is because of the price of petrol. People should not forget that the opposition’s approach was: yes, let us have taxation reform but, in doing so, let us make sure that it has an impact on the households that are doing it toughest with pressures such as the dramatic increase in the price of petrol.

I raise these matters in the context of genuine taxation reform, which is on the agenda at the moment. The previous speaker dared to raise the issue of the Labor Party’s credentials on this front. I was fortunate to serve on the ACTU executive from July 1984 until March 1996, when there was a change of government. In that period, which commenced in March 1983 under the stewardship of successive Prime Ministers Hawke and Keating, I saw a genuine long-lasting commitment to taxation reform in this country. I want to raise one of those issues today: the PAYE tax scales that we inherited in March 1983 and those we left to this government in March 1996. People should not forget that this was against a backdrop in March 1983 of not only double-digit unemployment but also rampant inflation of over 10 per cent, a lack of economic growth and the ugly industrial war that existed in Australia at that time.

One of the challenges for the Labor Party—and I note that the Prime Minister chooses to denigrate us for this—was to exercise a bit of wage restraint in the Australian economy. That was central to the fight against inflation. The hard decisions we made with respect to workplace reform and wage restraint broke the back of inflation in Australia. Our capacity to achieve that restraint, especially amongst those who normally do it toughest in the Australian economy, was in part due to the development of a compact which saw not only improvements in the social wage—something the government does not understand—but also access to higher education, improvements in the medical system, the introduction of a universal health care system and a capacity for people in retirement, who regard dental care as a luxury, to attend to their dental health.

But first and foremost was the issue of tax reform. The House should be reminded that when Labor won government the PAYE tax schedules were as follows: for incomes of up to $4,595, zero; $4,596 to $19,500, 30c in the dollar; $19,501 to $35,788, 46c in the dollar—they were the current Prime Minister’s PAYE tax scales as at November 1982—and, for anyone who earned over $35,789, 60c in the dollar. That was the
Prime Minister’s record on tax reform when he was the Treasurer prior to March 1983. That was the challenge we confronted by trying to assist people to get them to accept the need to break the back of inflation by rewarding them for effort through reform, on an ongoing basis, in the taxation system. These are the tax scales that the Howard government inherited in March 1996—a dramatic change. For anyone earning over $50,001, they paid 47c in the dollar—a big drop, from 60c to 47c in the dollar; for anyone earning $38,001 to $50,000, 43c in the dollar; for anyone earning $20,701 to $38,000, 34c in the dollar; and for anyone earning $5,401 to $20,700, 20c in the dollar.

The member for Moncrieff is correct when he says that we as a community all want tax reform, but the objective of any taxation reform should be to maximise tax relief for the majority of Australians. It is also correct, as he said, that it should be affordable and sustainable. Perhaps having said that, I suggest that the member for Moncrieff revisit the recent tax debate and think about his constituents who are doing it very tough at the moment because of the impact of a huge jump in the price of petrol. He should not forget that those people who are having to make the very difficult choice each week about whether they fill the tank of their car or whether they purchase something for their family, be it food, clothing or whatever are the very people that we proposed a tax cut of $12 per week for, whereas the Howard government only gave them a miserable $6 per week. They ought to think for a moment about whether or not they would have been better off under the Labor Party’s proposals, given the cost of living pressures that they are currently experiencing due to the price of petrol.

I simply say, in response to the member for Moncrieff, that we are proud that our record of taxation reform in Australia is long-lasting and that Australia is better for the hard decisions made through that period of 1983 to 1996. It is about time he actually thought through his approach to these issues, because he got it wrong earlier this year in supporting the government’s proposals on taxation. Labor is about a competitive tax system but also one which has equity. I compare that with the outcome of the recent tax decisions of the Howard government which saw the richest three per cent in Australia getting the most and those who are doing it very tough at the moment getting the least.

That takes me back to schedule 5 relating to the extension for a further two years of the so-called ‘12-month rule’ that allows a deduction for prepaid expenditure on plantation forestry managed agreements. This schedule, Mr Deputy Speaker Quick, is exceptionally important to your home state of Tasmania, because it is about addressing a very important industry issue for Australia, one that is exceptionally important to investment certainty for the plantation industry. We cannot accommodate the community’s desire for greater protection of native forests, including old-growth forests in Tasmania, without moving the forest and wood products industry further towards a resource supply from managed plantations—and that is what this schedule is about. It is important to recognise that Australia has roughly a $2 billion trade deficit in forest and wood products—a huge challenge. A healthy and sustainable local forest and wood products sector is essential to turn this deficit around.

What is less well known and understood is that it is also essential, in the context of the sustainability of the international forest and wood products sector, that we front up to these big issues. We as a fairly advanced nation—one that is generally regarded in the international community as being prosperous—must accept that we are big users of timber. The truth is that we love our timber
furniture and the timber finishes in our homes, on our floors, in our kitchens and on our verandas and decks. Think about the timber used around pools and barbecue areas. Just think about the timber in this very beautiful Parliament House—very, very fine Australian timbers used to promote the strength of the Australian timber industry. It is like an Australian tradition. We also have to understand that that timber has to come from somewhere, hence schedule 5.

At the moment, unfortunately—and we have got to confront this sooner rather than later if we are about international sustainability—more than ever some of it is coming from countries, including in our own backyard in the Asia-Pacific region, where forestry and environmental standards are far lower than Australians would tolerate from their industries at home. The last thing we want to do is to disadvantage our home-grown forest and wood product industries, many of which are already operating on a world’s best practice basis, and drive them offshore to countries with lower standards than those which we accept and expect in Australia. It is therefore important that we seek to protect our own economic future. That requires this parliament to be part of the solution to the environmental consequences of economic growth in our region.

We are living through one of the most rapid expansions of economic activity that has occurred in world history and it is happening on our doorstep. It represents a huge opportunity for Australia, for example in the resource sector. Think about the expansion and export of such fundamental resources as iron ore, coal and gas. It is driving the Australian economy at the moment. All we need is a hiccup in China and it will result in an economic earthquake in Australia. That is how much more dependent we are becoming on the Chinese and potentially the Indian economies.

It is not good enough for us to close our eyes to the environmental devastation that comes with the importation of illegally logged rainforest timbers from countries such as Papua New Guinea, Malaysia, Indonesia, the Philippines and other parts of the Asia-Pacific region, or from parts of South America. I wonder whether the Treasurer, on his sortie through Indonesia, will dare to raise this issue with the Indonesian President this afternoon. I think it should be raised. We have to stop illegal timber-getting, which is destroying the forest environments of the countries in the Asia-Pacific region. We have to start raising these issues through country-to-country discussions at the most senior levels of government.

As a nation, we have an obligation to make our forest and wood products sector world class in forest practices, environmental standards and long-term sustainability. By embracing best practices, we can build the most environmentally friendly pulp mill in the world in Tasmania, hopefully in the foreseeable future. It is not about whether we should have the investment; we must have the investment and it must produce the most environmentally friendly pulp and paper mill in the world. That is the challenge to the Commonwealth and Tasmanian governments with respect to the proposal by Gunns.

We have an obligation to provide the sector with a secure fiscal environment for sustainable growth. That is what schedule 5 is about. We have an obligation to play our part in moving our neighbours in the region to the same standards that we expect for investment in Australia. That is not going to come from simply passing international protocols; it is going to come from regional engagement and investing as a nation in the research and development required to produce technological solutions which will mean that not only do we in Australia pursue best practice environmental outcomes but also countries in the
region in which we live embrace that approach.

In essence, it is about us taking them with us, not retreating to the lowest common denominator or entering into a race, as the Howard government wants to do, on industrial relations—a race to the bottom, competing on poor environmental standards, poor wages and conditions of employment. That might be the philosophy of the Howard government in industrial relations, in racial and cultural tolerance, in health, education and industry, but it is not the approach of the opposition or any fair-minded Australian. It is simply not the Labor Party’s philosophy.

I support schedule 5 of the bill because it provides continuing investment certainty for the plantation industry and it will assist in providing long-term resource security for the forest products sector. This is good for industry, it is good for Australia and it is especially good for regional communities, including the state of Tasmania.

It is about diversifying the agricultural sector and creating new jobs in regional manufacturing such as sawmilling and timber finishing and the pulp and paper industry. Let me also say that I support the government’s budget announcement that, coupled with the two-year extension of the existing agreement, it will review the commercial and taxation arrangements for timber plantation investment in the future. I particularly welcome the focus on identifying impediments to investment in long-rotation plantations.

As I said earlier, we want a sustainable forest industry and that means we want plantations that deliver the kinds of timber resources that are most needed by industry. It means predicting demand by consumers. We have to be careful that we do not end up with too many softwood plantations and not enough hardwood plantations. We have to make sure that we have a continuing long-term supply of the right kinds of timbers, the right sizes of timbers that can be accommodated by our mills, and so on. It is a complex industry, as you appreciate, Mr Deputy Speaker Quick, coming from Tasmania.

If plantations or native forests are not appropriately managed today using the right thinning practices, pruning practices and so on, this could lead to resource shortages for the industry five, 10 and 20 years down the track. Let us not leave it too late. It has to be done. We have to address these complex issues relating to timber resource security and forest and plantation management. This bill is part of that process and, in particular, it goes a long way towards actually trying to get a meaningful tax mix in reform that delivers certainty to the plantation industry. If anything, it builds on the achievements of the Hawke and Keating governments in genuine taxation reform. I therefore commend the second reading amendment to the House. Schedule 5 has the support of the opposition because it is about security in Australia for investment and it changes the nature of the timber and plantation industries in Australia.

Mr Hayes (Werriwa) (11.13 am)—Despite the Tax Laws Amendment (2005 Measures No. 5) Bill 2005 containing yet another round of tax concessions and handouts for a number of vocal lobby groups and some questionable tax policy measures, I rise in general support of the bill and specifically in support of the amendments proposed by the opposition.

Tax is always one of those areas of public policy that is going to be the subject of considerable debate, with pretty much everyone who pays tax having a view on what the tax system should look like. We only have to look at the last week or so of national political debate when over 300 different versions of approaches to future income tax regimes...
were raised by various people to prompt a public debate. Granted, one person released 280 of them but the debate is clearly designed to focus on tax.

The tax amendments that we have before us today do not deal with the primary subject matter of the current debate—income tax—but they are nevertheless amendments to our tax system that require consideration and debate. Of course, at the moment, with the Treasurer overseas trying to prove to members opposite that he is ready to take over the reins of leadership, we could not have a real debate on income tax, much to the disappointment of the man who would be Treasurer, the member for Wentworth. The bill before us seeks to: modify exemptions to foreign earnings, extend the high-budget television series offset, clarify the treatment of bad debt for head companies of consolidated groups, provide time to adopt international accounting standards, extend the forestry managed investment scheme for two years and deal with the treatment of related party at-call loans. There is pretty much something for everyone in this bill if you are a lobby group. It contains more efforts by this government to clean up the compliance nightmare it has created.

I would like to contain my comments to only a couple of the aspects of the bill. Specifically, I would like to comment on the extension of the forestry managed investment scheme and the deeming of related party at-call loans. Forestry policy, much like tax policy, is subject to considerable debate and a number of polarised views in the community. Currently, a concession exists in the tax system for seasonally dependent agrontonic activities that allows a deduction for prepaid expenditure of plantation forestry managed agreements. This concession is a tax deferral mechanism. A deduction is allowed even though the business may not actually incur the expenditure for a number of years. As you would expect, this is an important concession for an important industry. The proposal before us extends the scheme by a further two years, and Labor will not be opposing that measure.

The ongoing sustainability of the forestry industry is important to us. However, the fact that Labor are not opposing the measure does not automatically mean that it has our complete and absolute support. The minister has managed to introduce this extension while providing no real detail on the compliance measures that will be put in place to support it. I, for one, will be keen to see this extension take place—it is clearly a wink and a nod to members in marginal seats. Nevertheless, it cannot be treated as yet another blank cheque approach to compliance as we have seen from this government in the past. I look forward to the minister detailing the compliance measures that will support this extension.

The second matter I would like to comment on in this omnibus tax bill is the measure on the tax treatment of debt and equity issues. Quite frankly, I am surprised that we even find this in the bill, as this schedule of the bill seeks to amend the minister’s own legislation from last year. This really should not come as a surprise, as well thought through public policy prescriptions are not necessarily the strong suit of this government. The schedule is an admission that the minister has made decisions in the past, legislated for them in haste and, at some future time when he finally conceded there were problems, come back into this place with yet another piece of legislation to support a rather stunning ministerial backflip.

This amendment abandons changes to tax laws implemented in late 2004 that have turned out to be nothing short of a stuff-up.
While Labor supports these measures, because Labor supports small business, the fact that this measure appears again before the parliament is a reflection of the ill-considered policy that found its way into legislation at the hands of this government, policy which should never have been here in the first place. In his second reading speech the minister noted:

The final change recognises that the government is concerned about imposing compliance costs unduly on small businesses and is acting to keep compliance costs down.

If the approach of this government is to introduce new compliance costs on small business, to backtrack and to legislate to reverse them, all the while claiming to be the greatest friend that small business has ever had, it will be only a matter of time before we see legislation before us to reverse the compliance costs created in relation to issues such as choice of superannuation.

The minister’s backflip that appears in the bill is important to small business. To that extent it is fully supported by the opposition. Despite the best efforts of the government to change the rules because of suggestions that there might be some kind of tax dodge, allowing owners of small businesses to provide the capital and cash flow to their companies as required by the business is important. Small businesses have a tough enough time—having been in small business myself, I know. When the opportunity comes along to give them a break, I will be among the first to support them.

The fact that the government has completely abandoned measures that it introduced in late 2004 is nevertheless telling. The fact that the government clearly did not have any idea what impact its previous changes would have on the small business community is also quite telling, particularly from a government, as I said earlier, that prides itself—or at least claims to pride itself—on being the best friend that small business has ever had. For a government that claims to be the great friend of business, it really does not seem to understand how small business operates.

The entire premise for the original change was a suspicion on the part of the Australian Taxation Office that related party loans were a means of tax evasion. The government was obviously convinced by the arguments of the tax office and set about introducing a regime for small business such that, in the words of the minister:

… subsequent treatment of a related party at-call loan as equity would require the keeping of tax accounts. This means the compliance costs can be relatively high compared to treating the loan as debt in accordance with its legal form …

I simply cannot understand why the minister had not worked out that the changes would produce the compliance costs that they did when he first introduced these changes in late 2004. It amazes me that it was not until after considerable lobbying by various sectors in the industry that the minister finally realised what he had done.

I was reminded by the member for Hunter a little earlier in the debate of the Prime Minister’s commitment to small business in 1996 to reduce the level of red tape by 50 per cent. I have to admit that this is a novel way of achieving that target. I am sure the minister will be congratulated by his colleagues for the innovative approach of firstly increasing the level of compliance costs and red tape and then, less than a few months later, removing it. Whether that is in keeping with the Prime Minister’s commitment to small business one would have to wonder. This is a reflection of a complete lack of commitment by the government to keeping yet another promise. It is yet another breach of faith to small business and its related community and a reflection of the serious lack of commit-
ment to improve the lot of small business throughout the country.

There is no doubt that a number of compliance issues and tax avoidance issues need to be dealt with in our tax system. Labor has said consistently during the current debate on the future of income tax that not only does it need to be reformed in relation to the levels of rates and thresholds but concessions and compliance measures also need to be dealt with. Given that the Minister for Revenue and Assistant Treasurer has already had one go at dealing with tax evasion and all that he managed to create is additional costs for small businesses and that he then rushed in a second attempt to get rid of them, let us hope he is not as involved when the debate centralises on the reform of the income taxation system. I support the amendments put forward by the opposition. I take the opportunity to congratulate the minister for having the courage to admit a mistake was made and to legislate to amend his own flawed legislation.

Mr WINDSOR (New England) (11.26 am)—I would like to participate in debate on the Tax Laws Amendment (2005 Measures No. 5) Bill 2005. I recognise that previous speakers have had fairly wide-ranging views on tax reform, not only leading to the bill currently before the House. There are a number of tax reform issues that I would take the opportunity to raise generally. Firstly, I congratulate the government, and particularly the government members who have recently publicly aired some of the tax reform issues. I know some of them have been condemned by some of their colleagues, but I think it is important that we do have a debate on tax policy, that we do not assume that what is there is what is best and that we are always open to ideas. So I congratulate the member for Wentworth, the member for Indi and others who have taken the time to at least engage in this quite complex area.

The complexity of the tax system is one of those areas that governments in perpetuity have said they were going to address, but there seems to be a reluctance to do so and the tax act just gets bigger and bigger. At some stage we are going to have to simplify some of the arrangements in relation to tax. One of the things that I constantly get—and I am sure other members of parliament do as well—is complaints from accountants particularly in relation to BAS and the time consumed in preparation of statements, the changing of the rules, the compliance period and those sorts of things that are causing difficulties for individuals and accountants, the tax administrators, in Australia. That has a massive implication for small business because of the load of paperwork that is being applied for compliance, so I would hope that that issue particularly, as with many other issues, is something that we are not afraid to address, to try to simplify and to make easier for the community, particularly the small business community, to comply and contend with.

I congratulate the government once again on addressing the issue of the excise-free period for the development of the ethanol industry, for instance. I noticed that the member for Hunter mentioned the ethanol industry earlier and it is something I would like to spend a little time on if I could, as I currently have a bill before the House on that very matter. What the government did in 2004 was to put in place legislation that exempted the payment of fuel excise to those ethanol producers over a period of time to 2012, and then there was a sliding exemption period—it goes out to 2015 or 2017, from memory. That has created a circumstance where the industry itself has taken serious consideration of its development.

Unfortunately, the government has not taken care of the other side of the equation in relation to the fuel companies. Although it
did put in place good policy—I applaud the Democrats in the Senate, particularly their leader, Lyn Allison, for their role—it's 2001 renewable energy target has been a complete failure. Less renewable energy is now being used in Australia than was being used before the government's 2001 renewable energy target. So it is a nonsense to suggest, as some people are doing, that we have to go down the road of putting in place targets when the fuel market involves the manipulation and the power of the distributors—the fuel companies themselves. I would encourage the government and the minister at the table to look very carefully at the regulatory arrangements. The government should recognise that, to make the fuel companies comply with an off-take arrangement with the ethanol producers and other biofuel producers, it will need to put in place a mandate. As I mentioned earlier, history says that the 2001 renewable energy target has not worked, and in my view a voluntary approach is not going to work.

There are many reasons other than tax reform and tax policy that ethanol and biodiesels and renewable energy sources should be used in Australia. I applaud the Australian Medical Association, the AMA, for their role in relation to the health aspects of the use of biofuels, particularly ethanol and the way in which it naturally oxygenates the fuel. Modern engines are able to achieve higher octane ratings without the addition of carcinogenic additives, which are being provided in the future. Some within the government would suggest that we are looking at that because of some of the cleaner fuel legislation. I would suggest—and others have as well, including the medical profession and many scientists—that that is not going far enough. We have a home-grown product that naturally oxygenates without the small particulate problems that unleaded fuel has, in particular, so it would be far better to go down that road.

In tax reform generally, the government has always tended towards a more voluntary approach. But we have seen instances in the past where the government will interfere in the natural processes of the market. I allude again to the fuel industry, for instance. The government, quite rightly—and I congratulate the Minister for Revenue and Assistant Treasurer, who is at the table, on his obvious role in cabinet—has moved to mandate the removal of lead from petrol and has mandated the removal of sulphur from our diesel for health reasons. I was absolutely disgusted the other day to hear the Grains Council of Australia promoting choice for motorists. It is a bit of a policy contradiction to suggest that you cannot mandate a certain level of ethanol in fuel for health and other reasons but that you can mandate the removal of sulphur and lead from our fuels, at a higher cost. Obviously if there are good health, economic, regional development and other reasons to do so, government puts in place tax policy and other policy which reflect the needs of the community. It is a nonsense to say, as some have suggested, that the government would lose between $500 million and $600 million if it were to fully mandate a 10 per cent ethanol content in petrol and that that would have a significant effect on the budget's bottom line and that it would be interfering in the market.

Governments—even this government, a conservative government—do interfere with the market from time to time. When the goods and services tax came out there was a revolt within the building industry about the impact the goods and services tax would have on the cost of housing and building. It was their view that it would have a massive impact on employment, the price of houses and so on. The government moved, in a policy sense, to put in place the First Home Owners Scheme. That was matched and extended later by the state governments. I think it in-
creased to something like $14,000 per home owner. Last year I received figures from the tax office indicating that we spent over $5.5 billion on a change in the taxation arrangements to allow the subsidy to first home owners, which is essentially a subsidy of the building industry, for good purposes—I do not debate that.

I make the point though that the government can interfere with the market for good reasons when it sees fit to do so. It does that from time to time. Fairly trivial arguments are developed against mandating the use of ethanol in our fuels, for the loss of $500 million. There are health impacts and regional development impacts on the sugar coast, for instance, in Queensland. Mr Deputy Speaker Lindsay, I am sure you are well aware of the impact of the collapse of the sugar industry. Through proper government policy and interfering with the market—I do not deny that—this government could remove the prospect of the impact of massive community and personal changes on the sugar coast.

The sugar industry, for those members who do not understand it, has been affected by corrupt world activity. The world’s sugar markets—Brazil in particular—have had a massive impact on sugar producers, whose viability has been eroded substantially. There have been a number of government packages—I think four—to try and assist the sugar industry. The long-term effect of those packages has been to achieve nothing. They have not been targeted correctly. It is not as though the government are not prepared to spend something in these communities. They recognise the regional and social impacts of the destruction of communities that have been a very important part of our society, but the money has been ill directed. Here we have an opportunity to convert a major part of the sugar industry—and it applies to the grains industry, where normally 20 million tonnes of 28 million tonnes of grain production are exported on corrupt world markets—by embracing, through proper policy, a way in which their communities and their agricultural activity, an activity which they do extremely well, can be preserved by transferring it into a more meaningful process.

Minister Brough, who is at the table, when dealing with the bill before us today, referred to the tax arrangements of people in Iraq and the collapse of the taxation system there because of the war. But in Australia we are so focused on our exports—for obvious reasons; we produce more than we consume—that we are missing opportunities. We export agricultural produce onto a corrupt world market, with an artificially derived cost structure domestically, and it has created all sorts of domestic pressures. We use the receipts of that money, whether it be from sugar, wheat or other products, to buy and import products, including oil products, and we are seeing it through the current balance of payments arrangements.

Everyone in this House would be well aware of the way in which the price of oil is skyrocketing at the moment. We have an opportunity, through proper policy, to address the issue of domestic agricultural production. Rather than exporting a commodity at corrupt world prices and taking what the world gives us, we could convert our product. We could develop a viable ethanol and biofuels industry. That would allow the agriculturalists—the sugar producers and the grain producers in this case—to do what they do best. We keep telling them that they are the best in the world. Let them do what they do best. We can convert their product into domestic fuel. One of the things that they have done has been to assist the sugar and grains industries with the pricing structure. That has had a massive impact on regional communities.
We constantly hear the argument, particularly from country members and occasionally National Party members, that we need to do something for regional Australia. We have regional policies; regional and rural country people are important. We are seeing just how important they are with the sell-out on Telstra at the moment. That argument is constantly being put. Here we have an opportunity, through the biofuels industry, to put in place policy that delivers investment and employment in country communities—all the spin-off effects from the impact on the price of grain and sugar et cetera.

Mr Deputy Speaker Lindsay, I am sure you would be well aware from your background that Australia has lost 20,000 farmers in the last decade. Those farmers did not disappear because they decided that they wanted to live in Townsville. They disappeared because, in a sense, they became uneconomical. They became uneconomical because the price of their product in world terms became lower. As a grain producer myself, I can see the price of grain this year being equivalent to what it was 20 years ago. With your knowledge of the sugar industry in particular, Mr Deputy Speaker, I know you would be well aware that there are similar problems in that industry. I think it is time that we used not only tax policy to try and drive some of these positive changes for country people but also the broader policy agenda to try and create viable industries into the future.

I was rather ashamed when I heard a number of Liberals in this building saying, in terms of the fuel tax regime, that the removal of a tax—this was before the Democrats developed the exemption excise and the National Party and others finally came to accept it in 2004—is a subsidy. This is an indication of the corruption of economic language that they have come to in this place. I am told that Tim Fischer was one person in the cabinet some years ago who suggested that fuel be included when the goods and services tax was put in place. Obviously that would have meant an escalation in the percentage of the eventual goods and services tax. To suggest that the removal of a tax is a subsidy to an industry is, I think, a fairly clever corruption of economic language.

We keep hearing suggestions, even from some of the people involved in the current ethanol debate, notably from Melbourne, that in a modern economy you cannot mandate, that in a modern economy there should be some sort of freedom of choice—that our mandate for the removal of lead, our mandate for the removal of sulphur and our mandate for a first home owners scheme are, in a sense, outside the modern economy, the modern market. The point I am making is that there are ways and means by which we can encourage productive investment. The Treasurer and others suggest that the removal of a tax is, in fact, subsidising one of our industries, but that tax should not have been imposed in the first place in a modern economy. It evolved over many years from the previous Fraser government, or the escalation started to take place in that period of time.

There are many reasons why I support the legislation before the House today. I think it does some positive things. I will not be supporting the Labor Party’s amendment, although I do concur with the Labor Party that small business does have some issue with the continual changing of the debt equity rules. I think that is something the government should take on board. I support the 12.5 per cent offset for the film industry. (Time expired)

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (11.46 am)—in reply—I would like to thank everyone who has taken part in the debate on the
Tax Laws Amendment (2005 Measures No. 5) Bill 2005. The first measure in this bill modifies aspects of the foreign employment income exemption. This is a tax exemption that applies to the foreign earnings of Australian residents engaged in foreign service for a continuous period of 91 days. I know that many of your residents, Mr Deputy Speaker Lindsay, fall into this category, because you have the biggest military base in the country as part of the electorate of Herbert.

Presently, a creditors and debitors rule is used to determine whether a taxpayer with breaks in their employment service satisfies the 91-day period. This bill removes this current rule and introduces a simpler and more generous rule. The new rule, the one-sixth rule, provides that a period of foreign service will not be considered to have been broken until the point when absences exceed one-sixth of the days in foreign service. The amendment to insert the one-sixth rule was announced as part of the 2004-05 budget. This is a positive improvement to the tax laws, allowing Australian residents engaged in foreign service more absences and reduced compliance costs. Furthermore, the amendments reinstate the exemption where a taxpayer was employed in Iraq during the period that Iraq’s income tax system was suspended. Finally, the amendments to the foreign earnings exemption will extend the exemption that applies to circumstances where a taxpayer dies before reaching the 91 days of continuous service but otherwise would have continued to be engaged in foreign service for 91 days or more.

The member for Hunter raised a question on this measure during his speech. I want to inform him that separate costings for the section 23AG measure are split between 23AG and 23AF in the tax exemption statements. There are no changes in the bill to 23AF; the changes in the bill apply only to 23AG. The changes remove the complexity in complying with the legislation, and it is in fact a much more tax-friendly measure. The cost will obviously be determined by the number of people in overseas service for the nation in any given year who are using the measure and find that they need to break it, and that could be from zero to several thousand, potentially. It is something that will be determined on an annual basis.

The second measure in the bill amends the film tax offset provisions. This is a positive initiative that aims to attract large-scale, high-budget television series to Australia. Qualifying high-budget television series will be able to claim the refundable 12.5 per cent offset against their qualifying Australian production expenditure. There is a minimum expenditure threshold of $1 million worth of qualifying Australian production expenditure per hour, which is in addition to expenditure minima that apply under the refundable film tax offset rules more broadly. This government is committed to building a local film and television production industry. These amendments will help to showcase Australian locations and talent and help to increase its spending on infrastructure development and local casts, crew, post-production facilities and other services.

The next measure makes further refinements to the consolidation regime. At present, the income tax law contains rules for determining when an entity can claim a deduction for bad debts. The modifications clarify the operation of the rules for multiple entry consolidated groups. They also ensure that the modification to the bad debt rules for consolidated groups and multiple entry consolidated groups apply to determine whether these groups can deduct/swap losses. Also under the consolidation regime there are a number of irrevocable choices that a consolidated group or multiple entry consolidated group can make in respect of setting the tax costs of assets and for the utilisation
of losses. Currently, these choices are required to be made by, and cannot be revoked after, 31 December 2004. These amendments extend the time for making or revoking choices until 31 December 2005.

Following the alignment of the Australian accounting standards with the International Financial Reporting Standards on 1 January this year, the fourth schedule to the bill ensures that the thin capitalisation position of taxpayers is not immediately affected. By way of background, the thin capitalisation regime operates when the amount of debt used to finance Australian operations of an entity exceeds specified limits. The regime disallows a certain proportion of otherwise deductible interest expenses. Thin capitalisation calculations rely on values determined by accounting standards. This amendment provides a three-year transitional period during which, for the purposes of undertaking thin capitalisation calculations, a taxpayer can use accounting standards as they existed prior to the alignment with the International Financial Reporting Standards.

The next schedule fulfils the 2005-06 budget commitment by extending the operation of the 12-month rule for forestry management investments from 30 June 2006 through to 30 June 2008. The 12-month rule, in effect, allows an immediate deduction for certain prepaid expenditure incurred after a plantation forestry management agreement. The rule applies to expenditure for seasonally dependent agronomic activities that will be carried out during the establishment period of a particular planting of trees. The provision currently applies to expenditure incurred on or after 2 October 2001 and on or before 30 June 2006. The two-year extension will allow an extensive review to be conducted into all aspects of support for the plantation timber industry.

There was a question raised—I think it was by the member for Werriwa—on this particular issue. It went to what prepayment rules apply. I wish to inform the member for Werriwa that the existing requirements of legislation continue to apply. Expenditure must be for seasonally dependent agronomic activities. This is monitored by the ATO. Arrangements must be implemented and described in the product ruling, and are potentially subject to part 4(A) of the tax act. Promoters must pay tax on their income in the year of deduction allowed to the grower. I hope that answers the very genuine question of the member for Werriwa.

The final measure in the bill recognises the government’s desire to reduce compliance costs for small business and provide more tax certainty. This measure will simplify the debt equity rules for related party at-call loans made to small companies. Under the general rules for determining whether an interest in a company is debt or equity for tax purposes, special advice may be needed. The subsequent treatment of a related party at-call loan as equity would require the keeping of tax accounts. This means the compliance cost could be relatively high compared to treating the loan as debt in accordance with its legal form and commercial classification. The proposal’s changes involve a simple test that tax law will treat at-call loans of companies with an annual turnover of under $20 million as debt. This should simplify and significantly reduce the compliance burden on the sector and let companies use company funds more productively in the business.

I note that in the second reading amendment moved by the member for Hunter he suggests that this will ‘create uncertainty’. Far from creating uncertainty, I have had a considerable amount of feedback, as I have moved around the country since we announced this measure, that it did just the op-
posite. In fact, it created great certainty. The $20 million threshold was very welcome. It will exclude genuine small businesses and allow them to get on with making a profit and growing their employment and, in doing so, assist the country.

That is a comprehensive summary of the measures of the Tax Laws Amendment (2005 Measures No. 5) Bill 2005. It further enhances the government’s commitment to, where possible, simplifying the tax act and, most importantly, recognising where clarifications can assist taxpayers—particularly those that are operating in the service of the country and fall foul of the law in relation to their income tax. We are very pleased to be able to fix that with these measures.

Clearly, assisting the television industry is going to be good for employment. All of our tax considerations in this country must be for the greater productivity of the nation, to ensure that we are internationally competitive and that we give Australians the greatest opportunity to maximise their incomes, to create their own wealth and to make provisions for themselves. I commend the bill to the House.

Mr FITZGIBBON (Hunter) (11.56 am)—I thank the minister for his comprehensive summation on the Tax Laws Amendment (2005 Measures No. 5) Bill 2005. During my contribution to the second reading debate I did ask him a question, though. I do not think he answered it very well. I am also prepared to concede that I did not ask it all that well. The tax expenditure statement indicates that the cost of these new measures is around $600 million. What I was looking for was a breakdown between the cost of section 23AF and section 23AG. While the minister is getting some advice on that issue, I also ask him whether it is possible to go back to previous years and provide information about the income bands of each of the recipients—in other words, the typical incomes of those who have been recipients of the concession in the past.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (11.57 am)—I am advised that these areas are not available in the Tax or Treasury papers, as outlined in the budget, as a separate line item, so I cannot provide that information to you. In answer to the second question, I am not quite sure whether we can find out the income bands of potential recipients. Obviously, it does not matter what their income bands are. Often, many of these people will be defence personnel, as the member for Hunter would appreciate, and they would range literally from privates to generals, receiving anything from 40-odd thousand dollars through to $150,000 a year. There would also be the private sector, as you would be aware, and both contractors and government employees. I can certainly take that on notice, and if there is anything I can provide subsequent to this I would be only too happy to do so.

Mr FITZGIBBON (Hunter) (11.58 am)—I thank the minister for indicating that he will get back to me on my second ques-
tion. I think it is appropriate for the Australian community to know where these concessions are going, and typically to which income bands in particular they are going. But, on the question of the separation of the costings of 23AF and 23AG, the minister did not indicate that he would get back to me. I think it is reasonable for me to assume that, if Treasury or Tax are able to arrive at a $600 million figure, then the basis on which they arrived at that figure would be built upon the areas in which the concession is being won, and therefore I would have thought that it was possible for them to answer that question. So, if the minister cannot answer it now, I invite him to indicate that he is prepared to get back to the House on that question as well.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (11.59 pm)—As I said, that is not a line item that is in the budget papers and, as such, it is not detail that has been collected. Whether that information is available or not, I am not in a position to say—whether it could be collected here and now—so I certainly could not give that commitment to you in good faith.

Mr FITZGIBBON (Hunter) (12.00 pm)—Is the minister prepared to get back to the House with some information about how the $600 million was arrived at?

Mr Brough—I am happy to.

Mr FITZGIBBON—I thank the minister.

Bill agreed to.

Third Reading

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.00 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
they have no ability to enforce it. There is no way you can actually get the management to come to the table and collectively bargain. Has the minister visited any of the sites where staff are not on strike but have been locked out by their management? Has he told the 76 workers at ACI on Lexington Road at Box Hill that they have a right to collectively bargain? Has he sought to intervene in this dispute to help 76 decent workers get back to work? Has the minister sought to introduce legislation which assists workers and management to resolve disputes? No. What he has done and continues to do with his legislation is attack workers’ rights to bargain and to achieve a decent living standard.

We are just in this constant void, a constant cycle of revolving legislation, destined to destroy the ability of workers to get a decent wage. As I said last night, why is the Minister for Employment and Workplace Relations—it really does not matter which minister; they all do the same thing time and time again—introducing this bill now? He has already bemoaned the complexity of rewriting the entire IR bill to reflect the government’s extreme agenda, so why complicate the matter now with a change to already complex legislation, only to have to rewrite it in October when we expect to see the government’s so-called IR reforms? I think the word ‘reform’ is constantly abused by this government. Reform is all about making things better. This legislation will not make anything better for anyone except management, and they already have all the rights on their side.

Why are we considering this legislation and why are we considering it now? A recent article in the Financial Review on 20 June 2005 indicates fairly concisely why, and I would like to quote extensively:

But the minister said the government was also considering bringing forward existing legislation—the Better Bargaining Bill—and he has done so and we are debating it today.

This would immediately apply tougher controls on enterprise bargaining ahead of next year’s manufacturing negotiations.

Mr Andrews said that the government intended to rewrite the entire Workplace Relations Act, rather than simply amend what was already one of the most complex and far-reaching pieces of legislation.

The existing act has been amended more than 50 times since its introduction in 1988, greatly increasing its complexity.

But the government has had a setback in its push for builders to hold off signing new enterprise deals with the Construction Forestry Mining and Energy Union until tougher laws are in place later this year.

In manufacturing, the lead-up to the bargaining round has been marked by job losses among car component makers, which have been blamed on competition from low-cost countries such as China.

What is this telling us? It is telling us that we need to get this legislation through now so that we can have bargaining to race to the bottom, to impose low-cost wages upon Australians. This bill is a race to the bottom, to ensure that manufacturing survives in Australia. But it will not achieve that end. The government has ignored for so long our manufacturing base that the introduction of this bit of draconian legislation and its extreme IR reform will not revive it.

How are we in Australia going to survive by introducing ridiculously low wages so we can compete with China? In the infamous words of the Prime Minister: ‘Hello, hello.’
How is anyone in our economy going to support a family on China’s wages? How does this work or help? We actually have a consumer economy, so how will anyone consume when they can barely survive on those sorts of wages? In my electorate, the pressure from cheaper Chinese imports in the car component industry has already created job losses and has a lot of people and employers very scared. We cannot compete with these wages. There is this slight problem called our cost of living. The government needs to get smarter, not cheaper. This bill is about a race to the bottom. It is about ensuring that the bargaining rights go to the employer so that they can introduce low-cost wages. That is why it has to be done now, before the next round of enterprise bargaining comes up and employers have more sticks in their pack than they have already.

Yes, I suppose ‘it’s the economy, stupid’—something this government has ignored for too long. It now thinks it can somehow repair the damage of nine long years of neglect by creating lower wages. How will anyone spend if they cannot take enough money home just to survive? The bill is about ensuring workers have no rights to enterprise bargaining, no ability to say, ‘No, we don’t want this deal,’ no ability to take protected action during the negotiating period and no ability to take protected action outside the bargaining period. Instances arise outside of the dates of EBs: things change, things happen, things come along. Employees, as the High Court has recently upheld, should have the right to take protected action outside the bargaining period. As I said last night, EBs are not negotiated overnight either, and that is generally why you start negotiating them some months before they expire. I can remember one case, the ANZ EB agreement I did, that took over 18 months to negotiate—certainly well and truly after the expiry date of the enterprise agreement was up. But we were dealing with a fairly sophisticated award that you could fall back on; in the future, you will not have that luxury.

For a government proud of its record on choice, it has no desire to provide choice to workers. Where is the choice in this? There is no choice. As Greg Combet said in a speech to the Press Club in July:

On the 26th of May John Howard announced the Government’s plans to rewrite Australia’s industrial relations laws, arguing that this was “one of the great pieces of unfinished business in the structural transformation of the Australian economy”.

The Prime Minister would have us believe that industrial relations is the most pressing economic issue facing the nation. He argues that the changes will create more jobs, lift productivity and boost wages.

This is an exceptionally feeble argument, lacking substance and credibility. It is mere assertion, little more than media spin. The Prime Minister gave a more honest assessment of the industrial relations plans when he said to the Coalition party room that they are “an article of faith for the Coalition parties”.

Australia is currently in its 14th consecutive year of economic growth - a historically significant period of economic expansion, low inflation, productivity growth and low unemployment. Industrial disputes are at record lows. Since its inception in 1994, decentralised collective workplace bargaining, underpinned by the award safety net, has unleashed enormous productive potential.

The industrial relations system is not holding the economy back. In fact it is part of our success.

There are far more important economic priorities. The Government’s workplace agenda is not a plan to address the real economic priorities facing Australia.

It is a radical plan to deliver workplace power to business and diminish the rights of every Australian employee.

It is a reckless plan that will increase the pressure on working families.
It is an irresponsible plan undermining democratic values and fairness in the workplace.
It is a biased plan reflecting long-standing prejudice on the Coalition side of politics.
And it is a plan the ACTU and the unions will fight with determination, discipline and endurance.

Unions have stood-up for the rights and living standards of working people for over 150 years in Australia. We believe worker’s rights to be worth fighting for – and fight we will.

Yet again, this bill is about pursuing political ideology—‘an article of faith’—as opposed to ensuring better bargaining and better outcomes for both business and employees.

The speech goes on at length to debunk the economic argument of the government and ask the hard questions about skills, training, education, research and development—those sorts of minor issues in the economy, things too hard for this government to address. Instead, this bill and the government’s extreme IR changes are all about driving down wages so we can compete against low-cost imports. And how will this assist Howard’s battlers to survive in our economic reality? As Greg Combet says further in his speech:

Simply put, Australia needs an investment-led reform agenda focussed on the supply side of the economy. That is what will produce the next productivity revolution.

Instead John Howard is offering the realisation of long-held industrial relations prejudice. His is a backward-looking agenda to cut labour costs, to find our economic way in the world by preying on the weak and vulnerable, by attacking fairness and democratic principles.

The lack of vision, the scarcity of decency, and the absence of confidence in a better way forward is both astonishing and depressing.

Yes, we can have an economy based on individual greed, where the wealthy get wealthier and the poor get left behind—very much like the US—or we can have an economy based on the collective good of all, where we enshrine protections in enterprise bargaining, where we enshrine the protections of the Industrial Relations Commission and where we can enshrine the protection of protected action.

I am loath to say it, but we can all think about the response to the horrors of Hurricane Katrina in the US—an economy based on greed and wealth and an economy based on the individual. We might all think about what sort of economy and what sort of society we would rather have.

Mr GAVAN O’CONNOR (Corio) (12.12 pm)—I am somewhat honoured to rise in this place to oppose the Howard government’s Workplace Relations Amendment (Better Bargaining) Bill 2005 on behalf of all working families in Geelong. When the electors of Corio elected me to that seat for the fifth time, they gave me a clear and unequivocal mandate to oppose the industrial relations excesses of the Howard government. So, in keeping faith with that very simple mandate, I oppose the bill now before the House. This bill is another manifestation of the extreme industrial relations agenda now being pursued by this radically conservative government which seems to take great delight in trampling over the rights of workers in my electorate and elsewhere around Australia.

What we have here is a government that is driven by prejudice against the union movement and its members. I have said before in debates on workplace relations in this House that what we are seeing time and time again in these bills is what the Prime Minister really wanted to do in the early years of his prime ministership. It started with the MUA dispute and continued with the many IR bills that have been introduced into this parliament. Up until now, the government has had difficulty getting them through both houses of parliament but, with the government in
control of both the Senate and the House of Representatives, it is open slather on the rights of working people in this country.

We have had the politicised Cole Royal Commission into the Building and Construction Industry and the ensuing legislation, a building and construction bill, which is now being debated in the Senate. We have had unfair dismissal bills. We have had bills on compulsory student unionism. We have had award simplification bills. All of them bear the standard Howard trademark: an attack on the rights and working conditions of working people in this country. We have now got $20 million advertising budget expenditure by the Howard government on a set of industrial relations propositions that have yet to make it into this parliament in legislative form.

The Workplace Relations Amendment (Better Bargaining) Bill 2005 is simply another bill that this government is reintroducing with the aim of stripping away workers' fundamental rights. Members may recall that this piece of legislation was first introduced into the parliament in 2003 and that it was thrown out of the parliament, in the other place, because of its excesses. Now the government is bringing this legislation back into this House to again ram it through the Senate, where it has a majority and where it will do its nastiest work in attacking the rights of workers to collectively bargain and in weakening the powers of the Australian Industrial Relations Commission.

It is important that every Geelong worker—every nurse, child-care worker, teacher, university academic, hospital worker or aged care worker—understand that their fundamental democratic right to withdraw their labour is seriously compromised and under attack in this quite vicious piece of legislation. Firstly, the bill amends the Workplace Relations Act 1996 to allow individuals or groups who are not directly involved in an industrial dispute—for example, clients of health, community service or education systems—to apply to the Australian Industrial Relations Commission to suspend protected industrial action if they can demonstrate that the action will cause them significant harm. This bill allows applications to be made against not only actual but threatened industrial action and requires the AIRC to put the interests of vulnerable third parties foremost in their considerations. Secondly, the bill does not allow any industrial action during the life of an agreement or where the subject matter of the dispute is not covered by the agreement. Thirdly, the bill introduces cooling-off periods, in that it gives the AIRC new powers to suspend bargaining periods in a wide range of circumstances, and it limits protected industrial action to single employers.

How would the legislation work in practice? The bill substantially extends the power of the commission to suspend the bargaining period by allowing anyone directly affected by an action to apply for such a suspension. This would take away the capacity of employees to take protected industrial action under the law. The process of resolving disputes when they occur under this legislation shows an obvious bias. The government always shows a bias against the rights of workers to initiate protected industrial action. The fact is that this bill does not help to resolve disputes, it does nothing to assist parties who are seeking to resolve a dispute and it simply makes it almost impossible to take protected industrial action. The bill takes away the right to industrial action. It does not resolve any outstanding issues between an employer and employees. It does not give the commission greater power to conciliate and arbitrate in disputes and to try to resolve matters. The government has already whittled that power away in its first
wave of industrial relations legislation in 1996.

If this government were fair dinkum about seeking to reduce industrial disputes, it would re-empower the commission to resolve disputes where parties cannot resolve them themselves. Instead, this government seeks to inflame that situation through this legislation. I say to the minister: if you want a very simple model to help resolve disputes in the workplace, all you have to do is require under the law that parties bargain in good faith. That is a very simple proposition: compel them to bargain in good faith. The second thing—and it is very easy—to enable workplace relations disputes to be resolved is to empower the Australian Industrial Relations Commission to resolve intractable industrial disputes. That is a fairly simple formula for resolving industrial conflict.

Workers in the caring professions in Geelong would want me to ask this very reasonable question: what has the government got against nurses, teachers, aged care workers and other Geelong workers? These workers go about their jobs every day in a conscientious and professional way. They care for the sick, they teach our children, they look after our elderly and they tend to the needs of our preschoolers—so what has the government got against them? Why is the government trying to once again drive its industrial relations jackboot into the caring professions in Geelong? Geelong workers have woken up to this government. They came out in their thousands at a recent rally that I addressed in Geelong against this government’s industrial relations agenda. Nurses, teachers, building workers and workers from all industries, alongside people from the wider Geelong community, all spoke with one voice opposing this government’s vicious industrial relations agenda—this extreme industrial relations agenda—that undermines their wages and conditions.

If anyone wants to fathom or understand the Howard government’s real intent in this legislation, all they have to do is examine each schedule of this bill and they will soon find out. In schedule 1, which relates to industrial action and lockouts before the expiry of any agreement, the government’s proposed changes prevent employees from taking protected industrial action against their employers to resolve issues that arise during the life of an agreement. As many employers and employees would know, there may be matters that are deliberately left out of an agreement by both parties, to be resolved during the life of the agreement. The amendments in this schedule simply weaken the negotiating ability of employees particularly on these matters as they arise during the life of an agreement.

The cooling-off provisions of schedule 2 are another case in point. These provisions will simply further water down the strength of the bargaining position of employees and their representatives, while allowing the employer free rein to continue to refuse to negotiate in good faith. In schedule 3 we see again the full intent of the government in deliberately making it extremely difficult for employees to effectively collectively bargain. This section leaves open the capacity for employers to restructure their corporate arrangements in order to fragment and weaken the bargaining capacity of employees. I doubt that there is anyone in this House—and there is certainly no-one in my electorate—who does not believe that many unscrupulous corporates will use this provision to their commercial advantage.

Schedule 5 is the government’s overt attack on pattern bargaining in this country. We know historically of this government’s antipathy to any form of pattern bargaining. The notion of pattern bargaining is anathema to its core value of individualising the process of negotiation between employers and
employees to give, in the end, employers more power in the workplace. So, in a sense, this schedule is not surprising. But it does two things. It not only weakens the collective bargaining position of workers but further restricts the capacity of the Industrial Relations Commission to negotiate and develop appropriate responses in times of industrial conflict between parties. In addition, it provides the capacity for employers to insert the courts into the process long before the commission has had the opportunity to determine whether pattern bargaining has taken place. This can be done through the court injunction process even before the parties accused of pattern bargaining can have their bona fides assessed.

What we have here is another bald-faced attack on the rights of Geelong workers to collectively bargain to improve their wages and conditions. Geelong workers and their union representatives have fought many battles to obtain decent wages and working conditions for themselves and family members, and they certainly do not intend to buckle in the face of this attack and the further intimidation of them by the Howard government contained in this legislation. The right to collectively bargain is central to Labor’s core philosophy and is a fundamental right acknowledged by the UN and the ILO. Convention 87 of the ILO, the freedom of association and protection of the rights to organise, and convention 98, the right to organise and collectively bargain, enshrine the fundamental right of workers to collectively bargain. These rights are important as they attempt to ensure that employees are protected against anti-union employer activities. The whole legislative program of this government is designed to weaken the bargaining power of Geelong workers, remove their award support and force them onto Australian workplace agreements. That is the real agenda behind this legislation.

In closing, I congratulate the Geelong Trades Hall Council for the way they have organised on the ground in the Geelong community to oppose the vicious industrial relations agenda being put before this parliament and the Australian people by the Howard government. I congratulate President-elect Tony Anderson and Secretary Tim Gooden for the way in which they are organising to defend the rights of Geelong families in the face of this extreme onslaught by the government, and I urge all workers to support the major rally we will be having in the Geelong community later in the year. Special congratulations to Vice-President Chris Couzens, who is organising the women of Geelong to resist the attack on their wages and conditions.

Many workers in Geelong do not receive fantastic wages for the efforts they put into enterprises. They make a contribution to wealth creation in the Geelong community and the nation. The least they should expect from any government of any political persuasion is that their fundamental rights in the workplace are protected and enhanced. That is not the case with the industrial relations agenda being pursued by the Howard government. I urge the women of Geelong, who comprise a significant element of our work force, to get behind Chris Couzens, Tim Gooden and Tony Anderson in their efforts on behalf of working families in Geelong.

I say to the Minister for Employment and Workplace Relations, who is in the House today to close this debate, that no amount of words you might speak to attempt to put a reasoned argument on this can disguise the fact that your Prime Minister is one of the most extreme right-wing conservative prime ministers in the history of this federation. In the Iraq debate he was referred to as a ‘toe sucker’ and various other things.
The DEPUTY SPEAKER (Mr Lindsay)—Order! The member for Corio will return to the substance of the bill.

Mr GAVAN O’CONNOR—I know that members opposite get a bit testy when we refer to the Prime Minister as—

The DEPUTY SPEAKER—The member for Corio will return to the bill.

Mr GAVAN O’CONNOR—the ‘Republican lapdog’ of the Australian political system. Having said that, I will conclude my remarks by saying that this piece of legislation is a continuation of the attacks on Geelong working families. I simply say to the minister and representatives of the government: keep these attacks up and you will destroy any support that you have in the Australian community.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.29 pm)—I thank all members for their contributions to this debate on the Workplace Relations Amendment (Better Bargaining) Bill 2005. While I understand some of the concerns raised, I sincerely hope that members will finally join the government to implement a better bargaining framework by supporting the key measures proposed in this bill. The bill proposes to amend the bargaining provisions of the Workplace Relations Act 1996. This bill is consistent with government policy and reinforces the objective of the Workplace Relations Act that the primary focus of negotiations should be at the enterprise level between employers and their employees.

The government is committed to the measures proposed by this bill to provide a fairer bargaining framework. They are underpinned by good policy and represent worthwhile reforms that will ensure Australia’s economic prosperity. The government supports collective bargaining at the enterprise level. It is this approach to bargaining that ensures that the needs of employers and employees are met.

The measures in this bill will facilitate workplace bargaining and they come at a very important time in the bargaining cycle. The measures in the bill are required to facilitate bargaining at the enterprise level during the next intensive round of negotiations. Between 1 July this year and 31 March next year, 62 per cent of all federal certified agreements will expire, including 84 per cent of agreements in the building and construction industry and 42 per cent of agreements in the manufacturing sector. The measures proposed by this bill will, first, provide remedies against pattern bargaining to wind back industry-wide negotiations at the enterprise level; secondly, facilitate enterprise bargaining by ensuring that industrial action is not used inappropriately; and, thirdly, allow for limited cooling-off during periods of protected industrial action to assist negotiating parties to reach agreement or where industrial action is threatening to cause significant harm to a third party.

The parties to a certified agreement should be bound by its terms and conditions, including the dispute-settling provisions. Under the proposed amendments, parties to a current certified agreement will be required to use their agreed dispute-settling procedure to resolve workplace disputes rather than resorting to industrial action. Accordingly, this bill ensures that industrial action taken during the life of a certified agreement is not protected industrial action. Preventing industrial action during the life of a certified agreement is vital to ensure that parties keep to the bargain they have struck and enjoy the certainty that a certified agreement is meant to provide.

Government policy promotes bargaining directly at the enterprise level to ensure that
agreements are tailored to meet individual business needs. However, unions typically engage in pattern bargaining that imposes common outcomes on employers across an industry or part of an industry with all resulting agreements having identical nominal expiry dates. In pursuing common outcomes, unions organise protected industrial action on an industry-wide basis. Pattern bargaining is the antithesis of genuine enterprise negotiation. Pattern bargaining takes the negotiation, consultation and decision making away from the control of the parties at the workplace.

It is predominantly the construction unions, and to a lesser extent the manufacturing unions, that are driving pattern bargaining. In many cases the threat of industrial action is enough to lock employers into inflexible workplace agreements. Pattern bargaining’s one-size-fits-all approach may lead to businesses being required to pay real wage increases without any accompanying increase in productivity. It reduces enterprise negotiation to a mere formality and centralises decision-making processes away from the workplace. Pattern bargaining robs employers and employees of choice in agreement making. The government believes that Australian employers and employees should have the ultimate choice about their working arrangements, whether that be through Australian workplace agreements or collective agreements that have been genuinely negotiated at the enterprise level, not at the industry level.

The unions have exploited a loophole in the legislation that undermines the spirit of the act. These amendments will ensure that the spirit of the legislation and the spirit of enterprise negotiation is respected. The proposed measures are required to circumvent pattern bargaining, including any industrial action taken to support pattern bargaining during the next intensive round of negotiations. The proposed provisions will strip protected status from industrial action that is taken to support claims by a negotiating party that is engaging in pattern bargaining. The proposed provisions will also provide additional remedies to counteract pattern bargaining by requiring the Australian Industrial Relations Commission to suspend or terminate a bargaining period if pattern bargaining is occurring in relation to the proposed agreement. An appropriate court may also order an injunction to stop or prevent industrial action that is taken to support claims by a negotiating party that is engaging in pattern bargaining.

These amendments will provide benefits to employers and employees alike. The pattern-bargaining measures will promote bargaining at the enterprise level, which will enable employees to genuinely bargain about the terms and conditions of employment that affect them. Through this process, employees will gain a greater understanding of the way their workplace operates. Businesses will be more productive and operate more efficiently because negotiated agreements will be tailored to meet individual business needs. The government firmly believes that employers and their employees are the best people to effectively and efficiently manage their workplaces. These reforms will ultimately return the choice of agreement-making options back to the employers and their employees at the enterprise level.

This bill will also clarify that industrial action is unprotected where it is taken in concert with employees of different employers. This is consistent with Australian government policy to promote workplace bargaining at the enterprise level. Likewise, the bill also provides that two or more related corporations cannot be treated as a single employer for the purpose of identifying certain action as protected action.
In some cases negotiations for a new certified agreement become heated and protracted and generally lose their focus. Cooling-off periods allow negotiating parties to take a step back from industrial conflict and refocus on the real issues in dispute. The bill will allow the commission to suspend a bargaining period for a period of cooling-off if it would assist the parties in resolving the issues in dispute. Anything done by a negotiating party, or any other person, during the period of suspension in respect of the proposed agreement would not be protected action. The duration of a cooling-off period is a matter for the commission’s discretion. The commission would be able to extend the cooling-off period once only on application of a negotiating party and after giving the other negotiating parties the opportunity to be heard.

The bill recognises that industrial action may have an unintended detrimental effect on third parties to an industrial dispute. It allows an organisation, person or body directly affected by the industrial action, other than a negotiating party or the minister, to apply to have a bargaining period suspended. Such a suspension may be extended in a similar manner to the extension of cooling-off periods under the bill. The commission would be required to consider a number of factors to determine whether suspension is appropriate, including whether the action is threatening to cause significant harm to any person other than a negotiating party. This measure will provide for cooling off to protect third parties from significant harm while still maintaining the existing rights of employees to take protected industrial action.

In conclusion, the measures in this bill will provide a fairer bargaining framework in time for the next intensive round of negotiations. It will facilitate bargaining at the enterprise level and ensure that protected industrial action is not used inappropriately. It will also allow for cooling off to assist negotiating parties reach agreement or where industrial action is threatening to cause significant harm to a third party. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.38 pm)—by leave—I move government amendments (1) to (4) as circulated:

(1) Clause 2, page 2 (table item 2), omit the table item, substitute:

2. Schedules 1 to 5 The 28th day after the day on which this Act receives the Royal Assent.

(2) Schedule 2, item 2, page 7 (lines 12 to 14), omit the item, substitute:

2 Application of amendment

The amendment made by item 1 applies in relation to a bargaining period even if the bargaining period began before the commencement of this Schedule.

(3) Schedule 3, item 2, page 8 (lines 11 to 13), omit the item, substitute:

2 Application of amendment

The amendment made by item 1 applies in relation to a bargaining period even if the bargaining period began before the commencement of this Schedule.

(4) Page 10 (after line 8), at the end of the Bill, add:

Schedule 5—Pattern bargaining

Workplace Relations Act 1996

1 At the end of Division 1 of Part VIB Add:
Pattern bargaining

What is pattern bargaining?

(1) For the purposes of this Part, a course of conduct by a person is pattern bargaining if:

(a) the person is a negotiating party to 2 or more proposed agreements; and

(b) the course of conduct involves seeking common wages or conditions of employment for 2 or more of those proposed agreements; and

(c) the course of conduct extends beyond a single business.

Exception: wages or conditions determined as national standards

(2) The course of conduct is not pattern bargaining to the extent that the negotiating party is seeking, for 2 or more of the proposed agreements, wages or conditions of employment determined by the Full Bench in a decision establishing national standards.

Exception: genuinely trying to reach an agreement for a single business or part of a single business

(3) The course of conduct, to the extent that it relates to a particular single business or part of a single business, is not pattern bargaining if the negotiating party is genuinely trying to reach an agreement for the business or part.

(4) For the purposes of subsection (3), factors relevant to working out whether the negotiating party is genuinely trying to reach an agreement for a single business or part of a single business include (but are not limited to) the following:

(a) demonstrating a preparedness to negotiate an agreement which takes into account the individual circumstances of the business or part;

(b) demonstrating a preparedness to negotiate an agreement with an expiry date which takes into account the individual circumstances of the business or part;

(c) negotiating in a manner consistent with wages and conditions of employment being determined as far as possible by agreement between the employer and its employees at the level of the single business or part;

(d) agreeing to meet face-to-face at reasonable times proposed by another negotiating party;

(e) considering and responding to proposals made by another negotiating party within a reasonable time;

(f) not capriciously adding or withdrawing items for bargaining.

(5) If a person seeks to rely on subsection (3) in any proceedings in the Commission, or in any civil proceedings in a court, the person has the burden of proving that subsection (3) applies.

(6) This section does not affect, and is not affected by, the meaning of the term “genuinely trying to reach an agreement”, or any variant of the term, as used elsewhere in this Act.

Definitions

(7) In this section:

negotiating party, to a proposed agreement, has the meaning given by section 170MI.

proposed agreement means a proposed agreement under Division 2 or 3.

Subsection 170MI(1) (note)

After “170MW(9A) and (10)”, insert “, 170MWAA(6) and (7)’.

After section 170MM

Insert:

Industrial action must not be in support of pattern bargaining claims

Engaging in or organising industrial action is not protected action if:

(a) the industrial action is for the purpose of supporting or advancing claims made by a negotiating party to a proposed agreement; and

170MMA Industrial action must not be in support of pattern bargaining claims

Engaging in or organising industrial action is not protected action if:

(a) the industrial action is for the purpose of supporting or advancing claims made by a negotiating party to a proposed agreement; and
(b) the party is engaged in pattern bargaining in relation to the proposed agreement.

4 After section 170MW

Insert:

170MWAA Suspension and termination of bargaining periods for pattern bargaining

Suspension or termination required for pattern bargaining

(1) The Commission must, by order, suspend a bargaining period for a period specified in the order, or terminate a bargaining period, if:

(a) a negotiating party or a prescribed person applies to the Commission for an order under this section; and

(b) another negotiating party is engaged in pattern bargaining in relation to the proposed agreement.

Negotiating parties must be given the opportunity to be heard

(2) The Commission must not make an order under this section unless it has given the negotiating parties the opportunity to be heard.

Commission may suspend or terminate as it considers appropriate

(3) If the Commission is required by sub-section (1) to make an order under this section, then regardless of the order applied for:

(a) the order may be for the suspension or termination of the bargaining period, as the Commission considers appropriate; and

(b) any period of suspension specified in the order must be such a period as the Commission considers appropriate.

Application does not have to identify bargaining periods

(4) An application may be made to the Commission for an order under this section for the suspension or termination of whatever bargaining periods apply to:

(a) a specified business, or any part of that business; or

(b) a specified part of a specified business;

without specifically identifying the bargaining periods. The application has effect as if it were an application for the suspension or termination of the bargaining period, or each of the bargaining periods, that applies to the specified business (or any part of it), or to the specified part of the business, as the case requires.

Note: The other requirements of this section must still be complied with in relation to the application.

(5) If subsection (4) applies to an application, the Commission must satisfy itself as to which bargaining periods the application has effect in relation to.

Restrictions on initiating new bargaining periods

(6) An order under this section suspending a bargaining period may, if the Commission considers it to be appropriate, contain a declaration that, during some or all of the period while the suspension has effect, a specified negotiating party or employee of the employer:

(a) is not allowed to initiate a new bargaining period in relation to specified matters that are dealt with by the proposed agreement; or

(b) may initiate such a bargaining period only on conditions specified in the declaration.

(7) An order under this section terminating a bargaining period may, if the Commission considers it to be appropriate, contain a declaration that, during a specified period beginning at the time of the termination, a specified negotiating party or employee of the employer:

(a) is not allowed to initiate a new bargaining period in relation to speci-
fied matters that are dealt with by
the proposed agreement; or
(b) may initiate such a bargaining pe-
period only on conditions specified in
the declaration.

Action not protected while bargaining
period suspended

(8) Anything done by a negotiating party
or any other person in respect of a pro-
posed agreement is not protected action
if it is done at a time when the bargain-
ing period is suspended.

5 Division 10 of Part VIB (heading)
Repeal the heading, substitute:

Division 10—Contravention of penalty
provisions

6 After Division 10 of Part VIB
Insert:

Division 10AA—Injunctions in relation to
pattern bargaining

170NHAA Injunction against industrial
action if pattern bargaining engaged in
(1) An appropriate court may grant an in-
junction in such terms as the court con-
siders appropriate if, on application by
any person, the court is satisfied that:
(a) industrial action in relation to a pro-
posed agreement is being engaged in,
or is threatened, impending or probable; and
(b) the industrial action is or would be
for the purpose of supporting or ad-
vancing claims made by a negoti-
atting party to the proposed agreement;
and
(c) the party is engaged in pattern bar-
gaining in relation to the proposed agreement.

(2) In this section:

appropriate court means the Federal
Court of Australia, the Federal Magis-
trates Court, a Supreme Court of a
State or Territory or a District Court, or
County Court, of a State.

negotiating party, to a proposed
agreement, has the meaning given by
section 170MI.

proposed agreement means a proposed
agreement under Division 2 or 3.

7 Application of amendments
(1) In this item:

pattern bargaining means a course of
conduct that is pattern bargaining as
defined in section 170LGA of the
Workplace Relations Act 1996 as
amended by this Schedule.
(2) The amendment made by item 3 ap-
plies in relation to industrial action
that is engaged in or organised after
the commencement of this Schedule,
and in relation to pattern bargaining
that is engaged in after that com-
mencement, even if either or both of
the following apply:
(a) the industrial action began to be
engaged in or organised before that
commencement;
(b) the pattern bargaining began to be
engaged in before that commence-
ment.
(3) The amendment made by item 4 ap-
plies in relation to pattern bargain-
ing that is engaged in after the
commencement of this Schedule,
even if either or both of the follow-
ing apply:
(a) the pattern bargaining began to be
engaged in before that commence-
ment;
(b) any relevant bargaining period be-
gan before that commencement.
(4) The amendment made by item 6 ap-
plies in relation to industrial action
that is engaged in, or that is threat-
ened, impending or probable, after
the commencement of this Schedule,
and in relation to pattern bargaining
that is engaged in after that com-
mencement, even if either or both of
the following apply:
(a) the industrial action began to be engaged in, or first became threatened, impending or probable, before that commencement;

(b) the pattern bargaining began to be engaged in before that commencement.

I present a supplementary explanatory memorandum to the bill. In my remarks at the conclusion of the second reading speech, I covered in some detail the matters not only in the bill itself but in the amendments. Essentially, the amendments are designed to address pattern bargaining. They will define pattern bargaining. They will specify that industrial action is not protected action if taken to support or advance claims by a negotiating party that was engaging in pattern bargaining. They will require the Australian Industrial Relations Commission to suspend or terminate a bargaining period if a negotiating party is engaging in pattern bargaining in relation to the proposed agreement and will provide for injunctions to stop or prevent industrial action taken to support claims by a negotiating party that is engaged in pattern bargaining. I commend the amendments to the House.

Mr STEPHEN SMITH (Perth) (12.39 pm)—Like the Minister for Employment and Workplace Relations, I covered some of these amendments in the course of my remarks in the second reading debate but I propose to briefly put some further remarks on the record about the detail of the amendments. The application of the amendments will mean that the provisions of the bill regarding pattern bargaining will apply to bargaining periods and negotiations that commenced before the bill is enacted. This has the effect of retrospectivity. The rules regarding negotiations across multiple employers will be changed and bargaining periods that were perfectly legitimate may be suspended or terminated as a result of this retrospective application. It is common for bargaining periods to go on for months while negotiations take place. The retrospective application of the provisions of the government amendments has the effect of creating additional uncertainty and confusion over negotiations that may be well advanced.

Secondly, I would like to expand on my remarks about the definition of pattern bargaining in the course of my contribution to the second reading debate. The definition of pattern bargaining in the government’s amendments is complex and confusing. The inclusion of the term ‘negotiating party’ is a restriction on the application of the provisions in such a way that employers will be more likely in practice to be able to continue to pursue pattern bargaining than employees.

The term ‘negotiating party’ is defined under section 170MI(3) of the act as an employer, an organisation of employees or an employee acting on his or her own behalf or on behalf of other employees. In practice, employees pursue multi-employer bargaining through a union, and a union appears at the negotiating table as a negotiating party. Employers pursue industry standards in bargaining through an employer association, who will not be a negotiating party. A useful example, which perhaps illustrates this point, is that of the Commonwealth as an employer in dealing with its staff.

The Commonwealth pursues employer based pattern bargaining in the various certified agreements in the Australian Public Service through its so-called ‘policy parameters’. These parameters determine what Australian Public Service agencies must include and what is unacceptable in Australian Public Service certified agreements. The parameters are quite detailed and prescriptive and are policed by the minister’s own department, the Department of Employment and Workplace Relations. The department does
not appear at negotiations between employees and Australian Public Service agencies, but all Australian Public Service agreements must receive formal approval from the minister’s department and thus must pass the policy parameters before they can be agreed to by each Australian Public Service agency. Thus pattern bargaining is effectively enforced, but not by a negotiating party and will not be affected by the provisions of the bill and these amendments. On the other hand should Australian Public Service employees choose to seek Australian Public Service wide standards, they will be subject to the provisions of this bill, as Australian Public Service employees seek these standards through their unions as a negotiating party. For those reasons and for the reasons I indicated in my contribution to the second reading debate, Labor opposes these committee stage amendments as we do the bill itself.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.42 pm)—I want to reply to the honourable gentleman opposite in relation to his comments about the Australian Public Service. The policy parameters for agreement making in the Public Service and the workplace relations arrangements for non-APS agencies provide the framework for agreement making for Australian government agencies. This framework enables workplace arrangements to be tailored to meet the specific needs of each agency within the broad policy framework. Agreements reached by Australian government agencies reflect a diversity of outcomes in relation to pay and conditions of employment. This demonstrates that agencies have considerable flexibility when making key workplace relations arrangements with their employees. I commend the amendments to the House.

Question agreed to.

The DEPUTY SPEAKER (Mr Wilkie)—The question now is that the bill, as amended, be agreed to.

The House divided. [12.47 pm]

(The Deputy Speaker—Mr Wilkie)

Ayes............. 81
Noes............. 56
Majority......... 25

A Y E S

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baird, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadman, A.G. Causley, I.R.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Fawcett, D. Ferguson, M.D.
Forrest, J.A. * Gambaro, T.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Henry, S. Hockey, J.B.
Hull, K.E. Hunt, G.A.
Jensen, D. Johnson, M.A.
Keenan, M. Kelly, D.M.
Kelly, J.M. Laming, A.
Ley, S.P. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
Markus, L. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J.E. Nairn, G.R.
Nelson, B.J. Neville, P.C.
Panopoulos, S. Pearce, C.J.
Prosser, G.D. Pyne, C.
Randall, D.J. Richardson, K.
Robb, A. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Ticehurst, K.V. Tollner, D.W.
Truss, W.E. Tuckey, C.W.
Turnbull, M. Vaile, M.A.J.
Vasta, R. Wakelin, B.H.
Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.54 pm)—by leave—I move:
That this bill be now read a third time.

Question agreed to.

Bill read a third time.
ernment has to put in place a second-class strategy to help those people. That second-class strategy is the safety net. When it was first introduced, we on this side of the House opposed it because (1) we could see it was unsustainable and (2) we could see the effect that it would have on Medicare. Prior to the last election, the health minister gave a rock solid ironclad guarantee that this safety net would stay at its current level. Now we are here debating legislation that shows that that guarantee was not so rock solid or ironclad. It was just smoke and mirrors to get them through an election, because the Medicare safety net was a key plank of the government’s health policy and we are now seeing how it has failed.

The people of Australia have an expectation about their government: they expect it to deliver on what it says it is going to deliver on. They expect, if a government and a health minister say that the Medicare safety net is going to remain at its current level, that it will. But unfortunately for all of those Australians who placed their trust in the health minister, they are now finding out that that trust was misplaced. There were many occasions when the health minister reiterated the fact that this was a rock solid ironclad guarantee. He said that to many journalists during the campaign.

The changes to the Medicare safety net were announced while the minister for health was on holidays, because the Prime Minister wanted to look after the minister, his protégé. The Prime Minister wanted to protect the minister for health from the anger that the people of Australia would feel because of the way he had let them down. I am really sorry to say that I do not believe it is good enough. I believe the Australian people should be able to have the expectation that the government will deliver the same after an election as it promises before an election.

This legislation changes the threshold which applies to the Medicare safety net. It changes it from $300 to $500 for low-income earners and from $700 to $1,000 for high-income earners. This legislation will also adjust the CPI index. But that will not commence until January 2007, and this legislation takes effect from January 2006. It is an absolute disgrace that the government has the hide to make these changes to something that was a key plank of its election policy.

Prior to the original legislation passing through the parliament, we on this side of the House could see that the safety net was unsustainable. The only way the government could get it through the Senate was by promising that they would agree to the Democrats’ demands for a $300 minimum safety net for low-income earners and $700 for higher income earners. The moment they got control of the Senate, what did they do? They changed it. They lifted it to the level that they had in mind in the beginning. They arrogantly and blatantly disregarded the wish that was expressed by the previous Senate—an agreement that they reached to get the legislation through. My goodness, what a difference an election makes! We can expect a lot more of this kind of arrogance, a lot more deceit and a lot more of the government failing to come clean about issues and failing to deliver on their promises in a lot more pieces of legislation than just this one.

It is pretty well documented that it was known prior to the election that the safety net had blown out. During the election there were two incidents that confirmed that the Medicare safety net was flawed policy. On 16 September 2004, the minister conducted a doorstop to release safety net data by electorate. This data revealed that rebates paid under the safety nets were heavily skewed towards high-income areas. In the Shortland electorate, the average income is $767. When you compare that to the amount of money
that the minister for education’s constituents received under the safety net rebate, where the average income is $1,759 per person, you see that it is very heavily skewed towards the minister’s electorate. They received $911,828, as opposed to the people who live in Shortland, who received $232,276. It seems anything but fair to me that people earning more received more than four times the rebate that the people who live in the Shortland electorate received. That certainly is not good enough.

The other issue I would like to point out is that during the election the Charter of Budget Honesty revealed that the cost of the policy in the four-year forward estimates, from 2004-05 to 2007-08, almost doubled from $650 million to $1.2 billion. That was around the time we had the rock solid ironclad guarantee. Based on that, you would have to say the minister was prepared to go to an election misleading the Australian people. The minister has been deceitful; he has failed to come clean about what he knew and when the safety net blow-out became obvious. The inaction of the minister for finance on the policy prior to the election is monumental, even though he knew about the cost blow-out. The government decided to proceed with a $20 million Medicare campaign prior to the election, even though the cost of the safety net had blown out. Once again, that was deceitful; it was not coming clean with the Australian people.

As to the policy itself, it is very inflationary. It is because of the inflationary nature of it that we have this legislation here today. Once again, it is biased towards high-income earners. It is not a policy that we on this side of the parliament embrace. It never was. Right from the beginning, we could see that it was flawed. It is just one of the many broken promises that this government has presented to the parliament. Over the next couple of years, I think we are going to see a litany of broken promises, particularly from the Minister for Health and Ageing. In many ways, his actions have done anything but put this parliament in a good light. He should consider his position and resign—resign for the good name of the government and because he was not honest with the Australian people prior to the election.

This policy is still flawed. I do not believe that what we are considering here today will actually fix the safety net once and for all. I believe that we will revisit it again. There is still a problem with the fees that obstetricians are charging and in many other specialty areas there are problems that have not been addressed by this legislation. One way or another, this government will end up revisiting the safety net legislation. And guess what? Do you know who is going to end up paying more?

Ms George—Low-income people.

Ms HALL—Yes, low-income people—the people of Australia, the people who go and see their doctor, the people who rely on this government to deliver good-quality health care to them.

Much is said about the fact that this government is driving us down the track of a two-tiered health system, a system similar to that of the United States. It is worth noting that I have visited the Commonwealth fund web site. That site identifies the percentage of people who have no insurance at all. The number of people is increasing. That web site identifies the fact that there are many Americans who cannot afford health care.

One of the articles on the web site estimates that seven million Americans have medical bill problems or medical debts. That is an article by Kary Root and Monika Ellis. It was released in New York on 10 August 2005. It points out that the high cost of health care and inadequate health insurance coverage is undermining the financial secu-
rity of millions of Americans. According to this report, nearly two out of every five adults—that is 37 per cent of the population aged 19 years and older in the US, an estimated 70 million adults—struggle with medical bills. They struggle to pay recently incurred debts. The article also says that, even though many of those people have health insurance, three out of five—that is 62 per cent—working adults with insurance end up with medical bills or debt problems because of that.

People should not think for one moment that this government does not want to push us down that track. This government embraces the American system. This government believes that health insurance is the way of the future. This government thinks that Medicare should apply only to those who are disadvantaged. This government has never been a friend of Medicare. Nor has the Prime Minister. When he was Leader of the Opposition in the 1980s, he described Medicare as a ‘miserable, cruel fraud’, a ‘scandal’, a ‘total and complete failure’, a ‘quagmire’, a ‘total disaster’, a ‘financial monster’ and a ‘human nightmare’. He subsequently threatened to pull Medicare apart and get rid of the bulk-billing system.

I would argue that that is what the Prime Minister is doing—that he is doing it little by little. It is the drip theory. He is not walking in and abolishing Medicare, as Malcolm Fraser did with Medibank. Rather, he is killing it slowly. We know that he is not committed to bulk-billing, because he has called it an absolute rort. In 1987, he gave a formal commitment: Bulk billing will not be permitted for anyone except the pensioners and the disadvantaged. Doctors will be free to charge whatever fees they choose. They are the words of the Prime Minister. That is what this legislation is about. This legislation is about the government demolishing Medicare, little by little, creating a two-tiered system similar to the one that exists in America, similar to a system where it is estimated that seven million Americans aged 19 and over—nearly two-fifths of the population—have difficulty paying medical bills, have accrued medical debts or both. That is the system that this government and our Prime Minister want. They want a system where Australians are forced to have difficulty in paying medical bills. They want a system where Australians accrue medical debts.

We on this side of the House do not believe that is good enough. That is why initially we opposed the safety net. We opposed it because we support a universal health system, one where, no matter what you earn or who you are, you get good-quality health coverage—where coverage is not determined by your ability to pay but is determined by your need. The safety net system is obviously flawed. We are back here discussing it again. As I have already hinted, we will be back here discussing it again during this parliament. The government should be honest with the people of Australia. Their promises before the last election were not rock solid and ironclad. Rather, they were deceitful.

(Time expired)

Ms GEORGE (Throsby) (1.15 pm)—I agree with my colleague the member for Shortland: here we are not long after the election debating one of the central features of the government’s commitments to the Australian population—the extended Medicare safety net. We argued at the time that the safety net was unsustainable—hence the legislation coming back for deliberation here in parliament. The member for Shortland is right: no doubt it will be back again, because
the system introduced by the extended Medicare safety net is an unsustainable one.

At the time of the last election, of course, the government trumpeted its Medicare Plus package, and the safety net was an integral part of that package. They promised the Australian community that the package would ensure that 80 per cent of their out-of-pocket costs for medical services would be paid for once certain thresholds were reached. For concession card holders and families in receipt of family tax benefit A, the threshold was to be $300 and for all others $700. We asked at the time—and I think it is a legitimate question to ask today—why an emphasis on a safety net if, as the minister so often parrots, this government is supposedly ‘the best friend that Medicare has ever had’? In my view of the world, I do not think you need safety nets if the system is working. I think safety nets are an admission of failure. You would not have needed a Medicare safety net if Medicare continued as a universal system providing affordable and accessible coverage for all Australians.

But clearly Medicare was not working under the Howard government. When they introduced the extended safety net, the government conceded and admitted to failure—failure to ensure that Medicare continued as a universal system, which is what it was originally introduced as. When the Medicare safety net was first introduced, I think it was nothing more than a political fix in the face of Labor’s very successful Medicare campaign. You would recall that at that time bulk-billing rates had dropped down to an all-time low of about 66 per cent, and Labor had made very strong and principled commitments to ensure the survival of Medicare as a universal system. Under John Howard, bulk-billing had dropped considerably, so the safety net was introduced as a political fix. But from the beginning the scheme was structurally flawed, as we argued at the time—and I think subsequent events have confirmed that to be the case.

The reimbursement was to be for 80 per cent of out-of-pocket costs above the thresholds that I indicated. This was to cover GP and specialist consultations and diagnostic tests like X-rays and pathology examinations. From the beginning, however, when they introduced this sham safety net, the benefits were uncapped and unregulated. The level of benefit—the 80 per cent coverage—was and still is not tied to any price signals. The benefits are uncapped both in percentage and aggregate terms. In such an unregulated system, we understood on our side of the chamber that it would be almost impossible to control the overall costs of this sham safety net. From the beginning Labor raised concerns about the inflationary impact on overall health costs—and how right we were.

The apparent willingness of this government to pay an open-ended subsidy of whatever fee a doctor or a specialist wanted to charge was bizarre. It was plainly poor public policy. We expressed concern that high-charging specialists and diagnostic services would use the system to their benefit and charge their patients even more. For a lot of people, the question would be: ‘Why not make money, if there are no caps in the system?’ That is exactly what happened, with the immediate and unjustified price hikes we saw obstetricians making. Those were reported in the very early days of the implementation of this sham safety net.

These inherent structural flaws raised serious questions in our minds about the sustainability of the safety net proposal. So we are not surprised that the matter is before parliament again, for nothing has changed. Even with the changes to the thresholds that the Health Insurance Amendment (Medicare Safety-nets) Bill 2005 seeks to introduce, which is nothing more than a cost-saving
measure in the short term, controlling aggregate expenditure on this sham safety net in the long-term remains very problematic.

It did not take long for Labor’s fears about the flaws in this system to be proven in practice. In March 2004 the projected cost of the safety net to the end of June 2008 was to be $440 million, but by September 2004, a matter of months later, Treasury figures showed a blow-out in the costings. The costs over four years had now grown from $440 million to $1.05 billion. It was abundantly clear to anyone with half a brain that there were fundamental problems. There were more people coming onto the safety net than expected and the open-ended basis of the scheme saw a huge financial blow-out.

Now let us turn to the role of the Minister for Health and Ageing in all this—his grand deception; his lies to the people of Australia. The minister went to the electorate before the last election and gave commitments on this safety net which were expediently broken not long after the election. On three separate occasions, as my colleagues have indicated, he gave the Australian people a rock solid, ironclad guarantee that the Medicare safety net and the thresholds that were then in place would stay unchanged. Either the minister for health is totally incompetent and sat back and watched a program blow out by three times—from $440 million to over $1 billion—or he knowingly deceived the electorate. These are the only two options to explain his position during the election campaign.

Surely, at the time that the proposal was costed through the Charter of Budget Honesty process, the minister must have realised that there were huge and major problems with the safety net and that something had to give. His rock solid, ironclad guarantee to the Australian people was nothing more than a gigantic hoax, a lie and a deception. In trying to defend the fact that he lied to the Australian people, the minister has now developed a pathetic rationale for cutting the safety net after the election. The minister is on record in this parliament as saying, in defence of his position:

I certainly accept that a pledge I made has not been honoured. I accept that, but I also point out that that pledge has been, as it were, trumped by an even higher pledge. That is the pledge which all governments must honour. That is the pledge that all responsible ministers must always live up to. That is the commitment to the long-term national interest of this country.

If you take his absurd defence literally, it means that nothing ever promised or said by the Howard government is worth anything, because, under this defence, they reserve their right to always change their minds if they believe it is in the long-term national interest. It means that their word is no longer their bond and has not been their bond for some time.

In abandoning his so-called ‘rock solid’, ‘ironclad guarantee’ that the Medicare safety net would not be altered, the minister perpetuated a huge con on the Australian public. He should have resigned. I understand he contemplated it—at least the media reports that he did—but he refused to do the honourable thing. He cannot any longer be believed on any other commitments he makes to the Australian people.

What are the impacts and implications of the thresholds now being raised? In the words of the Australian Consumers Association, the changes that are in this bill ‘will put the safety net out of the reach of more consumers, you will need to be wealthier to benefit from it, and it will do nothing to stop’ health inflation. The Doctors Reform Society similarly argued that the main beneficiaries will be the rich. Those who can most afford to pay the high specialists bills are most likely to qualify for the safety net in the first place. We know that under these new thresh-
olds one million fewer people are expected to qualify. That is using the government’s own figures. One million fewer people in Australia will get access to the safety net, and I fear that it will be the poor and the sick who will be most affected.

Let us compare the outcomes of the benefits paid under this sham safety net between the minister’s electorate of Warringah and my electorate of Throsby. According to the figures released by the government back in September 2004, the average weekly income in the minister’s electorate was $1,572. In my electorate it was $859, a difference of $713 per week. In the minister’s electorate, the safety net rebate totalled $634,791. In my electorate, where the people are much poorer, the total rebate paid out was $74,117. The minister’s electorate, well paid by comparison to the constituents in my electorate, had a total rebate payment which was nine times the rebate paid to Throsby constituents.

How right the Doctors Reform Society were in their predictions. They argued that the main beneficiaries of the sham safety net would be the rich—that is, those who can most afford to pay the high specialists bills are most likely to qualify for the safety net in the first place. Where is the justice in this situation? I believe the minister has an obligation to release updated figures on an electorate basis so that we can assess which communities stand to lose, and have lost, the most from the government’s broken promises.

The only argument advanced by the government for raising the thresholds was the further projection of cost blow-outs from $1.05 billion to $1.4 billion by the end of June 2008. The election was over, so the axe could be taken to their promised safety net and their ironclad, rock solid guarantee. The great con job on the Australian people could now be unravelled. But no-one should ever again believe any promises made by the minister for health.

Despite the savings, which are estimated to be around $500 million in the short term by raising the thresholds, one cannot ignore that the total cost for the Medicare safety net will still be more than double the costs projected in March 2004. We said then, and we repeat now, that the blow-out in costs was the result of the structural flaws in the sham safety net. One should not be surprised that the costs have blown out. Labor predicted this. The adjustment to the thresholds in this bill is just tinkering at the edges. It will not address the sustainability of the sham safety net in the longer term. I repeat again that the safety net benefits are not tied to any price signals or price controls. They are uncapped and effectively unregulated, and those that want to use the system to their benefit will be free to do so.

Lifting the thresholds might stem expenditure in the short term by making it more difficult for patients to qualify for benefits—and, as we have seen, we know who the losers are in the system—but the structural flaws must surely be flashing warning signals for the government in the longer term. At the time of the introduction of the safety net our shadow minister for health said:

With the huge likelihood of price escalation in doctor and specialist fees, 95 per cent of Australians lose. They never get on the sham safety net, they will bear the increased fees, and they will bear the brunt of the continuing collapse of bulk billing.

Health dollars are precious and this—the safety net—is a waste of $440 million of public money. It was $440 million then; now the projections are $1.4 billion. She went on to say:

... the sham safety net will prove to be the ... government’s excuse for never again addressing the...
issues of the Medicare fee schedule and doctors’ costs.

If this government were serious about fixing Medicare, it would have expended funds in providing greater incentives to raise bulk-billing rates across Australia. It is true to say that in recent times the bulk-billing rates have improved in certain regions of Australia and for younger people and pensioners. However, what is at risk is the universality of Medicare and the inability of the government to reign in the costs of out-of-pocket expenses where bulk-billing does not apply.

We have always believed that if we had a strong Medicare system then we would not need a sham safety net. A safety net is an admission of failure and the lack of a reform agenda. But whatever this government says, the Australian people know that this Prime Minister has never been a friend of Medicare. The government’s defence of Medicare in the last election was a recently adopted position driven by political pragmatism in the face of very effective public policy that was out there and being promoted by the Labor Party. This safety net, despite its structural flaws, is part of the government’s overall real agenda—that is, the end of Medicare as a universal system. The Prime Minister has never been a supporter of the universality of Medicare. As we know, if the government had its way it would move from a universal health care system to a welfare based model of health care, as applies in America today. The tragedy of the sham safety net is that the poor and the ill will end up being the great losers.

From the beginning we have argued the structural flaws in the sham safety net. We have pointed to the fact that it is an open-ended system that will increase inflationary pressures on health costs. Nothing in the bill that has come before the parliament can overcome those inherent structural flaws. It is tinkering at the edges that might save $500 million in the short term, but you can be assured that before too long the parliament will again be asked to revisit the sham safety net as it is, in my view, unsustainable in the long term.

Mr LAMING (Bowman) (1.33 pm)—I am drawn to the chamber today to respond to a number of claims by the opposition—not just those that have been made by those who have already spoken but those that will be made by the many who will speak later. It is interesting that in the debate about safety nets we have seen a frenzy of speakers from the other side wishing to claim that the Medicare safety net is something that has let down Australians, when in fact all evidence points exactly to the opposite. It is also interesting that, after the Manager of Opposition Business came and spoke on this amendment, the Health Insurance Amendment (Medicare Safety-nets) Bill 2005, she was followed by the members for Werriwa, Richmond, Prospect, Melbourne, Holt; and some members who have not spoken yet include the members for Shortland, Lyons, Bendigo, Chifley, Cunningham, Newcastle, Batman, Blaxland, Ballarat, Hotham, Gorton, Wills, Canberra and Charlton—all wanting to come and talk about a safety net and offer no alternative. If there were a more flattering communal noun than a conga line I would use it, but there is not; they come down here and criticise and yet provide no alternative. What is being proposed here is a safety net that has benefited an enormous proportion of Australians. (Quorum formed)

The DEPUTY SPEAKER (Mr Wilkie)—Before I call the honourable member for Bowman, I remind honourable members that this is not a division; it is a quorum. If people are to attend the chamber in a quorum, they will dress appropriately.

Mr LAMING—No alternative has been put by the other side of parliament. They
have just sent a conga line of feigned compassion down here to talk about a safety net because it seemed opportune at the time. We have a complete row of them with no ideas, nothing to hold above their heads except ‘Medieval Gold’—the last policy platform that we ever heard of from this opposition. What was it? It was a free-for-all for over-75s that had absolutely no plans for inflationary behaviour, absolutely no plans apart from cobbled together the interests of a few special interest groups who proposed the idea to the ALP. This was policy on the run. This was policy without any planning.

Initial estimates were $1 billion and then $1.7 billion, but the true cost of caring for Australians over the age of 75 was never $1.7 billion. It is one thing to come in here and propose a silly and foolish piece of policy. It is probably a little sillier to do it in an election period. But it is even sillier to then criticise us for not knowing in advance what the impact of a safety net would be—and on the grounds that they proposed Medicare Gold, which would have cost closer to $2.7 billion or $3 billion! In fact, the cost of the care of Australians over the age of 75 in hospital is $4 billion. When you add the inflationary impact on to that, it could well have gone closer to $5 billion. That is an interesting figure because it is getting very close to double the cost of what we spend on the private health insurance rebate.

I would like to focus on a number of criticisms that we have heard from the other side. I do not mind answering each of those criticisms one by one. It is always fascinating though when those criticisms are lifted directly out of the Bills Digest from the Parliamentary Library. They are sometimes quoted word for word and, even better, they are sometimes even read out in speeches in the same order as they appear in the Bills Digest.

Let us start with the first one: that the media campaign was too expensive; that the advertising spent too much money informing Australians of their rights around a safety net. This package included all of the measures to strengthen Medicare. It included all of the features that have led to the rise in bulk-billing that we have seen. It is quite interesting to see the sudden change in tense—to ‘bulk-billing was dropping’ and ‘we were deeply concerned’—on the other side of the House. It is almost like they are saying: ‘The government was looking like having an objection to Medicare,’ or, ‘We were hoping in the tactics room at ALP headquarters that bulk-billing would continue to drop.’ Mixed into some of their speeches are terms like ‘the continuing collapse of bulk-billing’ because they really have not even revised their speakers’ notes between 2003 and today.

I will go back to the advertising spend. It is vital to print and distribute information about how the safety net works when, after all, there is no alternative. There is no alternative for the gap costs; there is no other proposal. So I think it is only right that Australians would want to know. It is important to run a phone line. There is no stronger evidence for that than the fact that since May 2004 there have been 150,000 phone calls to that service. People have also been travelling around Australia to regional expos to present that kind of information. I think a government has an obligation to map out, and to make sure that Australians are aware of, changes being made to legislation and how Australians will benefit. The last thing we want is for needy and deserving Australians not to access the services that they so much deserve, through both a level of distributive equity and financially. If they are entitled to services, they need to know they are there.

The second issue was raised by the Doctors Reform Society. Their criticism of the
safety net was that this was a blank cheque for specialists. The first thing that tells me is that there are certainly not many specialists in the Doctors Reform Society. I am not sure that they even know how a specialist’s office, chambers or rooms would work. It is simply fallacious to say that, by offering a safety net, automatically every specialist can bump up fees for every patient. It is simply preposterous. These are false economics, trotted out here today to try to undermine an absolutely vital safety net. I am happy to hear an alternative, but one is yet to be provided.

There is no evidence of this sort of inflationary impact. Certainly there was the 15999 item for out-of-hospital services in obstetrics. I think that was an excellent move for young mothers, and it was applauded around the country. They were paying for those services themselves. It was not so much about moving in-hospital services out but about compensating Australian mothers for the expenses they faced out of hospital. But I really think that blow-out notion is undermined from an economic and evidentiary point of view.

We will be making this case about inflationary costs in health every day. The world is dealing with inflationary costs in health. OECD nations with the top health outcomes in the world, according to the World Health Report, will be fighting inflationary costs in health. That is not the entire issue. The entire issue is access to affordable health care, and I believe a safety net is one of the great contributions to that. Make no mistake: if the other side get into power they will abolish the safety net, and we need to talk about the impact that would have upon ordinary Australians accessing health care.

The third criticism we have heard today is comments that I believe were made by the Australian Consumers Association, the ACA, and not the Doctors Reform Society, as quoted by the previous speaker. The ACA were concerned that the safety net somehow favoured high-income earners. This is one of these incredibly fallacious associations that says that, because someone has higher health care costs—for a whole range of reasons—and benefits from a safety net, the whole safety net is flawed. Say you happen to live in a community where bulk-billing is slightly lower or in an area where the up-front, out-of-pocket charges to see a GP are slightly higher. Just because you live in a wealthier electorate that does not mean you are wealthy. This is a reflection of those encountering high out-of-pocket costs. There is already built into the safety net system a two-tier safety net. That in itself acknowledges that there is a category of Australians who need a lower safety net, and you could not criticise the fact that we have two safety net levels.

This argument—that people in one electorate are getting one-ninth of what people in some other electorate are getting—does not stand up in the scientific world or in the economic departments of universities. People out in Australia do not believe that nonsense. They know that, once the freely advertised and well-understood threshold of $500, $750 or $1,000 is achieved, they will be compensated for 80 per cent of their out-of-pocket costs. That is completely and utterly reasonable. But snooping around electorates to see who is getting more out of the safety net and trying to make some sort of distributive equity argument about it being unfair upon the poor is completely preposterous.

These electorates—we have heard from the members for Chifley, Fowler, Reid, Blaxland, Prospect and Lowe—will say: ‘We don’t get much from the safety net. It doesn’t come down to our electorates.’ But in those electorates bulk-billing rates are 98 per cent. So 98 per cent of primary consultations to see a GP are bulk-billed. These constituents
are being looked after. I can take the entire nation’s stats on bulk-billing. We have seen a rise from two out of three consultations being bulk-billed to now three out of four. We are seeing rates in excess of 80 per cent for those over the age of 65 and for children. They are very high rates. Ninety per cent of the total amount of the remuneration of the average GP comes from government, and just 10 per cent comes from the patient. That is an enormous protection that Medicare as an institution offers Australians. We should never forget that.

The opposition maintain that our policy is inflationary. This is where we move from a health argument to a purely economic argument. The fundamental understanding on the other side of the House is that government does not control fees, government does not control prices and government does not sit inside a doctor’s surgery. Doctors set their own fees. GPs are different—some bulk-bill, some do not. Some fees are higher and some are lower. But the opposition have a preoccupation with cost control and regulation. I do not blame them. How good was the Keating government at cost control? The government debt was $96 billion. It was appalling, disgraceful. Australians would travel overseas and be laughed at for that achievement. So I can understand that preoccupation with cost control.

But the opposition miss the point. The safety net is there not as some tool of cost control but to benefit patients. When we set a safety net, it is like any safety net. Safety nets exist right throughout society—for example, throughout the insurance industry. In everything we do there is a form of safety net. When we set the level for a safety net, we face challenges. There are two competing choices. We set the safety net too high and we deal with adverse selection, where the wrong people can access the safety net and where the truly needy often cannot. That is adverse selection. Then there is the moral hazard that if we set the safety net too low, there is a free-for-all, to use the vernacular. Everyone can access it and use it, and their behaviour starts to change. They say, ‘We’ve hit the safety net and we will do X, Y and Z.’

So finding a safety net level is very important. Let us remember one thing: when we introduce a safety net, all the evidence is not at hand. When this safety net was put together as a way of protecting vulnerable Australians, we were not able to say precisely how many would access that safety net, nor did we know that in a year or two’s time what doctors’ fees would be. That is perfectly reasonable. Let us remember this: the government came to this place with the fee safety net levels proposed as we are again proposing today. This is not backtracking. This is not a vagary, where for some reason we were hiding something. We came here to get the proposal for these initial safety net levels through and provide a safety net for this nation. We had to negotiate with crossbenchers. The outcome was an insistence upon a lower safety net. All the evidence was not there. There was some evidence that it was not going to cost $400 million—that it could cost $1 billion—but to talk about levels higher than that is nonsense. That evidence came well down the track. The opposition has no evidence that that sort of crystal ball behaviour was ever available to government in the middle of last year. They can present the evidence if they have it.

It is worth knowing that, where there are concerns about inflationary behaviour, the Department of Health and Ageing is there to investigate them. The department of health circulates the information so that doctors know about billing practices and have clear information about changes around the safety net. The department does continue to monitor what is happening in Australia. It consults with the profession. It finds ways to make
sure that services remain affordable and, most importantly, that people can access these services wherever they are in Australia in a reasonable way.

To say that doctors’ charging practices across the board have shown massive changes is completely fallacious. I offer the opposition the chance to present that data. I am not talking about the anecdotal—someone down the corner has changed it from $25 to $30. Show us the evidence nationwide that there is some kind of free-for-all in the medical system because we are putting in a safety net for needy Australians. I would never back down from what trumps everything—access to affordable health care, and that is what the safety net guarantees for so many needy Australians.

What is the alternative from the other side? One of the great frustrations of coming down here is that we do not really ever have anything to get our teeth into. We usually have to wait for an election campaign for something that is thoroughly uncosted, thoroughly untested and given a run in the last two weeks. ‘Medieval Gold’ was such a plan—correction, ‘Medicare Gold’. It had the most nebulous of origins. It was thought that if we had a system that looked after those who were over 75, that would have some electoral pull. To make it happen, the opposition first had to renege on their pledges around never raising the PBS copayment. What did they do? They reneged completely and said: ‘Let the PBS copayment go up. We’ll agree with you because we need the dough to do something else with it. We need it for Medicare Gold.’

Do I have to remind the House of ‘Medicare Light’, as it is now known—free care for the over-75s? I note that there are a lot of seniors in this chamber today. They would have good reason to ask me: ‘Why wasn’t it such a great idea for Australia?’ A good many of you up there in the gallery already pay for private health insurance. This government has increased the private health insurance rebate to 35 and 40 per cent to keep it affordable. Half of Australia is now paying for private health insurance—43 per cent have hospital cover. But what was promised to the over-75s under the opposition’s plan? Hearing a good idea from the opposition is a rare thing. We like to scrutinise them because they do not come along that often. The opposition’s idea was that to give the over-75s their own bedroom, nice dinners, their choice of specialist and access to private hospitals which would fling open their doors to them was somehow going to help the health of this country. Never mind if your partner is 74 and cannot get a more severe condition treated!

These are the characters that are directly linked to the state hospital fiascos. If you really cared about what goes on in hospitals, you would be going and talking to state colleagues, you would be sorting out Queensland and you would be finding ways to address the bed access block. But, no, that does not happen. What we have is this proposal, which was $1 billion—and this is why it is related to the safety net, because those estimates from the other side were $1 billion, then $1.7 billion, and then of course it came out that it was $4 billion to care for Australians over 75, but they hoped that would sneak through unnoticed in an election campaign. Very quickly, with the removal of the private health insurance rebate that gives half of you private health cover and takes the strain off the public hospital system, we were going to have this over-75 free-for-all, making no plans for rehabilitation, no plans for specialist geriatric care and no plans for addressing GP access issues. There would be loss of continuity and no guarantee you would keep your own doctor. You would simply be going into a private or public hospital as nominated. In the end, the whole
thing was mired in a labyrinth of half-promises and empty estimations. I describe that in detail, because that is the alternative today—uncosted, poorly thought through and disadvantaging needy Australians under the age of 75 for a quick piece of populism. (Time expired)

Ms GRIERSON (Newcastle) (1.53 pm)—I rise to oppose the Health Insurance Amendment (Medicare Safety-nets) Bill 2005. I am not part of the conga line of Minister Abbott’s supporters, like the member for Bowman; I am part of Labor’s conga line, who are going to demand honesty, integrity and accountability in government—and we would like some good health care and access as well. The member for Bowman raises Medicare Gold. Let me say to the Australian public: the government protests too much. Medicare Gold was real economic and health reform that found a way for the private sector to deliver health care in a way that gave them some certainty and assurance and also gave some certainty and assurance to the Australian public, particularly those people aged over 75. Reform is always frightening to a government that does not attempt it in any way. Reform is always scary for a government that does not look at the ageing population and the impacts of that on our health dollar, so you will certainly hear many attacks on Medicare Gold, but you will not hear many efforts to actually provide health reform.

The Medicare safety net was not reform, just election tokenism. The legislation we are having a look at will cut that Medicare safety net by increasing the lower threshold from $300 to $500 and the higher threshold from $700 to $1,000. Just remember that those holes in that safety net just keep getting bigger and bigger under Minister Abbott’s careless attention. These threshold changes will come into effect from 1 January 2006, with indexation of those thresholds—so it cannot get any better—commencing from 1 January 2007.

The government repeatedly assured the Australian people throughout the 2004 election campaign that the parameters of the Medicare safety net would not change. Those holes were going to stay the same. They were not going to be big enough for you to fall through. But that is not what happened. This bill means that people will now have to spend two-thirds more before the safety net cuts in than was promised. It is a complete betrayal of the trust extended to this government by the Australian people at the last election. Foolishly, they took this government at its word. This broken-election-promise bill increases the thresholds above which rebates for out-of-pocket expenses are paid to Australians, and it will mean that one million Australians will no longer qualify for the government’s promised Medicare safety net.

Not surprisingly, the Minister for Health and Ageing has failed to release any figures regarding the breakdown of how many people will be affected by the increased thresholds at each of the threshold levels, so it is not yet clear what proportion of those one million people who will now be ineligible for the safety net are low-income earners. We do know, however, about the inherent bias of the safety net policy towards high-income earners, who have a greater capacity to undertake discretionary health spending. The minister has only once released Medicare safety net data by electorate, and that was during the 2004 election. That data clearly demonstrated the extent to which the safety net policy is skewed in favour of high-income earners, who have a greater capacity to undertake discretionary health spending. The member for Bowman says: ‘You might live in a high-income area, but you might be low income.’ We all wish!

The list of the top 20 electorates receiving the highest amounts of safety net rebate paid
is very revealing. Seventeen of the top 20 electorates in Australia receiving the highest amounts of safety net rebates are actually held by Liberal Party members, with no fewer than seven of those being held by ministers of this government. One example is the seat of Warringah, held by the Minister for Health and Ageing—the minister responsible for this bill, of course, despite his now infamous ‘rock-solid’, ‘ironclad’ guarantee that the thresholds would be maintained at their existing levels.

I am interested in the electorate of Warringah, because it has an average family income of $1,572 per week. We know from the minister’s own figures that Warringah received $634,791 in Medicare safety net rebates as at September 2004. So Minister Abbott’s own electorate appears to have done very well indeed, ranking fourth in the list of the top 20 electorates. One thing we can say about the Howard government ministers is that they certainly look after their own—or their own seats. Middle-class welfare is a work of art under the Howard government, a very pricey work of art, as it impedes the reduction of taxes and halts the equitable distribution of taxation for all Australians.

In my electorate of Newcastle, the average family income is $836 per week. That is about half that of the electorate of Warringah. Unlike the electorate of Warringah, the people of Newcastle did not receive more than $600,000 in safety net rebates last year. Instead, they just received $185,484, a mere 29 per cent of the rebate paid to Minister Abbott’s electorate. The people of Newcastle simply do not have the income capacity to seek health care unless it is urgent or essential. Preventative health care becomes a luxury. So the people of Newcastle have benefited little from the government’s safety net.

Regrettably, Novocastrians are set to lose out again at the hands of this government if this bill is passed. Just under 50,000 people in my electorate of Newcastle are either recipients of family tax benefit A or holders of Commonwealth concession cards. This means that they were actually promised a safety net threshold of $300 during the election. Now they have to pay an extra $200 in health costs before becoming eligible for assistance under this new threshold. Let us do the maths on that: 50,000 people, each losing $200 worth of safety net coverage a year; that is up to $10 million a year being ripped out from my electorate alone. To be sure, the safety net was always a biased policy favouring high-income earners, but this bill looks set to make the situation worse. It does nothing to address the inequitable distribution of the rebates paid and completely fails to address the inflationary effect the rebates are having on the price of health care services.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Telstra

Mr BEAZLEY (2.00 pm)—My question is addressed to the Prime Minister. When was the Prime Minister first made aware that Telstra was drawing on its financial reserves to make dividend payments to shareholders?

Mr HOWARD—That issue was canvassed in the discussion we had on 11 August. I have already answered a question on this at a news conference. I am very happy to say that I have no recollection, but I said at the news conference—and I will repeat it today—that I will check to see if there was any prior communication in relation to that. Could I also take the opportunity of pointing out to the Leader of the Opposition that it is
not entirely uncommon for companies to draw on retained earnings to pay dividends.

Economy

Mr Richardson (2.01 pm)—My question is addressed to the Prime Minister. Would the Prime Minister inform the House of the national account figures for the June quarter 2005 that were released this morning by the Bureau of Statistics?

Mr Howard—These national account figures are good news for the people of Kingston and they are good news for the people of Australia. This great result is due overwhelmingly to the efforts of the working men and women of Australia and the business men and women and risk-takers of Australia. I commence my answer by thanking the working men and women and the business men and women of Australia for the tremendous contribution they have made to the economic condition of this country.

These accounts show that gross domestic product grew by 1.3 per cent during the quarter to be 2.6 per cent higher than it was a year ago. It is a very strongly based, broadly constructed growth figure. It comes essentially off a very strong growth in business investment, which is at record levels, and bodes very well for future growth and for jobs. We have had a 6.8 per cent increase in business investment in the quarter. Household consumption has grown by 0.7 per cent. Nominal GDP rose by 2.9 per cent and that was in part boosted by a 5.8 per cent increase in the terms of trade. This is the best movement in the terms of trade recorded since 1988, which is 17 years ago. What it demonstrates is the extraordinary contribution which is being made by the mining industry of this country, spurred no doubt by the very strong domestic economic conditions.

I have got some even better news for the people of Kingston and for all the working men and women of all the electorates of Australia. I can say to them that real wages, according to these national accounts, have now risen by 14.9 per cent, just a tick under 15 per cent. So once again we have a set of economic figures that reinforces the proposition that the Howard government is the best friend that the working men and women of this country have ever had, because it is the Howard government that has looked after the working men and women of this country. It was the Keating government and the Hawke government that boasted about driving down the real wages of Australian workers. I am proud to lead a government that, because of its balanced economic policy, has seen a steady rise in real wages and a steady fall in unemployment. We now have the lowest unemployment rate in 30 years.

In terms of budget forecasts, GDP growth for the 2004-05 financial year was 2.3 per cent, which is slightly above the budget time estimate of two per cent—overall, an outstanding figure. Again, my thanks go to the working men and women of Australia and the business risk-takers of this country for the contribution that they have made to the prosperity they are entitled to enjoy.

Telstra

Mr Beazley (2.04 pm)—My question is addressed to the Prime Minister. Prime Minister, isn’t it the case that under section 8AG of the Telstra act, the government must receive a corporate plan each year from Telstra and be advised of changes to the plan? Isn’t it a fact that part of this plan includes the dividend policy? I ask again: when was the Prime Minister aware that Telstra was drawing on its financial reserve to make dividend payments to shareholders?

Mr Howard—I repeat the answer I gave. I have nothing to add to that. I am glad that the Leader of the Opposition has raised that section of the Telstra Corporation Act, because the whole thrust of what the Labor
Party has been saying is that, in some way, we should have disclosed it. The reality is that, according to the advice I have from the department of finance and from my own department, it would have been against the law for the government to have done so.

Mr Beazley—I raise a point of order on relevance. He is actually talking about section 8AW of the Telstra act, not the part that we were talking about. It has absolutely no meaning like that which he is attempting to mislead the press with.

The SPEAKER—The Leader of the Opposition will resume his seat.

Economy: Exports

Mr Neville (2.06 pm)—My question is addressed to the Deputy Prime Minister in his capacity as Minister for Trade. Would the Deputy Prime Minister and Minister for Trade outline to the House how Australia’s strong economic performance is contributing to our export growth?

Mr Vaile—I thank the member for Hinkler for his question and acknowledge his close interest in the growing strength of the Australian economy and what it does for the many great Australian exporting industries, including those in the seat in Hinkler, particularly in Gladstone. A strong Australian economy is required to provide a stable and strong platform off which Australian exporters can launch themselves into the international marketplace and compete in that marketplace. The economic platform at the moment in Australia is arguably in the best condition that it has been in for decades when you consider that Australia has incredibly low levels of interest rates, sustainable economic growth, low unemployment—arguably the lowest unemployment for about 30 years—low inflation and that the government continues to produce budget surpluses.

Over nine years we have paid off Labor’s debt, which is the responsibility of the Australian taxpayers to service. We have paid off almost $96 billion worth of debt. Combined with that and off the back of that, in 2004-05 Australia’s exporters achieved a new record, both in value and volume terms, of $162.3 billion worth of exports of goods and services out of Australia. Today the national accounts for the June quarter of 2005 were announced. They showed a 1.3 per cent growth in the economy in the June quarter, which accumulated a real growth of 4.6 per cent over the financial year. That indicates the Australian economy is continuing to strengthen. That is good news for exporters, but it is also as a result of that export growth that we have experienced. They have made their contribution to that economic growth.

It is interesting to note that exports rose by 1.6 per cent, rural exports rose by 3.9 per cent and, even more interestingly, manufacturing exports rose by 7.9 per cent in the June quarter. That was a great outcome for the manufacturing industries in Australia. But, most importantly, Australia’s terms of trade increased by 5.8 per cent in the June quarter. This was the highest quarterly growth in the terms of trade since September 1988. All this shows that, while our government continues to manage the Australian economy well and provide that platform for Australia’s exporters, Australia’s exporters will continue to take advantage of that platform to compete in the international marketplace and increase our exports.

Distinguished Visitors

The SPEAKER (2.09 pm)—I inform the House that we have present in the gallery this afternoon members of the whips delegation from the Parliament of Ghana. On behalf of the House, I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!
QUESTIONS WITHOUT NOTICE

Telstra

Mr BEAZLEY (2.10 pm)—My question is to the Prime Minister. Prime Minister, given your obsession with selling Telstra, didn’t you have an obligation to ensure that mum and dad investors knew the true state and value of Telstra? Wasn’t the right thing to do to ensure that Telstra released to all Australians the information the Prime Minister received about Telstra’s state on 11 August?

Mr HOWARD—I thank the Leader of the Opposition for the question. One of the many right things to do when you are in my position and that of senior ministers is to obey the law. The law that I am talking about was originally introduced by the honourable gentleman opposite when he was the minister responsible. It was amended by us in 1996.

Mr Beazley interjecting—

The SPEAKER—Order! The Leader of the Opposition!

Mr HOWARD—Very touchy! As if anything turned on that, Mr Speaker. What something does turn on is that all of what has happened in the last 48 hours has driven home the absurd conflict of interest that this government has by continuing to be the majority shareholder.

Mr Beazley—Mr Speaker, I rise on a point of order. We receive them in three capacities. We receive them as the majority shareholder; we receive them as the government and, therefore, the potential provider of taxpayers’ money to them; and we receive them as the regulator. We receive them in those three capacities. It is fundamentally absurd that the second-largest company in Australia should be in the majority ownership of the government. It is quite impossible over the longer term to do justice to those three obligations. That is one of the reasons why—

Mr Beazley—Mr Speaker, I rise on a point of order. This is not an answer to the question. The question I asked goes straight to the heart of the economic situation—

The SPEAKER—The Leader of the Opposition will resume his seat. The Prime Minister is in order.

Mr HOWARD—the Leader of the Opposition works himself into confected outrage on behalf of the very mums and dads he tried to deny a tax cut to only two months ago. That is how much he cares about the mums and dads of Australia—the very mums and dads of Australia who have enjoyed a 15 per cent real wage increase. I will tell him about the mums and dads of Australia!

Mr Beazley—Mr Speaker, I rise on a point of order. This cannot conceivably be relevant. This is a serious issue for 1.5 million Australians. Do us a favour and give us a decent answer!

The SPEAKER—The Leader of the Opposition will resume his seat.
Hurricane Katrina

Mrs DRAPER (2.14 pm)—My question is addressed to the Minister for Foreign Affairs. In light of Hurricane Katrina, would the minister inform the House how consular resources have increased under this government. What can the government do to assist Australians in difficulty overseas? Are there limits to such assistance?

Mr DOWNER—Firstly, I thank the honourable member for her question and for the interest she shows in this issue. I said earlier that there were two people we were particularly concerned about—one was a 37-year-old cameraman from Queensland who now lives in New York, who went down to New Orleans apparently to cover the hurricane for the media. We understand now, and are pleased to report, that he is safe and well, and we have that information from his partner. In relation to 30-year-old Ashley McDonald from Victoria, we have been particularly concerned about him, but police and our consular officials believe that he may have been located in Baton Rouge and been traced to a motel through credit card details. A friend who was at the hotel has also testified to his staying at the hotel, although he is not at the hotel at present. So we hope that, before long, we will be able finally to confirm that Ashley McDonald is safe and well. The indication is that he has been at the hotel in Baton Rouge for quite some days, and he did not notify people of this. We will have to wait and see, but that seems to be the case. In addition to that, we know of five Australian long-term residents of New Orleans who may still be in the affected area, but we do expect that those five have been evacuated.

Since 1996, this government has put a very high priority on continually increasing our consular services. We have introduced a 24-hour consular emergency centre, an inter-departmental emergency task force for managing a whole-of-government response to consular crises and an emergency call unit. We have set up emergency response teams at short notice worldwide and we can quickly respond to consular crises, as we have done with 44 consular crises over the last 14 months, seven of which required the 24-hour crisis centre to be stood up.

Australians make more than four million overseas trips every year. We help around 15,000 travellers and we also, sadly, help families return the remains of about 600 people who have died overseas. Australians need to appreciate that, when overseas, they are leaving behind our laws, they are leaving behind our emergency service capabilities and they are leaving behind our medical facilities. It is important that every traveller takes responsibility to minimise risks, as there are strict limits to what we can do in times of difficulty. Consular functions are governed by international agreements, and the Australian government cannot impose its laws, rules or standards on other countries.

The Leader of the Opposition made some suggestions the other day as to what we should do, and of course they have been roundly ridiculed by the Australian community, and quite rightly so. Let me make this clear: the government cannot—and by the way the government would not want to— instruct our consular officers to break the laws of foreign countries. Let me also say that we will not instruct them to ignore and overrule local authorities who are coordinating major disaster and rescue plans and in doing so put those consular officers themselves in very great danger. That would be an absurd thing to do, although it has been recommended by the Leader of the Opposition. For what it is worth, we would not instruct our Defence Force personnel to free-range their way into disaster areas and run Rambo style rescue missions without the support of proper command.
It is as simple as this: we would not put in place the irresponsible and dangerous plans that have been outlined by the Leader of the Opposition. As I said yesterday, if anyone in this House, in particular the Leader of the Opposition, aspires to be the Prime Minister of Australia, he should aspire to a bit of balance and wisdom, and the Leader of the Opposition has certainly shown himself to be well short of that.

**Telstra**

**Mr KATTER** (2.19 pm)—My question is to the Minister representing the Minister for Communications, Information Technology and the Arts. In light of Mr Trujillo’s constant opposition to a regulatory regime and, therefore, his continually stated opposition to policies of the majority shareholder, surely, as in any properly run corporation where this situation arises, the minister must agree that the CEO must get in step with majority policy or must be stood down. Further, in light of the Telstra report delineated in the House by the Leader of the Opposition, can the minister inform the House as to how this confidential document, which was only in the hands of those close to Mr Trujillo, could have reached the Leader of the Opposition? Finally, if the government cannot control Telstra management when they are majority shareholders, could the minister advise what hope there is for rural services when they are no longer shareholders at all?

**Mr McGAURAN**—I might need an extension of time before my answer is fully completed. I thank the honourable member for his question. With regard to the latter part of his question, the Australian Securities and Investments Commission announced yesterday that it had commenced an investigation into Telstra, and ASIC is working with the Australian Stock Exchange on that matter. The continuous disclosure obligations applying to Telstra are contained in the listing rules of the Australian Stock Exchange and the Corporations Act 2001. and naturally it will be a matter for ASIC to determine whether contraventions of the Corporations Act have in fact occurred.

As to the comment of Telstra management in recent times, the Prime Minister has dealt with this. He made it abundantly clear yesterday that a director’s duty, which applies to all corporations in Australia, is not to knowingly talk down a company’s interests. Telstra have a good story to tell, and I think we would all like to see them telling it.

**Opposition members interjecting—**

**The SPEAKER**—Order!

**Mr McGAURAN**—The management have a duty to create value and help Telstra grow, and I think everybody would appreciate management’s focus on these issues.

**Mr Crean interjecting—**

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

**Mr McGAURAN**—Remember that Telstra, like all incumbent and established telecommunications companies around the world, is facing a number of challenges. Competition is taking hold because of new technology and the government’s regulatory and policy framework. It is competition that is the greatest challenge to Telstra, not anything else.

**National Security**

**Mrs HULL** (2.22 pm)—My question is addressed to the Minister for Transport and Regional Services. Would the minister advise the House of the measures the government is implementing to ensure the security of Australia’s tourism and transport sector?

**Mr TRUSS**—I thank the honourable member for her question and acknowledge her interest in this matter, particularly in regional aviation. It is also significant to note that these days we have in Parliament House
the Tourism and Transport Forum. I note that many representatives from the forum are seated in the gallery today. This is perhaps the leading gathering of leaders in this particular industry, and they are talking about some of the key issues associated with tourism and transport. Associated with their forum, they have released a survey which demonstrates a resounding vote of confidence in the level of security measures being implemented in the Australian transport system.

It is very important that there be a perception of a high degree of safety, to encourage tourists and other visitors to come to this country. The TTF survey shows that 94 per cent of respondents believe that overseas tourists view Australia as a safe holiday destination. I think that is a resounding vote of confidence and it reflects well on the industry, government and others who have been working so hard to put in place a regime to guarantee that level of safety. That is part of the reason that we are breaking records in relation to international tourist arrivals and domestic air travellers. The honourable member would be particularly pleased that that has helped bring about the result of Rex airlines returning to profitability and there being a higher degree of confidence in the sector. So I would certainly compliment the industry on the effort it has put in.

The government has provided $162 million for aviation security upgrades, tighter passenger and carry-on baggage screening, the hardening of cockpit doors and armed air security officers on many flights, and of course there has been some special funding for regional areas. It is important that this perception of safety be reinforced by everybody in the industry. So it has been disappointing to note some members opposite, and other people in prominent positions, trying to talk down the level of safety and security in our industry and undermine the improvements that have been made.

The Leader of the Opposition, for instance, on his accident-prone visit to Gladstone last week, claimed that Australia did not have security checks on foreign seafarers coming into this country. That statement is simply wrong. Before ships even arrive in this country, the Office of Transport Security has undertaken a risk assessment of each ship, its cargo and its crew—including checking all of the relevant alert lists. And then there are the immigration checks to verify the crew information at the first port of call. There is a checking mechanism, and the Leader of the Opposition was simply wrong and mischief-making in an attempt to try and undermine public confidence in security.

And what about the Independent member in the area of Mildura, Mr Savage, who is constantly trying to talk down the security at Mildura airport—suggesting that unscreened passengers are able, flying out of Mildura, to avoid screening when they arrive at Tullamarine Airport in Melbourne? That is simply impossible. It is not physically possible, with the design of the terminal, to get from those areas into the secure areas. That kind of mischief making and those sorts of attempts to undermine the public confidence in our airport security are the sorts of things that will discourage visitors from coming to Australia. We need to work constructively on airport security and on safety and transport systems. We know there is more work to be done, but let us make sure that the public confidence in the system is encouraged and not undermined by silly rumours and by crying wolf.

Mr BEAZLEY (2.26 pm)—My question is to the Prime Minister, and it follows the question asked by the Independent member for Kennedy. Isn’t it the case that, whatever spin the Prime Minister is putting on it today,
the truth is that yesterday the Prime Minister said in this House, 'The obligation of senior executives of Telstra is to talk up the company’s interests, not to talk them down'? Prime Minister, isn’t today’s *Australian Financial Review* editorial correct when it says:

... the Prime Minister showed a dismaying ignorance of securities laws passed during his parliamentary career ... He must know the executives’ duty is not to talk Telstra’s interests up or down, but to tell the truth about its prospects and let the market decide.

**Mr HOWARD**—I have to say that, if the Leader of the Opposition always took the advice of the *Australian Financial Review*, he would be in a lot of trouble—in terms of his own performance, not the perspicacity of the *Financial Review*. I have read that editorial and I repeat what I said yesterday. Let me say again to the House what I said yesterday: I think it is the obligation of senior executives of Telstra to talk up the company’s interests, not to talk them down. I hold by that view. I think the discharge of that obligation is entirely consistent with telling the truth—an accurate reporting to the market in those circumstances where there is an obligation to report to the market.

What the Leader of the Opposition cannot avoid is the reality that over the last 48 hours it has become apparent that one of the fundamental arguments we advanced for the sale of Telstra—that is, the conflict of interest in which the government finds itself as a funding provider, as the principal shareholder and as the regulator—has to be resolved. Unless it is resolved—

**Mr Beazley**—Mr Speaker, I take a point of order on relevance: what the Prime Minister is answering is a totally different question—

**The SPEAKER**—The Prime Minister is in order.

**Mr HOWARD**—Let me say again to the House, and I have absolutely no reluctance to say this: I think it is the obligation of senior executives of Telstra to talk up the company’s interests, not to talk them down. That is entirely compatible with telling the truth—

**Mr Martin Ferguson** interjecting—

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

**Mr HOWARD**—because it is in the interests of the company that the truth be told. Apparently the one person who does not understand that is the Leader of the Opposition.

Workplace Relations

**Mr GEORGIOU** (2.29 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister update the House on the progress of the government’s reform agenda and the benefits to the economy of this reform? Are there any alternative views?

**Mr ANDREWS**—I thank the member for Kooyong for his question. I can inform him that, in terms of the government’s reform agenda, today is an historic day because the Senate has finally passed the Building and Construction Industry Improvement Bill 2005. This is a bill which, for once and for all, will lead to the stamping out of the lawlessness, the corruption and, in some cases—regrettably—the criminal activity that occurs in the building and construction industry in Australia. It has been estimated that this activity costs the economy of Australia some $2.3 billion and that stamping this activity out can lead to an increase of one per cent in the GDP of the nation and a one per cent reduction in the inflation rate in this country.

The passage of this bill has been welcomed. For example, today the Australian Industry Group said, 'The passage of the bill is a vital reform measure to address the damaging industrial practices plaguing parts of
the industry.’ The Australian Chamber of Commerce and Industry says, ‘The Australian economy will benefit if the industry can eliminate inefficient work practices, increase work force participation and contractual freedom, and improve compliance with the rule of order.’ The Master Builders Association also welcomed the changes. Mr Harrisch, from the MBA, said, ‘A well-empowered third party to ensure that “stand and deliver” intimidation is removed from the industrial landscape is the central platform in increasing productivity’—which has been estimated to be at least $2.3 billion per annum. The Housing Industry Association has said: ‘These new laws are even-handed and apply to everyone. No longer will businesses have reason to fear agreements made by others behind closed doors being imposed on them and their workers.’

When this government came to office in 1996, it identified a number of industries that needed reform—the waterfront, the black coal industry, the red meat industry, the automotive industry and the building industry. Each of those reforms has been opposed by the Australian Labor Party. Remember the opposition from the Labor Party and the union movement to reform of the Australian waterfront, and yet we have now seen an increase in productivity where the container rate is some 28 containers per hour. We have seen a 72 per cent increase in productivity in the black coal industry, and it is now one of the country’s largest exporting industries. There has been a substantial increase in productivity in the red meat industry, and we are currently working with the automotive industry in this country to improve productivity in that industry. Why? Because this is about jobs and wages for ordinary Australians. These reforms have been important, yet the Labor Party and the union movement have fought them tooth and nail on every occasion. This is about significant economic advancement for Australia. It is about doing the things that need to be done to ensure that Australian workers and their families will continue to thrive in the future.

**Telstra**

**Mr Tanner** (2.33 pm)—My question is to the Prime Minister. Isn’t it the case that the government has known about the true state of Telstra for years? Isn’t it the case that the public has not been informed because of fears that a declining share price would mean Telstra could not be fully privatised? Isn’t it the case that the whistle has now been blown on the Prime Minister? How does the Prime Minister explain his conduct to mum and dad shareholders and the Australian community who have been misled about the true state of the company for so long?

**Mr Howard**—This government has not misled the mum and dad shareholders. In fact, the mum and dad shareholders of Australia have no better friend than this government. In fact, if the member for Melbourne would pause for a moment he would understand that, under this government, there has been a surge in the aggregate number of mum and dad shareholders. Under this government, Australia can boast having become a major shareholder. The reality is that the government has been open about its policy in relation to Telstra. We have always said that it was our policy to sell down our majority ownership, and we have had dramatic demonstrations, in the past few days, of how very desirable in public policy terms it is that we end this ridiculous conflict of interest that works against the interests of the very mum and dad shareholders for whom the Leader of the Opposition feigns compassion.

**Schools Funding**

**Mr Ferguson** (2.34 pm)—My question is addressed to the Minister for Education, Science and Training. Would the minister update the House and the
people of Bass on progress with the government’s plan to directly fund capital works projects in Australian schools?

**Dr NELSON**—I thank the member for Bass for his question. He, along with the member for Braddon, is giving powerful representation to Northern Tasmania. Before the last election, the Prime Minister announced that the government, if returned, would—in addition to every other dollar that it provides to government and non-government schools throughout Australia—provide an additional $1 billion directly to schools for the projects that parents themselves think are important. A total of $700 million of that will be delivered directly to the P&Cs and school councils of government schools supported by school principals.

I can say to the member for Bass—and also the member for Braddon—and can advise the House that at this stage we have had 177 applications from Tasmania. We have 8,500 government schools throughout Australia that have applied for funding for everything, from electrical and heating equipment—which is this case at Scottsdale High School—

*Mr Wilkie interjecting—*

**The SPEAKER**—Order! The member for Swan!

**Dr NELSON**—We have the legendary campaign from the member for Dobell to get the toilets fixed at the Tuggerawong public school. We know that the Deanmore public school in the electorate of Stirling desperately needs play equipment. I think we are fixing up the library at Sandringham East. With these 8½ thousand applications, we have already announced—

*Mr Wilkie interjecting—*

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

**Dr NELSON**—the projects for the Northern Territory and the ACT. All of the projects will be announced before the end this month, with the exception of New South Wales, where the projects will be announced by mid-October.

It is very interesting that, as I am attempting to advise the House of the facts in relation to school funding, the Deputy Leader of the Opposition is whingeing and screaming out, ‘Where is it? What’s happened to the funding?’ and so on. We are in a situation where the government, less than one year after its re-election, is delivering more than $145 million directly into school projects. But take the state of New South Wales. Why are they called state schools? Because they are owned, operated, administered and primarily funded by the states. Yet the New South Wales government this year has cut the funding for its capital works by $6 million and frozen its maintenance, and we have not heard from the Labor Party a single word of criticism of any of the states and territories for starving state schools. There are many differences between this government and the opposition in relation to schools. This government has a help list that has 8,500 schools on it that will be receiving up to $150,000 for urgently needed school projects. The Labor Party has a hit list. We give money to schools; the Labor Party takes it away.

**Telstra**

**Mr TANNER** (2.38 pm)—My question is again to the Prime Minister. Isn’t it the case, Prime Minister, that, in the 12 months leading up to the T2 sale, Telstra announced dividends of 33c per share? Isn’t it also the case that, in the year after the sale, dividends slumped to 18c per share? Prime Minister, hasn’t the government got form in inflating the dividend before a sale and hoodwinking mum and dad investors into buying Telstra shares?
Mr HOWARD—The answer to the question is no, but let me point out to the honourable gentleman that I am advised that there are many examples where companies pay dividends that are higher than their reported profit in a particular year and so have paid out of reserves. Indeed, I am further advised that 14 of our top 100 companies are currently paying dividends that exceed their latest reported annual earnings. The most well-known of these would be Suncorp Metway, Linter, Seven, Telecom NZ and Paperlin X. The reality is that the member for Melbourne, like the Leader of the Opposition, is totally out of his depth on this issue.

Indigenous Health

Mr TOLLNER (2.39 pm)—My question is to the Minister for Health and Ageing. Is there any evidence to suggest that Indigenous health is improving? If there is, what is the government doing to build on this?

Mr ABBOTT—I thank the member for Solomon for his question. The Australian people are right to be concerned about the extent of poor health amongst Indigenous people but wrong to think that the situation is going from bad to worse, because it is not. The latest report from the Australian Institute of Health and Welfare shows that, in the decade to 2002, Indigenous mortality rates have declined by some 25 per cent in Western Australia and have declined even more sharply in South Australia. That is on top of a 60 per cent decline in the mortality rate from communicable diseases and a 30 per cent decline in the mortality rate from trauma in the Northern Territory since the 1970s.

Since 1996 Indigenous-specific health spending by the Commonwealth government has increased from about $100 million to over $350 million a year. Since 1996 the number of Aboriginal medical services has increased from 108 to 152. There has been a 74 per cent increase in the volume of health services being delivered to Indigenous people. There has been a 30 per cent increase in the number of Indigenous nurses and there has been a 50 per cent increase in the number of Indigenous doctors. So, while there is still a long way to go, the Commonwealth government certainly takes its responsibilities seriously, and considerable progress is being made.

Telstra

Mr TANNER (2.41 pm)—My question is again to the Prime Minister. I refer to the Prime Minister’s statement that it is inappropriate for the government to both own and regulate Telstra. Can the Prime Minister confirm that approximately 85 per cent of Australia Post revenues are earned from activities subject to open market competition and that the government earns substantial dividends from Australia Post? Can the Prime Minister confirm that the government regulates postal services? In line with its position regarding Telstra, is the government therefore proposing to privatise Australia Post?

Mr HOWARD—No, we are not proposing to do that at all, but can I point out to the honourable member that what we have constantly said is that being both a major shareholder and a regulator creates an unacceptable conflict of interest, and that has been demonstrated in the last 48 hours.

Native Title

Mr WAKELIN (2.42 pm)—My question is addressed to the Attorney-General. Would the Attorney-General advise the House of the government’s ongoing commitment to the native title system? What practical reforms are the government proposing?

Mr RUDDOCK—I thank the honourable member for Grey for his question because I know of his interest in native title issues, representing as he does an area of Australia with a very significant Indigenous population. Of course, the government is committed
to achieving better outcomes for all parties involved in native title issues. The increasing number of native title determinations and agreements shows the system is working now, but it is still too costly and very time consuming. I am pleased to announce today a package of more practical reforms that are aimed at making the native title system work more effectively and efficiently.

The reforms are not about challenging the fundamental principles of native title—nor are we seeking to wind back native title rights—but they will focus very much on making agreements rather than litigation. They will be aimed at improving all elements of the system, including the effectiveness of native title representative bodies and, I might say, respondent funding. They will involve minor and technical amendments to improve the operation of the Native Title Act. We will be reviewing how the Native Title Tribunal and the Federal Court can work more closely and effectively together in managing and resolving native title claims. We will also be playing a role in encouraging state and territory governments to adopt more transparent practices to resolve native title issues.

There will of course be extensive consultation with all the stakeholders, and to that end we want to ensure that the reforms are fully understood and that stakeholder concerns are taken into account. I will be arranging to meet with state ministers with responsibility in this area to talk through with them how they can play a constructive role in moving these issues forward. Following that consultation, I will announce further details. Following that consultation, I will announce further details. Following that consultation, I will announce further details. Following that consultation, I will announce further details. Following that consultation, I will announce further details.

Mr BEAZLEY (2.45 pm)—My question is to the Prime Minister. Hasn’t Sol Trujillo been responsible for Telstra’s management for only the last eight weeks while the Prime Minister has been responsible to the Australian people for Telstra for the last 9½ years? Isn’t the Prime Minister’s obsession with selling Telstra the reason that his government has endorsed the expenditure of $1.75 billion on share buybacks since 2003 and the payment of special dividends over the past two years that have stripped $1.9 billion from Telstra, even though these payments were at the expense of critical investment in the national telecommunications network?

Mr HOWARD—I do not of course accept the interpretation that the Leader of the Opposition has placed upon the government’s conduct. Could I say to the Leader of the Opposition that if we have an ideological obsession with selling Telstra then he had an ideological obsession with selling the Commonwealth Bank and Qantas—exactly the same thing. Our commitment to selling Telstra, which we have been honest enough to lay before the Australian people on four occasions, is based upon a realistic understanding that if you want a competitive telecommunications market you can no longer burden the largest participant with government ownership. The greatest burden imposed on Telstra by the government is not regulation but majority government ownership, and it is in the long-term interests—and the Leader of the Opposition might bear this in mind when he seeks the suspension of standing orders in a moment—

Mr McGauran—Exactly!

Mr HOWARD—That’s right—got him!

The body language is all there. Let me simply say to the Leader of the Opposition: this
is not ideology; it is a commodity the Australian people know and understand—that is, old-fashioned commonsense.

HOWARD GOVERNMENT

Censure Motion

Mr BEAZLEY (Brand—Leader of the Opposition) (2.47 pm)—I seek leave to move the following motion:

That this House censure the Howard Government for failing to ensure that Telstra shareholders and the Australian community were properly informed that:

1. Telstra’s services have seriously declined;
2. Telstra’s investment in new technology has been totally inadequate;
3. Share buy backs and special dividend payments have bled Telstra’s investment program of $3.65 billion; and
4. Telstra has been using reserves to pay dividends despite being made aware of these matters by the company.

Leave not granted.

Mr BEAZLEY—I move:

That so much of the standing and sessional orders be suspended as would prevent the Leader of the Opposition moving forthwith—That this House censure the Howard Government for failing to ensure that Telstra shareholders and the Australian community were properly informed that:

1. Telstra’s services have seriously declined;
2. Telstra’s investment in new technology has been totally inadequate;
3. Share buy backs and special dividend payments have bled Telstra’s investment program of $3.65 billion; and
4. Telstra has been using reserves to pay dividends despite being made aware of these matters by the company.

It is a coward’s castle that the government are in. Fancy not permitting a suspension of standing orders or giving leave to an opposition to move a censure motion on the subject of Telstra, where they have been caught out permitting mum and dad shareholders in this country to be massively traduced by their own behaviour and standards that they did not insist on from Telstra. Fancy a government being so defensive that it could not take a full censure debate in parliament on this day, the first opportunity since the introduction of their legislation and the public revelations that came with the release of that document that Telstra provided them a month ago. That is so defensive, along with their efforts to try to defend themselves in this regard by saying, ‘I don’t have to answer for the fact that I am aware of the fact that Telstra’s been stripping its reserves in order to pay dividends to us because we insisted on it. I don’t have to answer for the fact that I knew that the dividends that we were stripping off Telstra had made it impossible for them to invest in the rural roll-out program of telecommunications that absolutely every person in the bush finds essential to them—essential to their economic life, essential to their social life and essential to their health and safety.’ ‘I don’t have to answer any questions on this,’ says the Prime Minister. Why? ‘Because it’s totally impossible for us to be a part owner of Telstra and a regulator of the system.’

That particular defence was killed in three sentences by our opposition spokesperson on finance when he pointed out that precisely the same conditions persist for Australia Post: owner and regulator, the vast bulk of its services subject to competition and a dividend paid by Australia Post to the Commonwealth—the same circumstances as apply to Telstra. ‘But no,’ says the Prime Minister, ‘we’re not going to privatise Australia Post.’ Why the contradiction between the two? The reason for the contradiction between the two is, frankly, quite simple. The politics require him to have a defence of the mess that he
now confronts in Telstra and the politics, if he got up in this place today and said that Australia Post was about to be privatised, would panic half the population of this country. So it is the politics that drove him in one direction, it is the politics that drive him in another direction—and what is missing in the middle? Honesty, truth and fair dealing as far as the Australian population is concerned.

We have seen the Prime Minister weasel-word his way around another matter in this place today, and that was his extraordinary comments in this place yesterday when he got up and said that the obligation on the Telstra managers—the CEO and others—is to talk up their product. Of course, that was in the context that this particular shareholder intends to be involved in selling it very shortly. This was amply answered in the editorial in the Financial Review today which said the Prime Minister seemed to be appallingly ignorant of the obligations on CEOs. There is an obligation on CEOs all the time. All the time, CEOs are obliged to be honest with shareholders. All the time, CEOs are obliged to be honest with shareholders. But it is most important that CEOs be honest with the market and shareholders when one set of shareholders in a company who are in a very influential position have decided to sell their interest, because it is in precisely those circumstances that ramping up the reputation or alleged capacities of the company suits that set of shareholders and not necessarily anyone else.

The government is supposed to be responsible for the integrity of the financial system in this country. This Prime Minister will weasel his way out of anything when dragged in to defend himself. He knows full well that when he got that information from Telstra he was under an absolute obligation to ask the Telstra management, ‘Have you had that conversation with the Stock Exchange in a way that permits other shareholders to know what is going on?’ No amount of weasel words will get this government out of the obligations on them.

For 10 years the government have wandered around this place basking in economic conditions created by other people. I am grateful for at least one thing in question time today. The Prime Minister acknowledged who is immediately responsible for the good economic circumstances this country confronts. It is the workers and managers of this nation, not the government of this nation. He at least had the integrity to be prepared to fess up to that fact. He has basked in this politically. Insofar as governments influence the sort of economy we have had, it was the hard decisions taken by the Hawke and Keating governments in the 1980s that produced the economic circumstances this government has subsequently enjoyed.

However, there is an area of economic management for which the government of the day—our government previously and now this one—are responsible. They are responsible for management anywhere there is a government business enterprise or a substantially government owned business enterprise, and that is the case with Telstra. What we have seen very clearly over the course of the last nine years is deception and trickery being practised by the government managers of the government’s obligations in respect of a government business enterprise which has now shafted 1½ million mum and dad shareholders of Telstra and has shafted the users of Telstra, particularly in rural and regional Australia. Telstra really is the test of this government as economic managers—not the economy, where serendipity and the previous hard work of Labor governments has predominated, but this area, where any government has day-to-day responsibility. What do we find? We find the most appalling divi-
dend stripping to manipulate share prices at precisely sensitive moments such as when T2 was sold. There is dividend stripping now to achieve precisely the same effect on the timetable they have anticipated for getting away Telstra 3. That is what we are seeing from this government.

What an absurdly defensive position the Prime Minister took today when he stood here and said 14 big companies in this country are reaching into their reserves to pay dividends. I would like to know which shareholders of the companies he named have received a report from the CEO saying that that is unsustainable. We would sure like to know that, and we would sure expect that to be reported to the Stock Exchange. And I tell you what: if they failed to have it reported to the Stock Exchange, the CEO and directors responsible for that would be explaining themselves in court. If they were refusing to report to shareholders that they had received a piece of information from the CEO telling them that the dividend policy being pursued was unsustainable, they would be in a very great deal of trouble indeed.

Is it any wonder that the government do not want a censure motion on these issues? Is it any wonder that they will run and duck for cover on this and not allow a full and proper parliamentary debate in this place? They are cowards on this. It exposes their maladministration, their incompetence, their complete lack of care for the 1.5 million shareholders they created and their complete lack of care and concern for people in regional Australia, where they have got The Nationals by the short and curles and forced them into supporting this in a way that disgraces the National Party by the short and curles and forced them into supporting this in a way that disgraces the National Party in its obligations to its members and the promises and undertakings it has given. No wonder there is no censure debate when all of these sorts of things would be at stake.

The SPEAKER—Is the motion seconded?

Mr Tanner—I second the motion and reserve my right to speak.

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (2.58 pm)—Am I the only one who finds it a bit hard to reconcile the Labor Party’s concerns about the downward pressures on the Telstra share price when they have spent several years denigrating Telstra and talking down Telstra? I am not the only one who sees the hypocrisy of the Labor Party; anybody who has seen the Labor Party’s performance recognises its deliberate strategy over the last few years.

Mr Beazley interjecting—

The SPEAKER—Order! The minister will resume his seat. The Leader of the Opposition was heard in relative silence.

Mr McGauran—The Labor Party has been more responsible for influencing the Telstra share price than anything else in recent years. It has rubbished Telstra, even though the standards of service and the pricing levels have all been to the greater advantage of consumers wherever they live, but especially rural Australia, under this government than under the Labor Party. So the hypocrisy of the Labor Party to feign concern about the Telstra share price now or to apportion blame when it has denigrated Australia’s second biggest company relentlessly for political purposes, for its own supposed advantage, beggars belief.

Ms King interjecting—

The SPEAKER—Order! The member for Ballarat.

Mr McGauran—The Labor Party is utterly hypocritical on this point. Let me go through the alleged charges against the Prime Minister and the government in this matter, because you have to siphon the comments of
the Leader of the Opposition to actually get to his key points of attack but I will pay him the courtesy of doing it. Firstly, the Prime Minister commented on Telstra executives having a responsibility to talk positively about the company and not knowingly talk down a company’s interests. Of course nobody is asking, requiring or expecting—

Opposition members interjecting—

Mr McGauran—The Labor Party’s shouting and yelling will always be a substitute for considered debate, let alone formation of policy. That is on display again today.

Mr Gavan O’Connor interjecting—

The Speaker—Order! The member for Corio.

Mr McGauran—As well as the bullying tactics of the Labor Party, they will always attempt to shout down, intimidate and silence their opponents. It will not work today any more than it has previously. Nobody is asking a company director or a senior executive of a company to be anything other than honest in the interests of talking up the value of the shares.

Opposition members interjecting—

The Speaker—Order! The member will resume his seat. The level of noise is far too much.

Mr McMullan—Mr Speaker, on a point of order: could I ask you to check as obviously something has gone wrong with the communication system in the parliament because the whip’s message has not got out to the government members.

The Speaker—The member for Fraser will resume his seat. There is no point of order.

Mr McGauran—This is the desperation of the Labor Party. You terminate question time early—you still had another question to go—because you cannot wait to construct this impression of a government under siege, a government on the back foot, whereas in actual fact the tactics of the Leader of the Opposition are a demonstration of his own imperilled position that he has to try to make a silk purse out of a sow’s ear. To substantiate the allegation of the Leader of the Opposition that the Prime Minister has wrongly described the responsibilities and functions of a chief executive officer of Telstra, he cites the editorial in today’s Australian Financial Review. The Prime Minister has countered that. But, if you want to quote the Financial Review of today, how about we go to the article of Alan Mitchell in the same edition at the same time when he has a good go at Kim Beazley.

Opposition members interjecting—

The Speaker—Order! The minister will resume his seat. Despite several warnings, members on my left are not taking this seriously. I issue a general warning to all members.

Mr McGauran—Suspensions of standing orders are moved by leaders of the opposition in the most grave of situations when there is an issue of such burning national importance that it cannot be dealt with in the ordinary course of parliamentary business. The fact that there are bills on Telstra awaiting debate seems to have escaped the attention of the Leader of the Opposition. But the Labor Party’s behaviour undermines what a stunt this really is. This is not a matter of great concern to the Labor Party. This is not something that should be occupying the time of the parliament. It should not be interrupting question time, which is supposedly a home ground advantage to the opposition but which they terminated prematurely today. This is just a stunt. The behaviour of the opposition, the light-hearted way they are approaching this, reveals their true intent. Where is the suspense? Where is the drama? Where is a government at risk because you
have moved a suspension of standing orders? Quite frankly, if the opposition are not going to take their own suspension of standing orders seriously why should we? Why should the public?

Mr Ripoll interjecting—

The SPEAKER—The member for Oxley will remove himself under standing order 94A.

Mr McGAURAN—A Leader of the Opposition only employs this tactic if the opposition have the government on the run, but instead it is a big joke, it is a big laugh, to the opposition because they know that when you strip away the political opportunism there is nothing of substance in the opposition’s attack on the government. Talk about devaluing the currency! The next time the Leader of the Opposition puts up a suspension of standing orders or a censure motion it should be treated with the same disgust that we now treat this suspension of standing orders. The Leader of the Opposition has kicked an own goal. If you are not going to take this issue seriously, if you are not going to argue the case, if members behind him are not going to support him in treating this issue with the degree of seriousness it needs and deserves, then no-one else in the community is going to.

It is just typical of the tactics of the Labor Party. Everything is supposed to be an easy get. In one suspension of standing orders, in the absence of any policy and in the presence of confused and conflicting statements by Senator Conroy and inconsistencies now between the member for Melbourne and the Leader of the Opposition regarding Mr Trujillo’s comments, what weight should be afforded to them—what regulatory regime should be put in place—you will not present a credible alternative to the Australian people. This is a joke. The Labor Party demeans itself and demeans the role of an opposition. You are meant to keep the government on its feet. But why would the government take the opposition seriously? You laugh, you joke and you have completely destroyed the worth of this, your own suspension of standing orders.

I refer honourable members to the article by Alan Mitchell in today’s Financial Review in which he says the government:

... inherited the anti-competitive mess engineered by Kim Beazley when he was the communications minister in charge of opening the Australian market to competition.

... ... ... ...

His—

that is Beazley’s—
motive presumably was to protect Telstra’s unions from the blast of unfettered competition.

Of course it was. We know from Paul Keating that the Leader of the Opposition was weak kneed, he was gutless, he caved in to the unions at the time and prevented Keating from achieving the true competitive framework and regime that he wanted. We all know that. It is not a state secret because he broadcasts it at every opportunity. We also know that the Leader of the Opposition went with Paul Keating to a meeting at BHP with John Prescott in 1995 to explore ways of selling Telstra. Do you know what he said when he was caught out? It took a while for the journalists Laurie Oakes, Michelle Grattan and others to extract it from him. He said, ‘I was there as an opponent to the sale of Telstra.’ Paul Keating invited him along. You know Paul Keating was such a wimp that he invited Mr Beazley along just so that he could disagree with Paul Keating. Why did the department of finance, at the time under the stewardship of the Leader of the Opposition, prepare five options for the sale of Telstra? The Leader of the Opposition was in it up to his neck just as he was with the Commonwealth Serum Laboratories, Qantas, the
Commonwealth Bank and several other government businesses.

Honourable members interjecting—

The SPEAKER—I remind all members that a general warning has been issued.

Mr McGauran—The Leader of the Opposition has no credibility, but he does have form and the way he has approached this issue in the parliament means that he regards the issue as no more serious an issue of policy and principle than he has in the past.

Mr Tanner (Melbourne) (3.08 pm)—Yesterday, the Prime Minister described Telstra management as disgraceful. I think the House needs to consider the actions of other players in this fiasco in order to determine what adjectives we might ascribe to some of the other players—the government, for example. Everybody is obsessed with the *Three Amigos*. People throughout Australia are swamping video stores trying to find copies of the *Three Amigos* so that they can have a look at it. People are practising the hand movements—I will not go all the way, because if I went any further it would probably be unparliamentary.

People are obsessed with the *Three Amigos* but, unfortunately, they have not followed the story of what happens in the film. What actually happens is that the three amigos are three out-of-work actors who go down to Mexico supposedly to work with a famous actor El Guapo who dominates his region. They soon discover that El Guapo is, in fact, a villainous bandit in the local region who is abducting women and tyrannising the local citizenry. I think we could ask: who is El Guapo in the current three amigos story? Wilson, you are his horse, so you can sit down! You have probably guessed that I see the Prime Minister in that role, so we ask: what has El Guapo been doing?

Everybody in the media has been focusing on the three amigos; they have not asked what El Guapo has been doing. I will tell you what El Guapo has been doing. First, he lied to the Australian people comprehensively during the election campaign saying that Telstra services in regional Australia are up to scratch. Subsequently, it is revealed in a minute to the Prime Minister on 11 August that the absolute contrary is the truth. Fourteen per cent of lines are faulty. This is a huge number of faults. People are not being trained. There is a $3 billion investment needed. Guess who said all of those things prior to the election?

Opposition members—We did.

Mr Tanner—We did. Why do I remember? Because it was mostly me saying them—I was shadow communications minister—and guess what? The government said, ‘Services are up to scratch. Telstra is ready to be privatised.’ What else has El Guapo done? This briefing minute reveals that El Guapo has been stripping Telstra of dividends in order to prop up the share price, in order to ensure that his extreme obsession with privatisation is fulfilled, irrespective of the interests of the Australian community, irrespective of the interests of rural and regional Australia and even irrespective of the interests of Telstra shareholders—the minority shareholders—that he so proudly proclaims he has created.

Most significantly of all, what El Guapo has been doing in this episode of the three amigos is that he has refused to give the facts about the state of Telstra, the true position—its financial position, its position with respect to its infrastructure and its assets. He was made aware of that in black and white on 11 August and almost certainly knew the truth much earlier than that. He failed to give that information to the shareholders and even if you accept dodgy legal advice No. 372—

CHAMBER
have been round that track before in this place—as a valid explanation for not disclosing that information, why did he not do something about what Telstra did? Why did he not say to Sol Trujillo, ‘Sol, this is pretty combustible information here; this is highly market sensitive; this is relevant to the share price. If you’re telling me as a shareholder, shouldn’t you be telling the other shareholders?’ Did he say anything of that kind? No, he did not. Did he take any kind of action to ensure that Telstra gave this information to the market? No, he did not.

The end result is that a whole lot of people took a bath. A whole lot of people bought shares, many of them when the shares were at $7.40 and some of them when they were at $9-odd. They took a bath as a result of the Prime Minister’s failure to defend their interests. So desperate is he to sell Telstra, so extreme is his obsession to privatise Telstra that the government is now eating its own children. It is now betraying the very people it claims to have created—the Telstra shareholders. Its policy is simple: privatise no matter what the cost. So the question that we have to ask is: is there anybody left for the government to betray? It has betrayed Telstra shareholders; it has betrayed rural and regional Australians, with the National Party, of course, leading the charge; and it has betrayed Australian taxpayers in pursuit of its extreme obsession with privatising Telstra. So, when I hear the word ‘disgraceful’ in this debate I ask myself: what is the right adjective to be applied to the behaviour of the government? The best one I can think of is ‘scandalous’ because the behaviour of the government is not just a massive bungle but an absolute scandal. It is about time that El Guapo was run out of town. (Time expired)

The SPEAKER—The time allotted for the debate having expired, the question is that the motion be agreed to.
Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

DOCUMENTS

Mr McGauran (Gippsland—Deputy Leader of the House) (3.24 pm)—Documents are tabled in accordance with the list circulated to honourable members earlier today. Details of the documents will be recorded in the Votes and Proceedings.

QUESTIONS TO THE SPEAKER

Questions in Writing

Mr Melham (3.24 pm)—Pursuant to standing order 105(b), could you write to the Minister for Health and Ageing in relation to question No. 1205 of mine on the Notice Paper which has not yet been answered and 60 days have passed?

The Speaker—I thank the member for Banks. I will follow that up for him.

Unparliamentary Language

Mr Albanese (3.24 pm)—Mr Speaker, I draw your attention to page 11 of the Hansard of yesterday, Tuesday, 6 September. You may well recall that the member for Mackellar gave a personal explanation in the House yesterday and that she said this:

It has come to my attention today that an opinion piece has been authored and distributed by a Muslim activist, known for his offensive behaviour to women, by the name of Mr Irfan Yousef. He has made a number of scurrilous, ridiculous and inaccurate statements concerning me. For the record, I totally refute his statements but, as he has not resorted to bomb throwing, I guess we can handle his accusations.

This is a time of considerable sensitivity in the community over issues related to race and religion. I also refer to House of Representatives Practice page 751, which speaks about a citizen’s right of reply where their privacy has been reasonably invaded, by reason of that reference, and requesting that an appropriate response be incorporated. I would ask you to consider whether that would be appropriate. I also refer to page 499 of House of Representatives Practice, which quotes May in stating:

Good temper and moderation are the characteristics of parliamentary language.

Further, I refer to standing order 91(b) and ask whether the member for Mackellar has been in breach of standing order 91(b)—that is, she has ‘used objectionable words, which he or she has refused to withdraw’. Mr Speaker, at this particular time in both domestic politics and internationally I think we have a responsibility in this House to not provoke statements which can clearly be inferred from the member for Mackellar’s comments, and I ask you to report back to the House.
The SPEAKER—I thank the honourable member for Grayndler for his question. I will give consideration to his request and report to him as appropriate.

MATTERS OF PUBLIC IMPORTANCE

Telstra

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

The failure of the Government to accurately inform the Australian people of the true state of Telstra.

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 BEAZLEY (Brand—Leader of the Opposition) (3.27 pm)—The opposition spokesman on finance is dead right. The opposition spokesman on finance, the member for Melbourne, said that the government's handling of this issue over the course of the last 48 hours has been 'scandalous'. We have on our hands a major government scandal, a revelation in this place and out there publicly of systematic dividend stripping of a company by the government, against that government's interests, to prop up its budget and to prop up at decisive and sensitive times the share price of its asset. We have seen those resources diverted from a sensible capital program of the main carrier of telecommunications in this country when the regions of Australia—and, for that matter, the metropolitan areas—are utterly dependent for national competitiveness on decent telecommunications.

We have seen that company's capacity to deliver in that area traduced. We have seen a set of reasonable requests placed before the government with an analysis associated with it—an analysis that went into severe structural weaknesses inside the company itself with a statement to the government that perhaps all these things should be fixed before the principal shareholder contemplates any further privatisation. I am going to return to that in a minute. We have all that potentially market-influencing information circulating in and around the government but not vouchedsafed to the shareholders, who have already experienced one rip-off at the hands of the government with the sale of the second tranche of Telstra. There is no way of describing this other than as scandalous.

I do not actually carry a brief for the new Telstra management. I am not sure whether Telstra have made the right decisions in the people that they have appointed to the management positions of Telstra. I do not know how good they are; none of us do. In these situations you are, in the final analysis, reliant in this case on the Prime Minister's hand-picked chairman and the Prime Minister's hand-picked board that they will make correct judgments in that regard. What I do know about Mr Trujillo and his three associates is this: they have only been in this country for a couple of months. They have only had involvement with this organisation for two months. So anything going wrong with the structure of Telstra, anything wrong with dividend policy, anything wrong with management of the PSTN or the CAN or whatever they call it these days—it was called the CAN in the days that I was telecommunications minister—is not their fault. The fact that they are concerned about it is not a disgrace; it is their job. It is their job to be concerned about it. It is their job to make the information available to the government and it is the government's job to listen. So, far from being a disgrace,
whatever else it is, it is simply a person doing his work.

What would be a disgrace would be this: if the government had concealed from it information on running down of Telstra’s profitable services. It would be a disgrace if the government had concealed from it the damaging implications of its dividend policy. It would be a disgrace if the government had concealed from it the inadequacy of services in regional Australia and more generally that was a product of the first two factors. That would be a disgrace. But the simple fact of the matter is that when Sol Trujillo sat down with the government and discussed those matters he was telling them nothing new. The government understood all of that. The government understood every single word they were being told. The government understood exactly what was going on with the dividend. The government understood exactly what was being done in trashing the capacity of Telstra to be able to roll out capability in regional Australia.

The government objected to what they confronted for two reasons: first, Mr Trujillo showed them a mirror and when they looked in that mirror they saw themselves and they understood absolutely that there was somebody out there who actually had a view about the way they had been running the show for the last 10 years and who, God help us, might actually talk about it. The second thing is that Mr Trujillo went to them and said, ‘in all the circumstances you would probably want to think about this; and when you think about this, you might find that it influences the timing of your privatisation.’ I would recommend that everybody read this document, ‘The digital compact and national broadband plan’. I had a chance to read it yesterday and it makes very interesting reading. I found interesting these paragraphs:

We ask that you give our findings and recommendations full and appropriate consideration.

While understanding and respecting the government’s timing and the process undertaken to date, our findings suggest that a decision made without revision could have serious short-, medium- and long-term consequences for Telstra, the industry and users and shareholders. We are aware that our request to reopen the discussion of the regulatory environment that surrounds the telecoms industry, not just Telstra, has potential downsides, including a possible decision not to proceed with the T3 sale.

We understand these discussions affect: Telstra’s majority shareholders, Telstra’s minority shareholders, the telecoms industry as a whole, consumers including the people, enterprises and communities served by the telecoms industry, Australia’s ability to compete in the regional and global economy.

It sounds a bit serious. It actually sounds as though the people who came to see the Prime Minister believe they are dealing with serious human beings with a genuine, if you like, in the old-fashioned term, ‘disinterest’ in the information they were handling, that they were indeed in that sense dispassionate, that they were people prepared to look sensibly at the advice and the information coming to them and act accordingly. Instead they came across a bunch of greasy little players who had been oiling their way around the political system of this country for the last nine years to get their worthless extreme agenda through the Australian public and population, traducing—I said ‘brainwashing’ at a press conference recently of The Nationals, and I pointed out on that occasion that brainwashing was a light rinse exercise, and in the case of Telstra that has been amply demonstrated by their performance over the last six months in particular and indeed a great deal longer than that. The problem for Sol Trujillo is that I do not think he fully appreciated this. I do not think he knew how much the government knew.

The Prime Minister, in the most defensive press conference I have seen from the Prime
Minister for a very long period of time, was trying to make excuses and use weasel words for the position at which he arrived. I know a fair bit about the circumstances in which he finds himself, because he is quite right: the original act that corporatised Telstra was put in place by me. There are certain reporting arrangements put in place associated with that. Of course, they were not put in place in anticipation of there being a minority shareholder in Telstra, because we assumed there would be only one shareholder, and the reporting arrangements that he referred to to defend himself were controls on the sort of information that passed around the bureaucracy from the telecommunications owner and the shareholders into the public service, so we did not have the sorts of public service controls that existed when it previously was a public service department.

However, when the government went through the process of privatising Telstra, amendments were made to that which, nevertheless, left in place a capacity for the government, a capacity for it as a shareholder and a capacity for the managers of Telstra, to report any information to an appropriate official—and an appropriate official would be an ASIC official or an official of the Stock Exchange. None of that was ruled out, despite what the Prime Minister attempted to claim in his press conference today.

Incorporated in the structure of Telstra is a set of relationships between the government and Telstra, which means that all the information dealt with in this report would be information routinely discussed between the government and Telstra on an annual basis. It would include: Telstra’s capital program, Telstra’s dividend proposals, Telstra’s management structure, Telstra’s employment policies, and Telstra’s corporate plan. Telstra’s corporate plan requires the government to be consulted on the content of it. None of this is unknown to the government—nothing!

There is the dividend policy. Don’t I ever remember when I was on the Expenditure Review Committee of cabinet and, as Minister for Finance, the days of discussion on the dividend that used to go on between the Treasurer of the day and the managers of the government business enterprises—in this case, Telstra, and before it Telecom and OTC. When they sat down and discussed the dividend everything was laid out—Telstra’s reserves, Telstra’s borrowing program, Telstra’s profit and Telstra’s roll-out. All of that was discussed as Telstra argued how much the government should take in dividends. This notion that somehow or other the Prime Minister and the Treasurer would sit there in innocence of what was being planned in relation to the Telstra dividend is such codswallop.

If anybody out there in the media is prepared to accept the spin because they have got so used to accepting the spin of this Prime Minister over the course of the last decade—not only on this matter but also in so many other areas—I ask them to just get a basic understanding of public administration in this country and know that Trujillo walked in there to see the Prime Minister with no new information. He walked in with a strategy to try to get what he assumed were government objectives in place. He was talking Telstra’s book, but you would expect him to talk Telstra’s book. Of course Telstra always hate the fact that competition is being imposed on them. They used to scream blue murder at me whenever I was imposing competition on them and they would work out ways of trying to influence affairs so that this or that proposition did not get up. We know about all of that. Big deal! That is not the problem here.
What you have is a bloke coming into this company who is supposed to fix it. I am sure if we sat there and found out Mr Trujillo’s remuneration we would find it all totally unacceptable, but at least he is trying to earn his dollar. At least they are trying to get themselves into a position where Telstra does a number of things, including rolling out decent broadband in Australia. I think the most important part of this document talks about getting communications around Australia and available to every Australian with a level of speed of six megabits. Frankly, if we do not get that we will not have a competitive telecommunications industry in this country. And, by the way, it costs $5.7 billion; he is prepared to see Telstra put $3.1 billion in it; and he wants $2.6 billion out of the government—that is where he is really talking the book. But I suspect in a few forgone dividends Telstra might even make that $2.6 billion.

What we have had here is a shameful and scandalous situation develop on our hands at precisely the most sensitive time when the government would not want it. But, Mr Deputy Speaker, do not let the government weasel away from this for one minute, because this has exposed absolutely their strategy for the worthless time-serving piece of nonsense and chicanery that it is. The Prime Minister’s worthless defence, which obviously now does not apply to Australia Post—‘Thank God’ will say many—exposes his hypocrisy on this matter. There is the Prime Minister’s attempt to weasel out of the fact that he has played a hand in ensuring that proper information did not get to the mum and dad shareholders—which, like Uriah Heap, he always stands up to wrap himself in when moments of trouble arise. We have a situation of definite public important importance—(Time expired)

Mr McGAURAN (Gippsland—Minister for Agriculture, Fisheries and Forestry) (3.42 pm)—That was a much more subdued performance from the Leader of the Opposition and those who sit behind him, after having made collective fools of themselves earlier today with a demonstrable lack of conviction, sincerity or seriousness about this topic. They are feeling a little bit sheepish. The Labor Party revealed themselves to be shallow, hollow opportunists only a short time ago. Consequently, we have just seen them on their best behaviour as we discuss this matter of public importance. I suppose we should be grateful for that and that some semblance of parliamentary standards has been restored to the Australian Labor Party today. Nonetheless, they should be judged by their earlier performance.

We have heard from the Leader of the Opposition the same approach that he brought to this issue earlier today, yesterday and at other times. Firstly, he cannot seem to sustain a convincing or coherent argument. It seems that when he gets off message and moves away from the script he goes into a world of his own and reminisces about when he was once a minister. We get that all the time. We should title his speeches ‘Was once a minister’. As a result, it is very hard for somebody who has the responsibility of answering his contribution to pick up the threads of what he means. Secondly, his speech shows a lack of conviction—he is almost going through the motions of opposition for opposition’s sake.

You can always rely on the Leader of the Opposition, particularly in the last 60 seconds. Did anybody see him switch to emotive stance in that last 60 seconds when the light came on to signify conclusion? He immediately resorted to ‘It’s scandalous; it’s shameful; it’s disgraceful’, as if he had been asleep for the preceding 14 minutes but was going to make the most of that last minute. I will tell you what is scandalous and disgraceful: it is Labor’s deliberate and calculated
scare campaign through the media on Telstra so as to affect the share value of Telstra.

The Leader of the Opposition does not care if he hurts shareholders. We have heard a lot today about the mum and dad shareholders. To achieve its cynical political objectives the Labor Party will talk down the sale of the remainder of the government’s shareholding, regardless of the consequence and cost to the mum and dad shareholders. He does not care if what he says and does hurts the national interest. In their desperate attempt to get at the government the Labor Party, as always, do not care who gets hurt on the way through. Mum and dad shareholders will be hurt by the comments of the Leader of the Opposition and, consequently, that is what is scandalous: the Labor Party’s tactics and behaviour.

Resorting to such high emotion is par for the course for the Leader of the Opposition. Let us remember his track record by way of a scare campaign during 2000 with regard to the GST. Let me pick a couple of quotes that illustrate the point that the Leader of the Opposition is captive to hyperbole and exaggeration, and therefore he lacks credibility. Here are some of the things he said: ‘And they face on 1 July 2000 an absolute nightmare.’ That was him in Launceston on 27 February 2000. We would face an absolute nightmare on 1 July. During a radio interview with Mike Carlton on 23 November 1999, he said about the GST:

And the horror picture is it’s a complete mess.

... ... ...

This is Hell. This is Hell in a small place. And I think there’ll be an awful lot of people experiencing terrible troubles with that as the year unfolds.

I could go on. There are plenty more quotes comparing us to Stalin and the Soviet Union, and having a lack of freedom and everyone being marched off to the gulag. It just goes on. The point is that his objective then was to scare people, regardless of the facts, without consideration of the circumstances of individuals, let alone the national interest. Nothing will stop this Leader of the Opposition, aided and abetted and even directed by his colleagues, attacking a government. That is what is most worrying.

I said earlier that he lacks conviction, and let me illustrate that with his own words earlier today and again now in the House. He said that the chairman and board of Telstra choose the executive team and that he was not making any judgment as to whether the new management team headed by Mr Trujillo is of a satisfactory competence, or words to that effect. Yes, he is covering himself; isn’t he? He is really covering himself: it is the responsibility of the chairman and the board with regard to the management team but, hang on, it is also the government’s responsibility. We are responsible for the behaviour of others. So, when it suits the Leader of the Opposition, he will rightly and legally point to the chairman and the board as having responsibility, particularly in respect of disclosure to the marketplace and protecting the interests of Telstra.

Mr Beazley has today described Mr Trujillo as ‘an honest whistleblower’. So he sides with Mr Trujillo, and I feel sorry for that gentleman. When it suits him to attack the government he will lionise an individual, but in the parliament he is covering himself by saying that Mr Trujillo’s performance is entirely a matter for the board. We all know what that means; we do not have to read between the lines to realise what the tactic is of the Leader of the Opposition. At the same time he is supported by the shadow communications spokesman, Senator Conroy, who told 3AW in Melbourne today that Mr Trujillo ‘told the truth’. So they are backing Mr Trujillo.
But with Senator Conroy there is always a problem, which is the reason we are seeing more of the member for Melbourne handling this issue in communications. A former communications shadow minister has been doing most of the media appearances, because the Labor Party never know what Senator Conroy is going to say, except that it will be different from what he said previously. In this case, a month ago he told reporters that Mr Trujillo was ‘a dinosaur’, and he called on Mr Trujillo to ‘start listening and stop talking’. In the same interview he said, ‘We don’t trust you, Mr Trujillo.’ But suddenly Mr Trujillo is Senator Conroy’s best friend, and the Labor Party are endorsing Mr Trujillo. As I say, they are using that individual as a political football for their own purposes.

Mr Beazley earlier defended the comments of Mr Phil Burgess which the Prime Minister rightly and legitimately took exception to. He said:

Phil Burgess is obviously new to this country and he doesn’t recognise that what John Howard expects of people who make comments in public life is that they perceive him as sort of Druid stone altar around which everybody is supposed to dance.

That is the Leader of the Opposition’s usual prolix affliction. But interpreting it, again the Leader of the Opposition wants to endorse the management of Telstra when it suits him to attack the Prime Minister and the government. But it had a qualifier, a big one in neon lights today in the parliament—that is, the management performance is entirely the responsibility of the board of Telstra because they chose them.

So what does the member for Melbourne have to say about all of these issues? He is more direct, not always as forthcoming as he should be, but at least you can have a definable and understandable difference with the member for Melbourne. Unlike with Senator Conroy, which is like wrestling with mercury: it is different, it is inconsistent and it is even inherently contradictory. This is what the member for Melbourne said on Lateline last night, when he was asked about Telstra’s management:

I think part of what he’s doing—

Mr Trujillo—

is a typical new CEO strategy of talking down the company’s circumstances so that the benchmark against which his performance will be later measured will be as low as possible. That’s a typical thing that a new boss does in a company, tries to make the previous regime look as bad as possible.

That is a very cynical assessment of the Telstra CEO. On the one hand, Senator Conroy described him as a dinosaur, when it suited him to do so a month ago. Now he is lionising him, as is the Leader of the Opposition. But the member for Melbourne believes he is self-interestedly talking down the previous management. Quite frankly, I do not agree with Mr Tanner. But that is why it is so hard to have an informed debate with Labor on these issues. We know the member for Melbourne is taking the lead on communications issues, and he told Lateline in that same interview last night that he did not accept Telstra’s assessment of the impact of the government’s regulatory regime. So he is honest enough to say that; he has sided with the government. We welcome that. I would like the Leader of the Opposition and Senator Conroy—in one lucid moment, if that is possible—to do likewise. Otherwise we are going to have several different positions, again, from the Australian Labor Party.

The member for Melbourne has got it right. Mr Tanner said he believed Mr Trujillo had gilded the lily on this issue. But not only that; Mr Tanner says he supports the government’s regulatory regime and he is actually taking some of the credit for creating it. It is a bit hard to see how that is possible, since it was the government that introduced...
the customer service guarantee, the government that introduced a priority assistance or network reliability framework and the government that strengthened the universal service obligation. They do not talk about Labor’s record and performance when they were in government, especially as it affected rural and regional Australia.

Still, Senator Conroy has told us that Labor made mistakes with regard to regional communications when in government. They sure did—they did nothing to lift standards. People could wait up to 27 months for a phone. Labor closed down the then regional mobile network—the analog network—with no alternative in place. They switched it off, so mobile phone coverage in regional Australia was reduced almost to zero. The responsibility of establishing a CDMA replacement network fell to the government. Labor did not introduce a service guarantee, as the government has.

To give some idea of how much Telstra’s performance has improved in recent years, back in 1998 when the Howard government introduced the customer service guarantee Telstra was repairing just 70 per cent of telephone faults on time. This is now up to more than 90 per cent. So the Australian Labor Party might wish, in the interests of fairness, to congratulate the government for working with Telstra—particularly by way of regulation—to bring about a substantial improvement in the level of service. We know pricing has fallen, with an average household reduction of $750 because of the competition policies of the government.

I will deal briefly, in the time left to me, with some of the accusations made by the Leader of the Opposition before he quickly moved off them and got lost in his own rhetoric. It is amazing to watch a man drowned under the impost of his own rhetorical flourishes, as we have seen today—as so often—from the Leader of the Opposition. He talked about dividends, and what a scandal it is that Telstra has borrowed from its reserve to pay dividends. Dividend policy is entirely the responsibility of Telstra. It is as simple as that. The day-to-day management of Telstra is left to the board and the management team. How Telstra funds and pays for any expenditure, including dividends, is the responsibility of the board within the framework of the Corporations Act. And the Corporations Act provides that dividends may only be paid from profits of the company. On 18 May this year, Telstra announced plans for a bond issue to meet its major long-term funding requirements for the financial year 2005-06. In that announcement, Telstra advised that the proceeds of the issue would be used principally for general corporate funding purposes and to refinance maturing long-term debt.

Secondly, the Leader of the Opposition alleges that the government, as the majority shareholder, withheld market-sensitive material from the mum and dad shareholders. Of course it is up to Telstra, not the federal government, to keep the stock market updated on its financial position. On 11 August Telstra presented to the relevant government ministers a proposal that sought regulatory relief and a large government contribution to roll out a new network. This information was presented only hours after Telstra gave a full briefing to the market about its 2004-05 results, which included relevant forecasts on future earnings and details of dividend payments.

Finally, there are Telstra’s fault levels—as if they were a revelation that Labor has unveiled to show the government’s scandalous behaviour. The simple fact is that you should go to the web site, because they are published every month on the Telstra web site. If you log on to it today you will see the figures for July show that, on a national average,
more than 99 per cent of services were fault free. (Time expired)

Mr Edwards—Sit down, you’ve run out of time.

The DEPUTY SPEAKER (Hon. IR Causley)—The honourable member for Cowan will remember that all members have been warned.

Mrs ELLIOT (Richmond) (3.57 pm)—This certainly is a scandalous situation. The failure of this government to properly and accurately inform all of the Australian people about the true state of Telstra and the timeframe that they knew about it is outrageous. It is outrageous that they have not come clean on this. This is indeed a matter of public importance and grave concern to all Australians. The sell-off of Telstra by this government is an absolute disgrace because it abandons the people of Australia, particularly of rural and regional Australia—people like those in my electorate of Richmond. What makes it more disgraceful is the failure of the government to accurately and properly inform the Australian people about the full details of the true state of Telstra and when they knew the full circumstances.

It seems that the Prime Minister is really starting to enjoy his unlimited power in parliament. The gap between what he wants and the needs of the people who elected him has grown into a huge chasm, and now he is not informing them of important information that they need to know. In relation to the sale of Telstra, the Prime Minister has become so out of touch with the needs of Australians that he arrogantly chooses to ignore 70 per cent of us—because that is the overwhelming, undisputable, unheard proportion of people in this country who oppose the sale of Telstra, as shown by recent Newspolls. What we are now seeing is a government conspiring to cover up serious problems that exist within Telstra, serious problems that they have known about for years and years.

Yesterday we heard about the Telstra briefing to the Prime Minister and the Minister for Communications, Information Technology and the Arts that occurred on 11 August. Of course, this showed an incredibly bleak picture for the state of Telstra. But how much did the Prime Minister know before this and how much has he known over the last nine years? A huge amount, no doubt. At that briefing, they were told that Telstra had borrowed $550 million in 2004-05 and would borrow $2.2 billion this financial year from reserves to afford financial dividends. What an outrageous situation to be occurring—this, even though the Telstra board acknowledged it ’is not a sustainable policy or practice’.

It seems that Telstra’s CEO, Sol Trujillo, has blown the whistle on the government by admitting that Telstra has underinvested in its network. How long has the government known this, as Telstra has been fattened up for privatisation by the Howard government during this time? It appears that the Prime Minister has misled the Australian people about the true state of this company over a long period of time. In that briefing, the Prime Minister was briefed by Telstra that its main market, which is fixed line rentals, was in meltdown and that almost 14 per cent of all phone lines had a fault. That is a huge number. He was also told that the company received 14.3 million fault calls in the past year, that the company was bogged down with obsolete equipment, that it had an ageing work force, that there was a lack of training for new workers and that outdated systems were not up to the job.

So, even after this briefing being revealed—and obviously knowing the situation for years and failing to tell the Australian people about the true state of Telstra—what
is the Prime Minister doing? He is hell-bent on pushing through the legislation to sell it, despite all of these revelations. That is what is a disgrace. That is what is outrageous. It is scandalous that this is happening. What about all those mum and dad investors? There are many of them in my electorate of Richmond. Did they have a right to know? Of course they had a right to know. What about the 1.65 million Telstra shareholders that the government is abandoning? Did they have a right to know? Of course they did, and they still need to know exactly when the Prime Minister first knew about this. With the share price of Telstra now at $4.32, its lowest point in two years, it is absolutely scandalous to be in this situation. What about all those mum and dad investors who bought the T2 shares? When will they know the full details of what the Prime Minister knew? Now we have this situation where the sale of Telstra is turning into a complete farce—that is what it has become. We now have the securities regulator investigating Telstra’s compliance with its disclosure obligations. In this state of complete farce, why didn’t the Prime Minister advise Australians of the true state of Telstra?

In the past we have already seen the Liberal and National MPs voting to support the sale of Telstra three times. But, unlike coalition MPs, I am actually listening to my constituents. What they are telling me over and over again is that they are incredibly worried about Telstra’s lagging services. They are already frustrated that they cannot get access to broadband or decent mobile coverage. They are already feeling the weight of crippling line rentals. They are extra angry now, knowing that the Prime Minister knew all this and is still proceeding with the sale of Telstra. This appalling service is happening in the heart of Tweed Heads, just minutes from the Gold Coast—hardly an infrastructure backwater. So what will the Prime Minister say now to the locals of Richmond about failing to accurately inform them of the true state of Telstra? What will he tell them in relation to this matter? Why is he still going to push through the sale of Telstra, despite having this knowledge for that long period of time?

I would just like to raise some of those stories from locals, so that the Prime Minister can address them and speak to these people about their concerns, because I have received so many calls from locals frustrated by Telstra’s service problems. For example, I have heard from a whole street in a new development estate called Salt, south of Kingscliff. Some of these households have been waiting for three months to get a landline. Every time they talk to Telstra they are told it will be another two weeks, then another two weeks and then another two weeks. What the locals at Salt know and what they are telling me is that the solution to Telstra’s service problems is not a Telstra fire sale. They know that full privatisation means a full shift in focus from people to profits.

Local businesses in the electorate do not want Telstra sold either. They want services improved. Take Mark Albrecht, a local IT businessman from south Tweed Heads. He and his neighbours have been battling with Telstra for six long months to get access to broadband, despite being told the service was already available. Local businesspeople like Mark are frustrated because they know that Australia’s competitiveness is being severely compromised by its lower broadband standards compared with those of other OECD countries. Hardworking local businesspeople like Mark deserve a federal government that is committed to assisting them, not disadvantaging them. They deserve a federal government that is not misleading them about the true state of Telstra. There are also many elderly people living in my electorate. Over 20 per cent of people in Richmond are aged
over 65, and it is these people who are really suffering because Telstra services are not up to scratch. Local seniors are constantly telling me about their battles to get decent telephone services. They are struggling to pay rising line rental costs and they are fearful that we are heading down the path of timed local calls.

I would like to highlight one incident in particular, and I would like the Prime Minister to address it. It relates to an elderly fellow who came into my office last week. He is a 70-year-old man who lives alone and he is dying of cancer. He is a pensioner and he cannot afford a phone, so he has limited access to a phone: he can receive calls but he cannot call out. This is really important, because he needs chemotherapy and the hospital needs to contact him. His family also need to ring him every day to ensure that he is okay. Six weeks ago we had flash flooding in Tweed Heads and his phone stopped working, and it still was not working the day that he came to see me. So for six weeks a dying man could not be phoned by the hospital or his family, despite spending many hours calling Telstra from public phone boxes to complain. And this is where the terrible story becomes tragic: the two nearest phone booths have also been out of order since the flood, so this 70-year-old sick man has to walk over six blocks to get to a public phone that actually works. This is the harsh reality of Telstra services. This very sick gentleman did not want to be named, but he did want his story told. I would like the Prime Minister to tell people like him how long he knew this service was so bad. This elderly gentleman wanted me to raise one particular point in the House in relation to this—this elderly gentleman who is having this difficulty with his phone, this old man dying of cancer. He said:

It’s been 36 years since a man named Armstrong walked on the moon. Why then, to contact my brother at West Tweed, do I have to walk almost the equivalent distance to his home to get to a phone that works?

The Prime Minister should tell him why he did not inform him about the true state of Telstra, and any time he wants to come to Richmond and do that he is welcome to.

Mr Gavan O’Connor interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for Corio should think very carefully about opening his mouth again.

Mrs ELLIOT—We have also seen the National Party selling out in relation to the sale of Telstra. The National Party have forgotten where they came from and whom they represent. Their spectacular backdown on the sale of Telstra is a betrayal of regional Australia, and they will not be forgiven for it. The $3 billion fund will not improve lagging services in regional areas, and there is no guarantee at all it will get services up to scratch in the bush. We need to keep Telstra in public hands, because all Australians deserve access to affordable quality telecommunications. I am listening to the concerns of my constituents, and they are saying Telstra should not be sold. How can we trust a fully privatised Telstra to look after services? Australians have already suffered from Telstra slashing investment as John Howard fattens up the cow for privatisation. We all know things will only get worse.

The government is a disgrace in failing to tell the people of Australia about the true state of Telstra; it is a disgrace that, despite its knowledge, it is proceeding with its plan to sell Telstra. Earlier today we saw all its members run for cover, with no censure motion or debate being allowed on this matter. The reality is that the Australian people know what is going on. They know they have been misled. They know that Telstra should not be sold, and it outrages them, be-
cause they have been dealing with these inadequate services for years and years and years. It is time now for the Prime Minister to come clean. (Time expired)

Mr TICEHURST (Dobell) (4.07 pm)—Haven’t we heard it all with these crocodile tears from Labor? They ran Telstra for years when in government and what did they do about building up services? They need to understand that informing the market is the legal responsibility of Telstra. It is Telstra’s responsibility to manage itself, as it has the necessary detailed knowledge of its own performance. It is not the government’s responsibility to report on Telstra’s performance. The government does not micromanage Telstra, and it is Telstra’s responsibility to ensure that the market is kept fully and properly informed. This matter is now subject to ASIC investigations, so it is not appropriate to comment further on Telstra’s legal obligations.

I can comment on the government’s strong record when it comes to Telstra. The coalition has gone to four consecutive elections with our telecommunications policy and faced the judgment of the voters. Since the coalition came to office in 1996, it has consistently had three key objectives in its telecommunications policy. Its first objective has been to encourage greater competition, and that brings about cheaper prices and greater infrastructure. Its second objective has been to bring in regulation in respect of customer service guarantees, the universal service obligation and tough consumer safeguards. Its third objective has been to target areas—especially in regional and rural Australia—of market failure, decline in infrastructure and marketplace inability to provide services.

On all three of these objectives, the government has honoured its commitments. Consequently, we come to this debate on the privatisation of Telstra not just having been open and honest with the Australian people, facing their judgment in every election since 1996, but also having a strong track record in our performance in this regard. We remain committed to the sale of Telstra because we believe that it is in the best interests of all Australians as well as being in the best interests of the company itself.

Mr Windsor interjecting—

The DEPUTY SPEAKER (Hon. IR Causley)—The member for New England has been warned! If he wants to speak later in this debate, he will remain silent.

Mr TICEHURST—I think we should commend Telstra Country Wide. Telstra Country Wide has done a wonderful job in Australia. Here we are, seeing the opposition denigrating the service that Telstra Country Wide performs. I am sure that the member for New England would know of the services provided in his area by Telstra Country Wide. Certainly, in my area on the Central Coast it does a great job. But that does not mean to say that we should not encourage further competition, because Telstra can do better. There is lots of new technology around that needs to be taken up and Telstra, in my estimation, is doing quite a good job in bringing these new products into the market. Only a few years ago I could not get ADSL at my place, but for the last 18 months it has been available.

It is important to have a backdrop of regulations to protect the national interest as well as the interests of consumers. One of the most significant benefits to come from full privatisation will be the removal of the tension inherent in the position of the government being part owner and part regulator. It is not the government’s role to own Telstra; the government’s role is to regulate for the whole industry. It is this regulation that will deliver benefits to consumers. That is the primary responsibility of the government of
the day. We have introduced the universal service obligation, which guarantees people access to a phone service. It guarantees that repairs will be effected in an efficient manner and, if not, the carrier will face a penalty. So carriers have a financial interest in maintaining their client’s connections. We have in place regulations overseeing Telstra’s pricing behaviour, which locks in untimed local calls. These regulations will be maintained.

We also need to look at the introduction of mobile phones. There are 16 million mobile phones in Australia, which is the reason for Telstra’s fixed line connections falling. People find it much more effective and efficient to use a mobile phone. This is particularly important to people who rent. They can move from one location to another. There is no need to change their phone number; they just take their mobile phone with them.

It was not surprising today to hear the Leader of the Opposition say that the new CEO of Telstra, having been in the job for only two months, cannot be held responsible for Telstra. That just goes to show that the Leader of the Opposition has never been in business or run a company. What would he know? I am quite sure that Sol Trujillo, before deciding to take a job with Telstra, would have investigated the company. If he is going to pull his family from one side of the world to the other, he will not do that lightly. Of course, he would go through Telstra’s record. He would have access to lots of information on the performance of Telstra. I can tell that from the real world. I took over a British multinational’s Australian business. I was responsible from the first day that I took over—not two months or six months later but from day one. I did that sort of research before I moved in. Sure, when you get in there and open the books, you will find that things are different. Look what happened when the Howard government came in: it found $96 million worth of debt sitting in the cupboard. Labor’s record has certainly been in striking contrast.

The Leader of the Opposition does not even have the ability to appoint his front-line staff; that is done by his factional mates. So how would he know how a company works? When Labor was in government, it shut down the analog phone network. I used to have one of those phones in my car. I could drive out into the country when I was setting up my network and make a call to a country town when I was 70 to 80 kilometres away. Then GSM was introduced. It is city based; it is European technology. It was designed to work only 32 kilometres from the cell. The Labor Party did not understand that. They were not concerned about rural issues. Rural and regional customers had no part in that decision; they were just left high and dry. It took the Howard government, when it came in in 1996, to implement the CDMA technology, which has the advantages of analog in terms of range but is also a digital network.

Labor’s attack on the government rings hollow. In the 13 years that they were in government, what did they do to improve telecommunications? They certainly did very little in rural areas. They failed obviously and demonstrably in both regards. The Leader of the Opposition is demonstrating that they have not learned anything from this. They continue to lack credibility when it comes to telecommunications policy. They are not interested in wanting to see that all Australians have access to up-to-date, high-quality telecommunications. Indeed, anywhere in Australia today, people can access either fixed line, mobile or satellite telecommunications. They can now obtain broadband from a number of other communication providers. We have over 100 telecommunications companies in Australia, and we have many regional and rural broadband wireless providers. Only last week I attended
the launch of Sirius Telecommunications in Gosford, which is covering the Central Coast with wireless broadband. We have two internet service providers who have been providing wireless broadband on the Central Coast for a number of years. This is where the future is: private enterprise moving in and filling the gaps. Telstra cannot do it all. There are many areas they will never be able to service, and they should not be expected to, because of the price constraints, their regulation constraints and the way they operate. Smaller business is much more nimble and able to move into these areas to fix the problems quite quickly.

When Labor were in government, they privatised everything they could get their hands on. They privatised Qantas, the Commonwealth Bank, CSL—the list goes on. Why did they bring out Mr Frank Blount from America? His job was to corporatise Telstra and then sell it. That was what he was here to do, but he did not get a chance, because Labor lost government in 1996. Had they remained in government, that is what would have happened. All the crocodile tears we see here today are just a show. It is just spin and nothing else. There is no substance to it. When it comes to Labor, do not look at what they say; look at what they do.

Mr WINDSOR (New England) (4.17 pm)—Yet again we hear from the member for Dobell an argument for the retention of some form of government ownership of Telstra. He made the point quite clearly and quite plainly—and I took some solace from what he had to say—that Telstra Country Wide had improved things, and I would agree with that. In my speech yesterday, I said that I thought Telstra Country Wide had been doing a good job. It has been underresourced—and that has been endorsed by the new CEO, who in my view is telling the truth—but it has still been attempting to improve services for country people. What could have been done if it had been adequately resourced? It has done that under government ownership of 51 per cent. Now that the truth has come out about the massive underinvestment in recent years, it is moving in a direction where, if that investment strategy is turned around, we will see a vast improvement in some of the services.

It is all about focus, and I am sure you are aware that the focus of the current government has been the share price. Some of the things we have heard today and over the last couple of days have endorsed that view. If, still maintaining ownership, the focus had been on service and infrastructure, things would have been better. This dreadful word ‘infrastructure’ keeps creeping into our conversations in this place, but how important it is and how important it will be in the next century. We talk about roads and railway lines but telecommunications constitute the most important piece of infrastructure. As I have said before, if you are able to obtain equity of access in price and service levels, the one piece of infrastructure that negates distance as a disadvantage for a country resident is telecommunications. The government’s job should be to represent the total community. Rather than focusing on the share price, it should have focused on service and infrastructure development.

The member for Dobell made another statement. He said that he believed that smaller businesses were the way to go and that the way to achieve better outcomes for people was through the competition of smaller businesses. The government is doing a pretty fair job on that; Telstra is getting smaller by the day in terms of its capital base. The government should not have turned around and blamed the so-called three amigos, who have been here for only a few weeks, for all the woes of Telstra. The three amigos are the people who, in a series of meetings, have told the truth. They have not
been puppets, as some of the previous executives have been. They have told the truth about the real state of Telstra, which many people, probably including me, have been well aware of for many years. The truth has not been told by those who know, because in the past the chief executives have not been prepared to tell the truth. So I do not condemn the so-called three amigos; I congratulate them. A lot of market analysts are starting to say exactly the same thing—that we are better to know the real state of this very important piece of infrastructure, while there is a chance to do something about it. The truth is coming out at last.

There are a number of other issues I would like to raise related to this issue. A couple of weeks ago—Sunday fortnight ago, I think—the Leader of The Nationals appeared on Channel 10’s Meet the Press with Paul Bongiorno. He made the statement that he would be prepared to accept any advice from experts and that The Nationals in particular were going to talk to telecommunications experts about the state of the telecommunications network. He would have been doing that after he had met with the new CEO, so he would have been aware already of the state of the infrastructure. He would already have been told that there was a massive underspend—a massive underinvestment in broadband, mobile services and other in-ground infrastructure that we all know is rotten. The in-ground infrastructure, in particular, is absolutely rotten. There has been a massive underspend there.

At a similar time, Senator Barnaby Joyce said that he would be consulting with experts because he was not an expert and this was a very significant decision for Australia. These experts should be the three or four senior executives of the business. They have been appointed because of their expertise in telecommunications. Those people have come here, met with the government, told them the truth and then been totally ignored. Worse than that, the Australian people, particularly the people of country Australia, have not been told the truth by the government. The Leader of the National Party was fully aware of the state of telecommunications. He had been told by the experts and by many other people over many years. The experts, the managers of Telstra, had relayed the story and the Leader of the National Party completely ignored that.

This morning, Senator Joyce was being interviewed on AM—this shows the commitment of people in this place; it really disturbs me that people can get into this state when they are going to make major decisions on behalf of the Australian people—and was being questioned by the reporter, Kim Landers. Kim Landers asked:

So is the Government’s effort to sell off Telstra unravelling?

Key Queensland Nationals Senator Barnaby Joyce doesn’t think so, although he wouldn’t be too worried if it did.

Barnaby Joyce said:

You know if the sale was to fall over it’d fall over, it’d fall over, but it’s ...

Kim Landers helps him out:

And you wouldn’t be bothered by that?

Senator Joyce said:

I suppose I’d be in two minds. We’ve done ... the National Party’s done such an incredible deal. It is a once in a lifetime deal that we’ve got. The potential of losing that deal would worry me somewhat. But you know, obviously the sentimentality side of you would say that, you know—he is getting like Joh, isn’t he?—we still have an ownership of Telstra.

What does that mean? What an incredible principle for the National Party—who have the balance of power in the Senate—to stand on that sort of language. But before we all go off blaming poor old Barnaby for the sell-out of Telstra, I remind the Leader of the Na-
tional Party and other members of the Na-
tional Party that they have the balance of
power in this House. It is about time that
they started to stand up for the people that
they purport to represent. I can give one
guarantee: at the fall of the auctioneer’s
hammer in the Senate, there will be a choice
at the next election not only on this issue but
on ethanol, renewable energy and a whole
range of issues and this party, the party that
purports to represent country Australians,
will be walking away from them. There will
be a valid choice in a great number of seats,
including your own, Mr Deputy Speaker
Causley, at the next election.

The DEPUTY SPEAKER (Hon. IR
Causley)—I remind the member for New
England that the chair does not have a seat.

Mr WINDSOR—People are crying out
for some leadership on this matter. For 20
years the National Party hid behind excuses
and blamed the Democrats, the Greens, the
Independents and whoever else happened to
be in the Senate at the time for not being able
to achieve positive outcomes for their con-
stituents. This is the no excuses parliament.
There are no excuses for poor policies any-
more. There are no excuses for the sort of
rubbish that Senator Barnaby Joyce is pur-
ported to have said this morning. None of them is in here. Why
hasn’t Mark Vaile said something about why
this is such a great deal? He knows that it is a
dreadful deal. He knows that this deal has
been done in a very dirty way. He knows
what Sol Trujillo told them weeks before this
deal was done, yet he was prepared to go
ahead with that deal. Last week in this
chamber, I mentioned the word ‘bribery’. In
the last two days, we have found out that the
$1.1 billion and the $100 million a year that
is going to come out of this fund that the
government keeps talking about is hush
money. (Time expired)

The DEPUTY SPEAKER (Hon. IR
Causley)—Order! The discussion is con-
cluded.

HUMAN SERVICES LEGISLATION
AMENDMENT BILL 2005
Assent

Message from the Governor-General re-
ported informing the House of assent to the
bill.

BUILDING AND CONSTRUCTION
INDUSTRY IMPROVEMENT BILL 2005

BUILDING AND CONSTRUCTION
INDUSTRY IMPROVEMENT
(CONSEQUENTIAL AND
TRANSITIONAL) BILL 2005

Returned from the Senate

Message received from the Senate return-
ing the bills without amendment or request.

MAIN COMMITTEE

The DEPUTY SPEAKER (Hon. IR
Causley)—I advise the House that Thursday,
8 September, at 9.30 am, has been fixed as
the time for the next meeting of the Main
Committee, unless an alternative day or hour
is fixed.

TELECOMMUNICATIONS
LEGISLATION AMENDMENT
(FUTURE PROOFING AND OTHER
MEASURES) BILL 2005

Cognate bills:

TELECOMMUNICATIONS (CARRIER
LICENCE CHARGES) AMENDMENT
(INDUSTRY PLANS AND CONSUMER
CODES) BILL 2005

APPROPRIATION (REGIONAL
TELECOMMUNICATIONS SERVICES)
BILL 2005-2006

Second Reading
Debate resumed.
Mr STEPHEN SMITH (Perth) (4.28 pm)—The Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005 and cognate bills are part of the government’s package to flog off the rest of Telstra and they are strongly opposed by Labor. I have been a member of this parliament since 1993. At every election—the elections of 1993, 1996, 1998, 2001 and 2004—Labor has gone to that poll with a policy which is opposed to the further privatisation of Telstra. At each of those elections, the government has gone to the polls with an election commitment to privatise some or more of Telstra. There is a great division and contrast between the two major political parties on this point.

Labor strongly believes that it is not in our national interest to further privatise Telstra. Labor strongly believes that no social or economic case has been made out by the government, or anyone else, to flog off the rest of Telstra. Labor also very strongly believes that the revelations which have occurred in this parliament in the last two days are a searing indictment of what is a public policy and public administration scandal of the highest order, where the community, including and in particular, nearly 1.7 million mum and dad shareholders—investors in T1 and T2—have been seriously duped by the government over a long period.

The government has embarked upon a longstanding course of conduct to mislead the Australian community about the position and condition of Telstra. It has done that as a result of a longstanding ideological, philosophical and political obsession regarding the privatisation of Telstra. It has pursued that obsession. It has pursued that political, that ideological, that philosophical obsession about Telstra against the Australian national interest, against the interests of Telstra shareholders, against the interest of Telstra itself and against the social and economic interests of Australia.

Part of the critique that the Telstra management handed to the government on 11 August made this point: not only is there a divide so far as telecommunications services are concerned in Australia, a disparity of service level between metropolitan areas and the bush, a disparity of service level between outer metropolitan regions and inner metropolitan regions; there is a disparity in the quality of communications between Australia and its international competitors. This goes to Australia’s international competitiveness. It goes to our ongoing creativity as a nation, our ongoing productivity as a nation and our ongoing capacity as a nation to continue to create wealth.

The government’s obsession with the privatisation of Telstra—which it has pursued up hill and down dale, since it was elected in 1996—has been against our international competitiveness, against our national interest, against the interests of the Australian community, against the interests of rural and regional Australia, against the interests of Australians who live in outer metropolitan areas of capital cities, against the interests of Telstra itself and against the interests of Telstra shareholders. The government actively encouraged many of these mum and dad shareholders and investors to invest. It actively encouraged them to purchase shares in Telstra, particularly in T2.

It often happens that, when someone gets all power under the sun, they become absolutely and completely obsessed with their own ideology, their own sense of importance and their own arrogance. When they have all power under the sun, they get too close to the sun and they get touched by it, and that is what we see here. Despite all the objective evidence to the contrary, despite all the evidence crying out for the government to make
a decision in the national and public interest—to make a decision driven by public policy, not by ideology—the government continues to pursue its ideological approach.

We have seen the Prime Minister on display in question time in the last two days, since the Telstra revelations. The Prime Minister has made a couple of points. Yesterday he made the historical point—he was selective in his memory and recitation of history but nonetheless he made the historical point—that in 1996 the Howard Liberal Party went to an election with a policy commitment that it would sell off a third of Telstra. Thereafter, at every subsequent election—1998, 2001 and 2004—it went to the election with a commitment that it would sell off more of Telstra or all of Telstra, provided service levels in rural and regional Australia were adequate.

The Prime Minister in question time today, as part of his defence of the scandal which has now erupted, stated that Telstra cannot continue in the manner in which it is currently constituted—Telstra cannot continue as a part-private, part-public company—and that this had placed a yoke or a burden on Telstra. The problem for the Prime Minister is that this was not his view in 1996. When seeking to get himself elected in 1996, he was asked in February of that year, on the Derryn Hinch program, in the run-up to the 1996 election:

Hinch: Why don’t you sell the lot?
Mr Howard: Why? Because I’m not certain that selling the lot would be in the interests of the Australian community.
Hinch: It’s like being a little bit pregnant.
Mr Howard: No, no it’s not, it’s not.
In 1996 the Prime Minister thought it was entirely appropriate for there to be a mix of public and private ownership so far as Telstra was concerned. It is not a novel public policy argument, because currently we have over 35 telcos in the OECD that have a mix of public and private ownership. In the great election debate on 11 February 1996—where Ray Martin was the presenter—Ray Martin asked the new Prime Minister, Mr Howard:

Why sell a third? This is very—
Mr Howard interrupted:

Well, no, no … because we believe that the right policy mix is to sell a third and to retain, as we have, two-thirds …

So there was no difficulty in getting himself elected with the right policy mix, as he so described it—with a mix of ownership: a third in private hands and two-thirds in public hands. But now that is suddenly a great yoke, a great burden, on Telstra. If it is a great yoke or burden on Telstra—and we do not believe it is; it is a similar situation to 35, 36 or 37 telcos in the OECD—it is a yoke or burden which the Prime Minister himself has placed on Telstra.

Secondly, the Prime Minister made the point that in 1998, 2001 and 2004 the Howard-Costello government’s election commitment had been to sell off more or all of Telstra into private hands, subject to service levels being adequate. In question time we found the Prime Minister now not talking about the adequacy of service levels but talking about having put conditions in place which will meet that commitment. The problem for the Prime Minister and the problem for the government is that, since those very early days up until now, there has never been any evidence that there is an adequacy of service levels, particularly in outer metropolitan and rural and regional Australia.

There are some members of this parliament who have not been around long enough, or whose memories are short, who forget particular commitments that were made by the government and by the Prime Minister. Some of us actually remember the Prime Minister’s Nyngan declaration—his
Nyngan commitment—that, if something was going to occur which might see a removal of or a decline in services in rural and regional Australia, a flashing red light would go off and the Prime Minister would act upon that flashing red light and make sure that that service decline or withdrawal did not occur. We never hear John Howard talking about his Nyngan declaration now.

When the government was re-elected in 1998, it effected an inquiry into the adequacy of service levels—its first attempt to try and slide through on that policy. The community should not be under any illusions: whilst the Prime Minister has gone to each election with a commitment that no more of Telstra will be sold off subject to the adequacy of service levels, the Prime Minister has always tried to slide through on that commitment, to be tricky. So the first inquiry that was established was the famous Besley inquiry, chaired by Mr Besley. Even when the Prime Minister tried to stack it with Ray Braithwaite to make sure the numbers were there, he could not persuade Mr Besley, who, even before the inquiry commenced, reminded everyone that he was a supporter of the full privatisation of Telstra. The government could not even get the Besley inquiry to agree that there was an adequacy of service levels within Australia. Not having had any success with the Besley inquiry, in the following parliament the government went for the Estens inquiry. It made 39 recommendations which, if effected, might lead to an adequacy of service levels throughout the Commonwealth. You cannot even get the National Farmers Federation to say that they believe there is an adequacy of service levels in rural and regional Australia.

As if the evidence of the Besley and Estens inquiries was not enough, you now find on 11 August Telstra itself saying to the government that, as a result of underinvestment in Telstra’s infrastructure, there are such endemic problems that it is impossible to see an adequacy of service levels. Anecdotal evidence—all sorts of evidence brought before members of parliament in outer metropolitan or rural and regional areas—continues to confirm and reaffirm deleterious service levels so far as outer metropolitan and rural and regional Australia is concerned. In my own case, in a capital city seat, I have people complaining to me on a regular enough basis that Telstra is not able to supply broadband services to them in what is essentially an inner city metropolitan area. That goes to the heart of the failure of the government to ensure that our telecommunications system gives us a sufficient base from which to continue to be internationally competitive. Look at the damning indictment—a public policy and public administration scandal of the highest order.

In that report Telstra said that it had received 14,300,000 fault calls, that over 14 per cent of its lines have faults, that its workforce is ageing and has not been invested in, that it has failed to replace obsolete equipment in its network, that its information technology systems are not capable of supporting new services and that it has not made the investments needed. On the financial side, it made the point that it has been funding dividends out of reserves. That is a damning indictment of what the government has been up to in this area. If you actually read from the slide, page 14 of the presentation given to the representatives of the majority shareholder—the Prime Minister, the Minister for Communications, Information Technology and the Arts and the Minister for Finance and Administration—headded, ‘The Company didn’t make the investments it needed to make’, you will see ‘The Problem’: Received 14.3M fault calls (over 14% of all lines have faults)
Replacement of obsolete or non-vendor supported equipment

Aging of the work force and lack of training in new workers

Legacy IT systems not capable of handling the volumes and new services currently being offered

At the bottom of the slide is stated:

$2-3B in additional investment (Opex and Capex) should have been spent over the past 3-5 Years

That is an underinvestment. And the Prime Minister tries to pretend today—despite the fact that the CEO of Telstra, Mr Trujillo, has been here for two months and the Prime Minister has been at the helm for 9½ long years with annual reporting to the government over that period—that 11 August was the first time that anyone had drawn to his attention that there had been an underinvestment, that there were service difficulties and that Telstra was having difficulty because it was paying dividends out of reserves. Somehow, magically, as a result of all the reporting procedures there, as a result of all the interest that the majority shareholder, the government, has taken and as a result of all the conversations between the government, the minister for communications, the minister for finance and the Prime Minister, 11 August—a month or so after Mr Trujillo arrives—is the first occasion the Prime Minister or the government have been seized of this issue.

It is not the first time they have been seized of this issue; they have been covering it up, and they have been covering it up to mask any political difficulties that might get in the way of their ideological and political obsession. They have been covering it up to keep the share price up to enable them to flog off Telstra—a one-off flog-off against the national interest, against the interest of rural and regional Australia and against the social and economic interest of our country. Again in that slide presentation it was stated:

Telstra is borrowing from reserves to pay the dividend - more than $550 million in 2005, rising to more than $2.2 billion in 2006. The Telstra Board has already recognised that this kind of borrowing-to-pay-dividends is not a sustainable policy or practice ...

And the Prime Minister would have us believe that 11 August was the first time that he was aware of such an issue!

So what do you have? You have the Prime Minister’s defence and case in question time—completely untenable. His argument is that part of the difficulty is caused by the fact that the government is both regulator and shareholder. This is a problem, if it is a problem, that the Prime Minister himself imposed upon Telstra. It was not a problem in 1996; it was the right policy mix.

Secondly, he said that no more of Telstra would be sold off by the government unless there was an adequacy of service levels. We find Telstra itself, on 11 August, confirming absolutely all of the anecdotal evidence that Australians and members of parliament, other than those subject to an ideological obsession, know: that there are longstanding, long-suffering service difficulties in delivery.

One of the things that has had a bit of currency lately is the so-called three amigos—the American executives who have come to Australia to manage Telstra at the invitation of the chairman, the Prime Minister’s hand-picked chairman, with Mr Trujillo being chairman Mr McGauchie’s handpicked CEO.

There are three other amigos in this exercise. They are the three National Party ministers who sit in this chamber—the Leader of the National Party of Australia and Deputy Prime Minister, Mr Vaile, the Deputy Leader of the National Party of Australia, Mr Truss, and the Minister for Agriculture, Fisheries and Forestry, Mr McGauran, who actually has the job in this House of pushing through the legislation that flogs off the rest of Tel-
stra. They are all members of the National Party. Jack McEwen must be turning in his grave at the demise of the once-great Country Party. Here we have Ministers Vaile, Truss and McGauran. Where has the once-great National Party gone? The old great National Party and Country Party ministers—Sinclair, Hunt, Nixon and Anthony Sr—must recoil in horror at the political and policy inadequacy and ineptitude of the National Party tugging its forelock to the Liberal Party lawyers from Melbourne and Sydney.

When was the last time we saw the National Party do anything other than tigers out in their community and kittens in Canberra? The most recent illustration of that is old Backdown Barnaby—poor old Barnaby. Where has Mr Vaile been in this? Where has the Leader of the National Party been in this?

Ms George—The party’s been very quiet.

Mr STEPHEN SMITH—It has been. I saw Tim Fischer last night—you have to be soft on Tim; he is not a bad bloke. Tim was followed by Mr Anderson and Mr Vaile as leaders of the National Party. The problem for the National Party is that both those leaders, Mr Vaile and Mr Anderson, actually made Charles Blunt look like an effective leader of the National Party. At least of Charles Blunt you could say he put his stamp on the National Party. You cannot say that of Mr Vaile or Mr Anderson.

So where has the once-great National Party gone? Instead of standing up for rural and regional Australia, instead of standing up for service levels, what do they go for? They go for the last minute drop-in-the-ocean bribe. And it is not as if it is a decent bribe: $1 billion to $2 billion over four years and then a slush fund of $2 billion. Mr Trujillo himself was talking of between $5 billion and $6 billion as required to sort out the investment in infrastructure to bring service levels into the modern era. So it is not even as if the National Party went for a decent bribe. It is a drop-in-the-ocean, last minute, sucker punch bribe.

Given the way that the government is ramming this legislation through the parliament, introducing it this morning and debating it today, I have not had the opportunity to have a very careful look at the detail. But on the basis of what I have checked—and I am happy to stand corrected—it looks to me as if the $2 billion slush fund, which is there to be set up, can be made up not just of cash but of Telstra shares, something that I thought members of the National Party had absolutely vetoed. So already we see not just the National Party falling for the last minute drop-in-the-ocean bribe but also the government, in the fine print, moving ever so slightly away. What looked like a $2 billion slush fund, on which on current rates you might be able to say there would be a $100 million to $150 million per annum return, is now being made up of Telstra shares. Given what has occurred in recent times, you would not know how many Telstra shares would be required to make up the value of $2 billion.

That brings me precisely to one of the things that the government prides itself on. The government likes to say that it is a terrific economic manager. One of the aspects of this public policy and public administration scandal is the way in which the government has comprehensively stuffed up its Telstra privatisations. With T1 the government put the Telstra shares to the marketplace at an invitation price of $3.30. Two things happened: firstly, the Auditor-General subsequently reported to this parliament that those shares had been put to the market at a substantially undervalued price at a loss to the taxpayer and, secondly, from the first Telstra privatisation, the T1 privatisation, it did not take until more than halfway through the year 2000 before you could do the straightforward calculation which showed that the
loss of dividend to Telstra as a result of selling off a third of the shares was greater than the interest saved by the repayment of debt.

So when the government effected the sale of the first tranche of Telstra, the first 33 per cent, it did not take very long before you could do a straightforward arithmetic calculation of two things: firstly, as the Auditor-General said, that the shares had been put to market undervalued and at a cost to the taxpayer and, secondly, that there was an ongoing loss to the taxpayer because the dividend stream lost as a result of the privatisation was greater than the saving of interest which resulted from the retirement of debt.

The T2 shares went to market at $7.80. Haven’t the mum and dad investors in T2 been seriously disappointed, seriously duped and seriously let down by this government? The government likes to pretend it is almost as if it had no role in T2, but we remind people of the fine print. On 18 October 1999, in response to a journalist’s question on T2, ‘Prime Minister, Telstra shares did not exactly deliver a windfall today. Any words for worried investors out there?’ the Prime Minister replied, ‘It’s a great deal.’

On 21 October 1999 the then Minister for Financial Services and Regulation, Joe Hockey, as the formal representative of Telstra’s majority shareholder, the Commonwealth, said to the House in respect of T2: … they are a damn good investment because the Commonwealth still has, for example, a huge amount of its assets invested in Telstra.

So we have the Prime Minister saying that T2 is a great deal and the Minister for Financial Services and Regulation at the time saying that they are ‘a damn good investment’. It is not as if the government was not out there talking up the value of the T2 shares. The T2 shares went to market, as I said, at $7.80. The last time I looked—and I acknowledge it was yesterday—the share price was about $4.30, nearly half what the T2 shares went to market at and substantially below the $5.15 price the government nominates for Telstra shares in the budget papers.

So, as a result of the government’s ideological obsession in wanting to flog off all of Telstra at any cost, what do we find? With the sale of the first tranche of Telstra, the Auditor-General says there is a cost to the taxpayer because the shares go at a market price which is too low. There is an ongoing loss to the Commonwealth taxpayer because the dividend stream lost is greater than the interest saved on the retirement of debt. Then, in its obsession with flogging off more of Telstra, the government puts T2 to market at $7.80, and we now find the share price at $4.30. The mum and dad investors in T2 were encouraged by the Prime Minister, who said ‘It’s a great deal,’ and by the then Minister for Financial Services and Regulation, who said it was ‘a damn good investment’. Where are they now? Just like the rest of the nation, they are on the receiving end of the government’s duplicity in this area. People who live in rural and regional Australia are on the receiving end, day in and day out, of inadequate services. People in outer metropolitan Australia are, day in and day out, on the receiving end of inferior telecommunications services. Even people in inner metropolitan Australia are on the receiving end of inferior broadband services. We are down the lower end of the pecking order in international competition.

All of this arises at a time when not just the Labor Party and the National Farmers Federation are saying it; Telstra itself said it on 11 August in formal advice to the government. When we go through that formal advice we find service inadequacy, jobs at risk, an inability to go to new technology platforms, worries about international competitiveness, worries about longstanding underinvestment and worries about having paid
dividends out of reserves over a substantial period of time and that not being sustainable.

Why has all this arisen? The Prime Minister would have you believe it has arisen because Mr Trujillo has been here for a couple of months—that all this has occurred as a result of the activities over the last two months of a CEO handpicked by the Chairman of Telstra, who himself was handpicked by the Prime Minister. The truth is that all of this has occurred as a result of the government and Prime Minister’s obsession with the further privatisation of Telstra over a long period of time.

The once great National Party has not lifted a finger to defend a great Australian institution—a great Australian company. It has not stood up to defend rural and regional Australians on the receiving end of inadequate services over a substantial period of time. No-one in the National Party, in their heart of hearts, believes in any way that the paltry bribe will rescue us from endemic problems, the evidence of which was delivered to the Prime Minister on 11 August and which we have now seen first-hand. The Prime Minister has unquestionably been aware of these things beforehand but, even when he gets it on 11 August, the last thing he contemplates is putting out that information or causing Telstra to put out that information in the public interest. Why? Because the public interest, the national interest, the economic interest and the social interest all get in the way of his longstanding political ideological and philosophical obsession with flogging off all of Telstra. He cannot make an economic case for it. He cannot make a social case for it. He cannot make a case that will persuade rural and regional Australia. The only case he can make is a case that manages to persuade the Liberal-National party room, and they have made this decision at their cost and at their peril. (Time expired)
Mr TICEHURST—By selling Telstra, the government can eliminate net debt, invest in a more diverse range of assets to help meet the costs of the ageing population and provide an income stream to pay for future communications upgrades. And the government have protections in place for regional Australia. We have a customer service guarantee, a universal service obligation, a local presence plan and targeted incentive funding for where the market will not go. So, when Labor says that keeping Telstra privately owned somehow gives the government a greater ability to tell Telstra what to do, it is simply untrue. We have strong consumer safeguards in place. Why does Labor not want to sell Telstra? Why does it want to keep it in government hands? Could it be that big government enterprises, like big companies, have lots of union members and so more support goes into the ALP coffers? Labor also abhors AWAs. These are the tenure of the private companies.

This bill forms an important part of the package of telecommunications legislation. The legislation gives effect to those components of the government’s Connect Australia telecommunications package announced on 17 August, including the intention to introduce legislation to enable the further privatisation of Telstra. This bill is a comprehensive response to core future-proofing recommendations of the regional telecommunications inquiry and ensures that the telecommunications needs of regional Australia are identified and addressed by all future governments. The coalition government has already invested $1 billion to improve regional telecommunications. The government is now delivering the biggest boost to regional telecommunications in Australia’s history. Under Connect Australia, the coalition government will invest $1.1 billion to further improve regional services now.

As technology moves so quickly, it is impossible to know what new communications services Australia will want and need in the decades to come. This is why the government is future proofing communications services in rural and regional Australia with income from the new $2 billion dedicated Communications Fund. The $1.1 billion funding for the Connect Australia package will be used to provide affordable broadband access for all Australians living in rural, regional and remote Australia, amounting to $878 million; roll out innovative new broadband networks to support the delivery of health and education services, at $113 million; extend the terrestrial mobile phone coverage and the Satellite Phone Handset Subsidy Scheme, at $30 million; and also improve communications services to remote Indigenous communities, at a cost of $90 million.

In standing here today, my prime concern is that the residents of my electorate have excellent access to telecommunications services, including broadband access. One of my election commitments was to expand broadband access in black-spot areas of the Central Coast. This program will be rolled out commencing in 2006 under the Connect Australia package. I am also working closely with private companies to look at expanding wireless internet into the Yarramalong-Dooralong Valleys, the Holgate-Matcham Valleys and other areas under the HiBIS scheme.

The bill’s establishment of a $2 billion communications fund will support the government’s response to future reviews of telecommunications. Earnings from the fund will be available to respond to market failure in the provision of additional telecommunications services in regional areas. Targeted
funding support is a key element of the government’s policy framework for regional telecommunications and the provision of targeted funding to date has supported the development of sustainable improvements in services that especially address market failures or act as a catalyst for industry development.

The bill ensures that the government cannot siphon off the income earned by the fund by making clear that income earned returns to the fund. Regular reviews of regional communications services are the only way to ensure that people in regional Australia do not miss out on the benefits of telecommunications services developments in metropolitan Australia. This bill gives effect to the recommendations of the Estens inquiry in relation to regular reviews of regional telecommunications. Features of these recommendations included a requirement that reviews be conducted at regular intervals, that the review panel is independent of government and Telstra and that governments must publicly respond to the recommendations of the reviews.

The reviews will be conducted by the Regional Telecommunications Independent Review Committee. This committee must be established by government but be independent of government and independent of the telecommunications industry. The committee members must also have knowledge and experience in matters affecting rural, regional and remote Australia. An essential requirement of the reviews is that they consider the question of whether people in rural, regional and remote Australia have equitable access to the telecommunications services that are available to a significant proportion of consumers living in metropolitan Australia. The reviews must include public consultation.

This bill will also increase participation by consumer groups in telecommunications self-regulatory processes by allowing the costs of developing consumer related industry codes to be recovered from telecommunications companies through licence fees. Increasing the participation by consumer groups in code development processes will lead to better outcomes for consumers with codes that better meet their needs. It is in the long-term interests of Australia that the remaining public share of Telstra is sold in a way that delivers value for taxpayers. I have no doubt that selling the government’s remaining stake in Telstra will lead to lower prices and better services by encouraging competition. History shows that service levels are not linked to the government owning Telstra. We only have to look at the history of mobile telephones in Australia. There are numerous phone companies offering competition. A couple of years ago we heard that free telephones would no longer be handed out in telecom contracts. Today, we still have free phones on these contracts. This is the sort of thing that competition does.

Also wireless broadband has expanded. In my area on the Central Coast, Cirrus Communications has set up a state-of-the-art wireless broadband network that will link Lake Macquarie right down to the Hawkesbury River, covering all of the Central Coast eventually. This year it probably covers about half of that area. In the cities, Unwired has set up wireless broadband available to laptop computers in a mobile situation. This is very important and also a result of competition. Also on the Central Coast, we have two small internet service providers, Central Coast Internet and Terrigal Net, which have been providing wireless broadband for a number of years. They were able to provide services in pockets that are uneconomical for Telstra. Smaller companies can move more quickly. They can develop technologies on the run and introduce new equipment very
quickly—things that a large corporation has difficulty in doing.

The coalition government will encourage more competition in the industry, leading to better and cheaper services. New retail price controls will also be imposed on Telstra to protect consumers in our cities and regional areas. This government will deliver a package to roll out new broadband, mobile phone and telecommunications infrastructure across the country. Earnings from the communications fund will secure new technologies in regional areas into the future. The coalition government is also strengthening the legal safeguards that protect Australian telecommunications consumers. These safeguards will continue to apply whether or not the government owns any of Telstra. This means that Australians will have access to affordable and reliable communications services. I commend the bill to the House.

Mr TANNER (Melbourne) (5.13 pm)—The telecommunications legislation that the House is debating this evening was introduced this morning. I have been a member of this parliament now for over 12 years and the situation we are facing in the chamber today is almost unprecedented. The fact that I can only recall one instance vaguely comparable to this suggests that the government is in panic mode on the privatisation of Telstra. The only occasion I can recall of an instance similar to this related to the infamous Tampa incident which was used and misused by the Howard government to establish a platform for its campaign for re-election in 2001.

In that instance an atmosphere of high drama was generated by the Prime Minister in question time. The announcement was made about the Tampa being sighted and that there was a prospective invasion by a substantial number of boat people. The government then used the processes of the parliament to force debate on a bill, which included complete immunity for public servants to do anything they liked without any recourse by anybody affected by it to the laws of the land, and forced debate on the parliament almost immediately. Other than that instance, I struggle to think of another occasion in my 12 years in the parliament where we have had legislation introduced and then put to debate so quickly. It is particularly offensive in this instance as we are dealing with highly complex pieces of legislation that cover a very wide range of complicated issues.

It is, of course, true that everybody in this parliament has a well-established position on the broad issue of the sale of Telstra, but underneath that a plethora of specific issues need to be dealt with—issues where it may be appropriate for members of parliament, including the Independent members, to move amendments or take issue with very specific points. It is extremely difficult for anybody in the House to do that when we are dealing with legislation that we have not even had an opportunity to read. That is the reality that faces us in the chamber today.

I want to deal with the key issues that have been brought into stark profile by the events of the last couple of days and, indeed, the events of 11 August, which were until recently relatively unknown, to illustrate the substance of the opposition’s case against the sale of Telstra. Essentially, what emerged in the parliament and in the broader community yesterday and today is a stark illustration of precisely why Telstra should remain in public ownership and a stark illustration of what the government did during the election campaign last year, when it went to the people saying that it intended to sell Telstra and that everything was fine out there with telecommunications services.

The claim that was repeated ad infinitum during and well in advance of the election
campaign last year by both the Prime Minister and the then Deputy Prime Minister, Mr Anderson, the member for Gwydir, was that telecommunications services in regional Australia are up to scratch, that the hurdles that had been identified in the privatisation of Telstra in that regard had been met, that everything was fine, that Telstra was ready to be sold and that, subject to the requirements of getting an appropriate price, the government was going to proceed to sell it. In the debate on this issue the Labor Party put forward a very different point of view. We had Senate committees uncovering all sorts of horror stories with respect to the dilapidated state of Telstra’s network, the true level of faults in the system, the fall in investment, which had plummeted from about $4½ billion per annum to below $3 billion per annum over four or five years, the continuing reduction in field staff, the ageing of the work force and the lack of new people coming in and being trained. All of those issues were highlighted by the Labor Party during the course of the election campaign. The government, of course, steadfastly refused to acknowledge these things and simply reiterated its mantra that services were up to scratch.

The document which the new Telstra management provided to the government on 11 August and which the government has sought to cover up shows the true extent of the story and, in some respects, almost indicates that things are worse than even the Labor Party suspected. The Australian Communications Authority statistics about the level of faults that are released on a monthly basis were put out in a highly misleading way a couple of years ago. The monthly averages were averaged—if that makes sense—to produce a completely misleading and unreal figure of 98 per cent of fixed lines across Australia being fault free. This was a Saddam Hussein referendum kind of result, which we challenged at the time. We suggested that the true figure was well over 10 per cent and possibly as high as 15 per cent.

What has now been revealed, of course, is that 14 per cent of Telstra’s lines have faults. Also revealed was the fact that there has been a gap in investment of approximately $3 billion, which, coincidentally, is the figure that was taken out of the company by the government in 1997 contemporaneously with T1. Three billion dollars was taken out in the form of a special dividend in order to rebalance the capital—the gearing—in the company. We are now told by the new management of Telstra that, lo and behold, there is a $3 billion gap in its investment, its network, its infrastructure, its training and its services. So it is absolutely clear that during the course of the election the Howard government deliberately deceived the people of Australia about the state of telecommunications infrastructure and services, particularly in regional Australia.

If ever you wanted a confirmation of this fact, you only have to look at what has occurred since the election. The National Party, who prior to the election were saying that services were up to scratch and that Telstra was ready to be sold, had to be bought off with a package of over $3 billion, which by definition implies that services are not up to scratch. If services were up to scratch, why would we be spending $3 billion on telecommunications services in regional Australia? The answer is: they are not up to scratch and the National Party was able to extract this rather embarrassing bribe in order to provide its support for privatisation.

The difficulty with the three amigos and their boss, Mr Trujillo, is that, however crudely, however brashly and however rudely, they are telling the truth. They have exposed the circumstances that apply with respect to Telstra—they have blown the
whistle on the government. They may be brash Americans who get up people’s noses, but that does not mean what they are saying on this point is wrong. They have actually blown the whistle on the government and have indicated the true state of Telstra’s network, its services and its work force.

In the briefing to the government of 11 August, they also indicated that Telstra has been running on the base of a completely unsustainable dividend policy. It is true to say that, from time to time, various companies will draw on reserves to pay dividends. The Prime Minister pointed that out during the course of question time today and he is absolutely correct. But companies doing that do not usually also indicate that this is an unsustainable approach. The Telstra management has indicated that to the government. It has told the government that its dividend policy, as has been in place for some time, is unsustainable—crucial information that the government chose to sit on. The Telstra management has again blown the whistle on what is happening.

Why is the policy unsustainable? Because what Telstra has been doing at the government’s behest is trying desperately to prop up the share price to maximise the prospects for privatisation. In other words, every issue in telecommunications in Australia for the past nine years has been hostage to the government’s extreme obsession with privatising Telstra. Rather than fixing the problems, rather than dealing with the faults, rather than investing in the network, rather than ensuring there is a good balance between investment and dividends to shareholders, every single issue has been hostage to the government’s privatisation agenda. The end result is the disaster that was highlighted to the Prime Minister by Mr Trujillo on 11 August. That is where it has led.

We had the extraordinary spectacle a week or two ago of the Minister for Finance and Administration, Senator Minchin, seeking to blame the Labor Party. He claimed that, had the government been able to sell all the remaining shares back in 1999 during the second tranche of the sale of Telstra—T2, as it is known—the government would have cleared an extra $54 billion. In other words, according to Senator Minchin the Labor Party has cost the government $54 billion.

Leave aside the fact that the National Party were equal partners with the Labor Party in stopping any further sale of Telstra beyond 49 per cent at that time, that it is clearly ludicrous to assume that had all the shares been on offer rather than only 16 per cent then the government would still have been able to get a price of $7.40 per share, that Senator Minchin is really seeking to blame the Labor Party for his and the government’s poor stewardship—they have been in charge of Telstra, they have been the majority shareholder, they have been appointing the board and it is to them that Telstra has owed its accountability since that time—and that Senator Minchin is essentially seeking to blame Labor for not stopping the government from mishandling Telstra and for not taking away from them the ability to control and administer Telstra; leave all that aside and look at the message that the government is sending out to the people who bought shares in T2 for $7.40. Effectively, the implication of Senator Minchin’s message is: ‘We wish we’d fleeced you more. We got away with selling these shares for $7.40, and since that time, partly because of the end of the tech wreck, partly because we allowed Telstra to go on some mad adventures buying things in Asia and losing billions of dollars, partly because we allowed them to head off and try to buy Fairfax and Channel 9 and to take their eye off the main game and partly because we have been stripping them of
dividends to try to prop up the share price as much as we can, your share price has gone down substantially from what you paid for it, and we really wish we’d sold you more.’ The government would have been much better off. By implication, what the finance minister is saying to people who bought shares in T2 is, ‘We made a good deal out of that and we wish we’d got into you for some more.’

As a would-be finance minister, at one level I can applaud that sentiment because that is the finance minister’s job. But the thing that makes it appalling is that this is occurring in a situation where the government has had access to crucial information from Telstra itself about the state of affairs with respect to Telstra’s dividend policy, its network and its broader investment that has indicated that things are much worse than has previously been publicly portrayed by Telstra or by the government. This was highly market sensitive information that is relevant to the interests of shareholders, and the Prime Minister has done absolutely nothing about it. He has made no attempt to get Telstra to disclose this information to other shareholders.

Even if the Prime Minister’s dodgy legal advice is correct and he is legally precluded from revealing the content of this advice from Telstra to the minority shareholders—and I make no comment on that; I have not even seen the advice—what is to stop him, when he is meeting with Mr Trujillo, saying: ‘Mr Trujillo, all this stuff you’re telling me is very worrying, it’s very serious and it’s information that should be in the public domain and available to all other shareholders. What are you going to do about that?’ and, unless he receives a satisfactory answer, contacting the relevant authorities—in this case, ASIC or the ASX—and saying, ‘We have an issue here that you need to deal with’? Why didn’t he do anything? Why didn’t he act in the interest of the minority shareholders, who he claims as his creation? The answer is that his obsession with privatising Telstra takes precedence over all other issues in telecommunications, and in this instance he did not want to do anything that would get in the road of that. It is time for this farce to end. The great lesson of what we have seen over the last couple of days is simply that everything has been hostage to the government’s extreme obsession with privatising Telstra. Every other issue in this crucial sector has been hostage to that obsession and it is now unravelling.

It is worth considering what the government’s arguments are. We saw some of them very limply on display during question time today, when the Prime Minister was about a millimetre away from getting back to the good old days of the shoulder twitch, because he was clearly under pressure. He was floundering and really had no response on the key issue. The mantra that is becoming the dominant line from the government about why it is necessary and appropriate to privatising Telstra is that there is a conflict of interest: the government owns Telstra, Telstra operates in a competitive market and the government also regulates that market. There is a clear conflict of interest. How can you have the government both owning this commercial enterprise and regulating it? You can never get fairness. It is true there are some issues in this regard. It is certainly true that there are questions that need to be dealt with. The real issue here is the magnitude of their importance.

The question that I asked the Prime Minister and that he was unable to effectively answer today really illustrates the totally fallacious nature of the government’s position on this issue. If Telstra has to be sold because the government cannot both regulate and own it, then it also has to sell Australia Post. The position with Australia Post is virtually identical: the government owns it, it operates
in competitive markets—85 per cent of its revenue comes from fully contestable and competitive activities—and the government regulates those postal services and draws substantial dividends from Australia Post. Australia Post is a well-run company, one of the best postal services in the world, and it delivers substantial dividends to the government. If the government is right about Telstra then it has to privatise Australia Post. If its argument that the crucial reason why the government should no longer own Telstra—namely, that it also regulates the sector and it is a competitive marketplace—is correct, it cannot continue to own Australia Post. But does it propose to privatise Australia Post? No, it does not. So that argument has been demonstrated to be totally fallacious.

When we look at what is happening on the regulatory front, the government is not in fact going to be the regulator; the government is allowing Telstra to be the regulator. We have pushed for several years for much stricter competition regulation and a much more level playing field for Telstra’s competitors. The policy that we took to the last election was operational separation. The government sneered at it and former minister Alston sneered at it, but guess what: after the election, under Senator Coonan, the government actually picked up that policy. We welcome that. But what it has also done is to sideline the ACCC—the policeman, the umpire which is there to protect the interests of consumers and ensure there is a genuinely competitive market. It has sidelined the ACCC and it is asking Telstra to write the new rules. Guess what Telstra is likely to do: Telstra will write a set of rules to suit itself.

The government is also arguing that, by putting in place the various slush funds that are available for National Party purposes, it is tackling residual issues associated with services in regional Australia. Pork-barrelling is no substitute for public ownership. National Party bribes will not solve the telecommunications problems in regional Australia. The irony is that they are already walking away from the deal. One of the things we have already picked up in the fine print of the legislation is that, contrary to the demands of National Party members like the member for Hinkler, the $2 billion Communications Fund that the government is establishing as part of its agreement with the National Party will be able to be provided by shares in Telstra. So in other words the government is under no obligation to provide $2 billion to then be the foundation for the fund. The legislation allows the government to provide $2 billion worth—in today’s prices; who knows where they will be next week or next month or next year—of Telstra shares in lieu of that $2 billion. It is also able to do this in a non-disallowable instrument form so the great people’s hero, who has blown himself to bits about a week after turning up in this joint, Senator Joyce, will not be able to do anything about it if the government does effectively renege on its promise. So already, before the ink is dry on the deal, the government is reneging on one of the key points and it is using a sleight of hand to undermine the content of that deal in order to ensure that it appears to do the right thing for the National Party but in fact is slowly wriggling out of it.

It has also been made clear by Senator Minchin and the Treasurer that there is every prospect, given the plummeting share price, that the government will transfer some or all of the Telstra shares into its Future Fund, which is soon to be created, resulting in two very interesting issues: firstly, an investment fund supposedly run at total arm’s length from the government that is massively overweight in one highly controversial stock and does not have a balanced portfolio, therefore creating a substantial initial problem for the administrators of the fund from day one; and,
secondly, creating a situation where we con-
tinue to have government ownership of Tel-
stra but no government influence. So, in
other words, we continue to have 30 per
cent, 40 per cent, maybe 50 per cent of Tel-
stra government-owned through the Future
Fund but no government ability to appoint
board members and no government ability to
use its shareholding to influence Telstra’s
broad strategy or its commitment to the
community. So we end up with government
ownership without government influence,
public ownership without public accountabil-
ity.

The reality is that Telstra privatised will
be a giant private monopoly, too powerful
for any government to effectively regulate,
particularly when you see that the govern-
ment, in its current form, is letting it write
the rules. It will be able to leave town in re-
gional Australia faster than the banks. A pri-
vatised Telstra will pursue its interests
only—its short-term interests—and it will
not look after people in regional Australia.
Partial public ownership is not ideal but it is
a lot better than a private monopoly, and that
is where the government is heading. At least
with partial public ownership you still have
the ability to appoint the board, to exercise
government influence to ensure that all Aus-
tralians get genuine access to decent tele-
communications services and that, finally,
Australia gets moving in broadband—the
key technology of the 21st century. (Time
expired)

Mr MICHAEL FERGUSON (Bass)
(5.33 pm)—I rise tonight to address the Tele-
communications Legislation Amendment
(Future Proofing and Other Measures) Bill
2005 in this cognate debate, because I am a
strong supporter of regional Australia. My
electorate of Bass in Northern Tasmania is a
place that will benefit from all measures that
this government introduces to improve the
way in which telecommunications compa-
nies have to work and function, because bet-
ter competition will mean that the telcos
simply have to maintain a focus on looking
after their customers—everyday Australians.

Bass, like so many other parts of regional
Australia, is in a position of need. This gov-
ernment’s package of measures that we are
debating tonight has great potential to ad-
dress issues of concern, such as mobile
phone black spots in small communities. I
am therefore encouraged and energised by
the government’s proposed $1.1 billion Con-
nect Australia package and the $2 billion
Communications Fund for the future. The
Connect Australia package offers $1.1 billion
for new broadband mobile phone coverage,
strategic regional networks and Indigenous
communications services. I firmly believe
that Connect Australia does have the poten-
tial for local benefits and to further
strengthen the national economy.

Despite the words of the previous speaker,
the member for Melbourne, which I have
patiently listened to, this is not a bribe. This
is what Australia needs. It is not a pay-off or
a kiss-off or a buy-off for one of the parties
that make up the coalition. It is not a victory
for the National Party. This is an initiative
where the government has listened to its
backbench across the parties. To somehow
describe it as a bribe I think is extremely
disrespectful to the people of Australia and
the communities around this country who
will benefit in the future. They will be saying
that they deserve the improvements that do
in fact eventuate. They will be saying that
they were needed and that the government
listened and responded. And they do not ap-
preciate being lectured by members of the
opposition who, when they had the opportu-
nity to govern over 13 years, did nothing for
communications in this country, did nothing
to address consumer safeguards that were
missing, did nothing to publicly fund areas
of need where there had been market failure.
I do not for a moment suggest that the government has the responsibility to maintain infrastructure off its own bat. Australia has a telecommunications environment in which there are multiple companies operating. That has been one of the great achievements of this government and the previous government—to open up that competition. To therefore suggest that the government is solely responsible is wrong. However, it also has to be said that the proposed sale of the remaining shares that the government holds in Telstra has been linked to higher public investment in internet and mobile phone infrastructure as well as the Future Fund. This new investment would simply not be possible without having access to some of the sale proceeds.

Last month I said in the coalition party room that people are concerned about the availability of services, mobile coverage and the importance of allowing rival companies to be able to compete in the marketplace. Specifically I have raised in the past the need for a CDMA mobile phone tower for the small town—(Quorum formed) To call this quorum shows the arrogance of the Labor Party. They are accusing us of arrogance when all we are doing is fulfilling election promises—guarantees to the people of Australia of what we would do in office. I dare say that before elections in which Labor won office they did not tell the Australian people that they would privatise Qantas, the Commonwealth Bank, the Commonwealth Serum Laboratories and Australian Airlines—and the list goes on. Yet they have the temerity to interrupt debate today by calling quorums and, in so doing, accuse us of somehow being disrespectful to the House. Give me a break!

As I was saying earlier, I have raised the issue of the need for a CDMA mobile tower for a small town in my electorate called Nunamara, just outside Launceston to its east. I will be pushing for such a tower to cover as much of the Tasman Highway as is technically possible, given the difficult terrain. The highway runs from the Launceston south-east corner through Scottsdale—the key township in Tasmania’s north-east—to towns beyond. The road takes in an area known as the Sideling, which cuts through hilly terrain. It is a notorious black spot area for mobile phone coverage.

Prior to my election as the member for Bass, I promised to lobby for better coverage for Nunamara and the Tasman Highway. We are now presented with a terrific opportunity, a realistic opportunity, to get a result. May I say that it is something that no other candidate in the election campaign offered to do were they successful. Without the creation of the Communications Fund and the Connect Australia fund I cannot for the life of me see any telco building the necessary infrastructure in this important area. It is apparently not commercially viable and incentives are needed. The township of Nunamara is very small, and I can understand why Telstra and the gamut of other telcos have made a decision not to invest there. But it is important that government and public financial support and incentive be given. The government should not pay for it, but an incentive could be given. It should be matched by industry and by whoever is the successful tenderer for it. I will be pushing for that, and I will be seeking the support of my colleagues.

Regular reviews of regional communication services are the only way to ensure that people in regional Australia do not miss out on the benefits of telecommunications service developments in metropolitan Australia. Subject to a successful sale of Telstra, the proceeds will provide an opportunity to retire the little remainder of government debt—something like $6 billion, I believe, from $96 billion that the government met on winning office. Current loan repayments can be redi-
rected into other spending such as medical research and education programs. It has to be said that Connect Australia is the biggest regional telecommunications assistance program in Australia’s history. The newly targeted funding package is a key element of the government’s strategy to future proof telecommunications service in regional Australia—areas like Northern Tasmania.

I am not supporting this legislation today because I am a member of the Liberal Party. I could simply be vacant from the chamber like so many members of the opposition are right now—absent. I am standing here because I believe in this package. Despite what we have heard from the member for Melbourne, it is true that ownership and regulation are not a married couple. You do not have to have one with the other. You do not have to have ownership in order to be able to regulate. The government is taking this opportunity to ensure that there is better regulation, better consumer safeguards, better competition measures, and a local presence plan that must be approved by the minister. The government is taking this opportunity to improve and enhance regulation so that we will see better services and lower prices for everyday Australians, irrespective of where they live.

The sale of Telstra has been linked to these important conditions. We are dealing with them today in this legislation. The Labor Party have said that they will be opposing these bills, despite the fact that they do not deal with the sale of Telstra. The bills that we are debating today deal with what happens if Telstra is sold. The legislation provides over $3 billion in public funds to improve and develop telecommunication services in Australia—and Labor are going to vote against it. I cannot vote against it. This is an opportunity too good to be missed. It is not bribery. It is important, and we need to support it.

It is important here to reflect on the Australian government’s strong track record, because it has already invested more than $1 billion in telecommunications services in regional and rural Australia alone. This targeted funding investment has supported the provision of important infrastructure and services in the past. I think we all remember the Regional Telecommunications Inquiry, and the government has a proven track record through its response to that.

In 2003, $181 million was provided in response to that inquiry. It implemented the $107 million Higher Bandwidth Incentive Scheme, better known as HiBIS. This provides financial incentives to broadband providers like Telstra, Optus and others to offer services in rural and remote areas at the same prices offered in metropolitan areas. The funds also accelerated the roll-out of broadband into health and education services in regional Australia through a $23 million coordinated telecommunications infrastructure fund. It provided $8½ million for broadband demand aggregators to coordinate all of the likely demands of broadband services and to help drive broadband networks further out, into lower populated areas. The funds also provided the opportunity to further extend mobile phone coverage to small population centres and along highways in regional Australia, with funding support of $15.9 million. I will have something more to say on that in a moment. It expanded the satellite phone subsidy scheme, and it also provided $10 million for IT training and support services in rural and remote Australia.

The government has also responded appropriately to the Telecommunications Service Inquiry, with a package aimed at further improving telecommunications services in Australia. There was a $163 million price tag on that response. It was used to extend mobile phone coverage to 131 towns. It supported the additional mobile phone coverage
at 62 sites on regional highways at a cost of $19 million. It provided $52 million for a national communications fund to develop high-speed telecommunications networks which support the delivery of health and education services, and it improved pay phone and other services for remote and Indigenous communities. I wonder how many of these things would have been possible had the opposition in those days succeeded in opposing the government’s partial privatisation agenda.

In 1999 the Howard government announced its social bonus package, funded from T2. That package included an additional $174 million in funding for the Building Additional Rural Networks initiative to promote ongoing, sustainable improvements in regional telecommunications services; a program to stimulate internet service delivery in regional and rural Australia; and the Local Government Fund, to assist local government authorities in regional Australia to provide online access to information and services, including the internet. It improved telecommunications access for remote island communities and it extended, once again, mobile phone coverage in regional Australia.

Since 1997, Networking the Nation has approved 762 regional telecommunications projects around this country. In my electorate of Bass alone this has meant significant and real benefits to various communities outside, and including Launceston as its provincial centre, I can highlight just a few of these. For example, there is the Furneaux Group Telecommunications Infrastructure Strategy. This is important because funding enabled the development of a strategy to enhance the telecommunications, infrastructure and services in the Furneaux group of islands. They engaged a consultant to determine their telecommunications needs. But the wonderful news for this community was that further support was provided and a CDMA based mobile network was provided on those islands. For the first time that community of around 1,000 people had access to mobile phones, through project funding of over $1.5 million launched by former Senator Alston on the island some three years ago.

Launceston City Council was assisted with funding of approximately $217,000 to establish an online career planning service for Northern Tasmania, called Spring Aboard. Of course, very many online access centres have benefited, including Dorset, Launceston, George Town and Cape Barren Island. Northern Tasmania Development has benefited, along with Winnaleah’s online access centre and the north-east. Ravenswood online access centre had $26,000 in funding to assist people in that economically depressed community to get skills in IT and to have access to the technology that so many people in this place, and even I sometimes, take for granted. We have assisted the Bridport online access centre, once again with support for equipment and services, along with Cape Barren Island, Flinders Island, Lilydale, Scottsdale, Derby and Ringarooma—and the list goes on.

The Labor Party cannot justify, on any pretext, opposing this legislation. The legislation provides a suite of measures which are contingent on the full sale of Telstra. However, the legislation that we debating right now does not advance the sale of Telstra. This is what the government will do on the successful sale of the remaining shares in Telstra. If the Labor Party oppose this legislation they will get their opportunity to speak, they will get their opportunity to oppose the sale legislation, which is coming from the Senate. But to oppose this legislation before us now says to Australia that they oppose an opportunity for the government to spend public funds in the order of $1 billion to improve deficiencies today.
By opposing this legislation, the Labor Party further says that it does not support a $2 billion communications fund for the future to stop the gap identified for three years post the sale. The Labor Party is saying that it does not support better broadband access and that it does not support fixing black spots with mobile telephony. It says all of those things. It says that it does not support better communications technology for Indigenous communities. That is why I am supporting these bills today, and that is why it is so important that they receive cross-party support.

Ms King—Madam Deputy Speaker, I raise a point of order. The member’s statements are wide ranging. They also contain some imputation against a group of members, and I ask you to draw him to order.

The DEPUTY SPEAKER (Hon. BK Bishop)—No, the member is within the standing orders.

Mr MICHAEL FERGUSON—I think the member for Ballarat knows that I am within appropriate guidelines, and I think she knows that there was no point of order. The fact is that this legislation is a comprehensive response to the core future-proofing recommendations of the regional telecommunications inquiry. Protest as they might, the opposition ought to support it. They ought to be supporting this legislation. If they must oppose the sale, let them oppose the sale, but they cannot justify not supporting the legislation before the House today. The legislation confirms that the government and its backbenchers are committed to regional telecommunications services and are committed to the regions which we represent. With the $1.1 billion funding over the next four years and a perpetual $2 billion fund for the future, I see no option for this House but to support it, and I commend the bills in those terms.

Mr CREAN (Hotham) (5.53 pm)—Labor do oppose the sale of Telstra. Sell Telstra and you sell out Australia. That is what the member for Bass is doing today by supporting the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005 and cognate bills. One of the reasons that we are opposed to the sale is that the delivery of affordable and reliable telecommunications is critical to the future of Australia’s regions. If you are going to give regions a chance in this country to be part of the economic growth and to sustain that growth, you have to give them access to modern, up-to-date and fast information technology. This is the reality that the Howard government has ignored over the whole of its term. It is one of the reasons that Australians who live in our regions so strongly oppose the sale of Telstra. They ask this simple question: ‘If the government can’t deliver good services with majority ownership of Telstra, how can anyone believe guarantees about what will happen when it sells the lot?’ We do not oppose the sale of Telstra just for the sake of it. We oppose it because it is bad policy and it is bad for the budget—as well as for that reason about the inability to deliver effective communications in information technology, which is the critical infrastructure for the regions. Not only does the government control 51 per cent of Telstra; it is the beneficiary of a large annual dividend. It gets it year in, year out.

Mr Hockey—You were complaining about that today.

Mr CREAN—I will come to that in a minute. I know you have been away from the place, and I congratulate you on the addition to your family—the birth of your child—but just calm down and all will be revealed.

The DEPUTY SPEAKER (Hon. BK Bishop)—I remind the member for Hotham to make his remarks through the chair.
Mr CREAN—What the government does, Madam Deputy Speaker, is receive this dividend year in, year out. It already provides an ongoing income stream—to use the words of the Minister for Communications, Information Technology and the Arts in introducing this legislation—which obviates the need for the communications fund contained in these bills. It is clear that no future-proofing fund matches the value or the flexibility of the current arrangements. The proposed one-off payment to a communications fund in lieu of the ongoing dividend provides no hope for Australians already fed up with inadequate telephones, mobiles and internet services.

The magnitude of the current problem with our telecommunications system was highlighted when the Telstra CEO, Mr Sol Trujillo, came to Canberra on 11 August. We all know about the meeting he had with the Prime Minister. He came, amongst other things, to propose joint investment in upgraded broadband infrastructure. Of course, the government did not welcome Mr Trujillo’s intervention because he blew the whistle on the neglect of Australia’s telecommunications network. He told the truth.

In the past 24 hours, of course, we have learned that Telstra did more than just identify the broadband infrastructure plan costed at $5.7 billion; it also revealed the parlous state of its copper network and the unsustainability of its dividend policy. Mr Trujillo told the government that ‘the company didn’t make the investments it needed to make’. Underinvestment was quantified in the order of $2 billion to $3 billion in operating and capital expenditure over the past three to five years—the same three to five years that the Howard government has been preparing Telstra for sale.

And what has been the result? Firstly, there have been failing services. According to Telstra, over 14 per cent of all lines have faults. That is more than one in seven. Secondly, there has been failing equipment. According to Telstra, network service is limited by obsolete equipment and information technology systems not capable of handling volumes and new services currently on offer. That reflects a failure to invest in new technology. Thirdly, there is failing work force management. According to Telstra, its work force is ageing and it has not trained new workers. A failure to invest in infrastructure and skills has in fact been the story of this government—and the telecommunications sector has been no exception. It is that failure that means Telstra’s services are not up to scratch. It is in the light of that that the government’s promised future funding should be considered, because it is always worth testing a government’s promises against its record of keeping them.

All Australians remember the Prime Minister’s 2001 promise: ‘We won’t sell another share until we are completely satisfied that things in the bush are up to scratch.’ That is what the Prime Minister promised, and until the last 24 hours that was the information available. Of course, Telstra has admitted in the last 24 hours, in this confidential briefing, that the services are not up to scratch. And until the last 24 hours that information was only available to a select few, including senior members of the government. Yet the Prime Minister still says that Telstra needs to be sold. The services are not up to scratch and Telstra has blown the whistle and proved the point.

It is not only Telstra’s leaked briefing to the government that shows the problem. Ahead of this debate, I had a look at the performance information published by the Australian Communications Authority. Buried at the back of each performance bulletin is a table referring to Telstra exchange service areas reported under level 2 of the network
reliability framework. Under level 2, Telstra is required to report each month on exchanges where a specified number of services in an area experienced at least one fault per month for two consecutive months. Every single one of these exchanges failed the performance measures.

According to the ACA, up to 350 exchanges breached the fault thresholds in each reporting period and, of these exchanges, only some 97 in total have been subject to intensive investigation for poor performance over the past 12 months. Almost all of these exchanges are located in rural and regional Australia. For that reason, I can hardly believe that members opposite, those representing rural and regional electorates, are prepared to vote for Telstra. And that includes the member for Herbert, who is about to speak in this debate—how can he do it? But it is not only him; the National Party members for Cowper, Gwydir, Lyne, Page, Riverton and Hinkler represent electorates that are home to one or more of Australia’s worst performing telephone exchanges and yet they are going to vote to sell Telstra off.

Sixty-eight of Australia’s 97 worst exchanges are located in New South Wales—remarkably, the home state of both the current and the former Leader of the National Party. It is little wonder that the New South Wales Farmers Association describes telecommunications services in that state as ‘beyond a joke’. It is even less remarkable that more than 80 per cent of respondents to a New South Wales Farmers Association survey strongly opposed the sale—and this is the constituency of the National Party.

The ‘worst of the worst’ list reveals another key fact relevant to this government’s propensity to break its promises: the failure to properly implement the recommendations of the 2002 Estens report. Ten of the exchanges that appear on the ‘worst of the worst’ list were previously identified and were subject to remediation work in response to recommendations of Mr Estens. Work on 54 failing exchanges was completed by the end of June 2004, yet 10 of those 54 exchanges have been responsible for ongoing faults.

We have a government that has rushed legislation into this place, in the absence of adequate consultation with key stakeholders, including farming groups and other rural organisations. Rural and regional communities do not want Telstra sold; they want it fixed. I will be visiting many of these areas, with my colleagues, in coming months to explain how this government is not just selling Telstra; it is selling them out. Services can be improved without putting Telstra on the auction block, and I will tell you how. In 1998 Labor proposed the creation of a Telstra reward fund, a fund which would have been contributed to by a proportion of Telstra’s annual dividend being paid to the government and set aside for investment in critical infrastructure and community services.

I had the occasion in the lead-up to this debate to ask the Parliamentary Library to tell me what that fund would be worth had it been established in 1998. Do you know what amount would be in that fund today? A total of $5.3 billion. So do not tell me that these problems cannot be fixed. Most importantly, they can be fixed without selling Telstra. That is the key point. We now know the extent of the problem—the confidential briefing tells us that. We also know that it is possible to fix this problem without selling Telstra.

On the question of dividends—and the Minister for Human Services, who is at the table, referred to this earlier—I want to refer to the revelation that Telstra has been borrowing from its reserves to pay dividends. We get lectures in this place all the time
about borrowings. Where has the lecture been on the Telstra board by the 51 per cent shareholder, Minister? You do not know. You shake your head.

Mr Hockey—No, no.

Mr CREAN—You did just shake your head. The full extent of the borrowings is not clear. That it was done, however, is in no doubt. In the words of Telstra’s report to the government on 11 August: “Telstra is borrowing from its reserves to pay the dividends.” I quote again:

The Telstra board has already recognised that this kind of borrowing to pay dividends is not a sustainable policy or practice.

Mr Hockey—It happens all the time.

Mr CREAN—You have criticised Labor administrations for having done this previously, yet you now say it is okay. Why didn’t you come clean on it, and how long has the practice been going on? If this is done all the time, why did the Prime Minister obfuscate in response to these questions asked of him today? You bet it is unsustainable. Do not take my word for it—the Telstra board is saying it is unsustainable. Why has it done it? Because it has been expedient for the company and the government to continue the practice, whilst Telstra is fattened for sale and whilst it assists the government to prop up its budget surpluses.

Mr Hockey—That’s ridiculous!

Mr CREAN—I will come to it. The practice has artificially propped up the share price ahead of the sale. Well, now that the board are proposing to abandon the practice, Minister, presumably that will end the special dividend. We wait with interest as to what that means for the share price. More bad news for mum and dad investors, already burnt by a government talking up the T2 sale? Telstra has told the truth about the state of the company, but the Prime Minister does not want the truth revealed. He says that is talking the company down. He has been happy to lend support to a policy that talked up and propped up the share price but, when the truth is out and it drives the share price down, the criticisms he makes are of the board. He tells them that they should not be talking the company down.

As the major shareholder, the government has used the dividend from Telstra to fatten its own budget bottom line. This government has form on this. The minister at the table might remember my response to the 2000 budget. I described the budget papers as having more fiddles than the Tamworth Country Music Festival. It appears the band has played on through subsequent budgets. The 2001-02 Mid-Year Economic and Fiscal Outlook reported an underlying cash surplus of just $500 million. That wafer-thin surplus was delivered only by a Telstra dividend. Without the dividend the budget would have been in deficit.

That is why we have a government policy that has continued to see dividends paid from borrowings. It does two things: it keeps the share price up and it keeps their budget bottom line up. I ask the minister: was this surplus delivered off the back of the dividend based on Telstra’s borrowings? Was the particular dividend that contributed to the $500 million surplus paid for from Telstra’s borrowings? It is incumbent upon the government to detail what knowledge they had of this practice and when they knew. Watching the Prime Minister avoid Labor’s questions today leaves me with the distinct impression the government have something to hide.

The sale of Telstra will be bad for the budget, even in circumstances in which the dividend is not borrowed from reserves. That fact was confirmed by Treasury when it costed Labor’s 2004 election policy to maintain Telstra in majority public ownership. Treasury confirmed that maintaining Telstra
in majority public ownership would leave the budget better off to the tune of $280 million
over the forward estimates with ‘an ongoing positive impact’. By proceeding with the
sale, the budget will be denied hundreds of millions of dollars a year. That is hundreds of
millions of dollars the Commonwealth cannot spend on other services, including up-
graded telecommunications in rural and regional Australia.

People in rural and regional Australia run businesses in a global economy. They need
access to world commodity and livestock prices and current weather information and
forecasts, and they need the ability to communicate their products and services to the
world. Country people who thought Barnaby Joyce and the National Party would stick up
for them have been cruelly disappointed. What a joke! Even Meg Lees held out longer
than Senator Joyce before she caved in, and look what happened to her and the Demo-
crats. So it is goodbye to The Nationals, now just another Liberal Party branch. Billy
Hughes was right on at least one front: even he drew the line on joining the Country
Party.

Majority public ownership of Telstra, coupled with a strong regulatory regime, is
the best guarantee of improved telecommu-
ications services for Australia’s regions,
now and in the future. Labor opposes the sale
but strongly supports an anticompetitive
framework for the telecommunications mar-
ketplace, including the right of the Australian
Competition and Consumer Commission to
issue ‘cease and desist’ orders to provide
immediate relief against market abuse. The
government is not only wrong about the sale
of Telstra but has made a complete hash of
the sale process. If it proceeds with the sale,
it is headed for a ‘fire sale’. It is at war with
Telstra management. It stands accused of
colluding with Telstra to withhold market-
sensitive information from shareholders. It
has publicly berated the Telstra CEO for tell-
ing the truth about the state of the company
and its network. A privatised Telstra will not
provide the services that Australia’s regions
need to prosper in the modern economy. So I
say to the government: call off the sale and
fix the Telstra mess. It can be done without
the sale of Telstra, and that is the only sensi-
bile policy that this government should be
embarked upon.

Mr LINDSAY (Herbert) (6.13 pm)—I
wanted to contribute to the debate on the
Telecommunications Legislation Amendment
(Future Proofing and Other Measures) Bill
2005, the Telecommunications (Carrier Li-
cence Charges) Amendment (Industry Plans
and Consumer Codes) Bill 2005 and the Ap-
propriation (Regional Telecommunications
Services) Bill 2005-2006 because I know
one or two things about this area. I have been
in the electronics industry for a long time. I
have seen Telstra get better and better, and I
have seen its reliability get better and better.
I was interested that the member for Hotham
should particularly point out in his contribu-
tion to this debate the fact that the worst per-
forming exchanges in the country—and he
named electorates that they were in—may
have had one fault a month. I do not think
the member for Hotham knows, understands
or has any concept about how complex ex-
changes are these days and the thousands
upon thousands of operations a day that go
through them.

The fact that you get one fault a month is
in no way a measure by which to denigrate
the performance of Telstra. Think about our
own parliament: how many IT failure calls
do we get a month? The call centre in this
parliament to which we report faults just in
the parliamentary domain gets over 3,800
calls a month. Granted, some of those will be
about software problems and some of those
will be about how you operate a particular
program, but a number of them will be about
faults with equipment. Even if you are extraordinarily conservative and say that, of the 120 calls a day that the Department of Parliamentary Services gets, only 20 of them are about equipment faults, that is 20 a day for 30 days a month; yet the member for Hotham is complaining that we should not sell Telstra because their major complex exchanges might get one fault a month. That does not ring true. What it does say is that Telstra’s equipment is extraordinarily reliable.

I invite the member for Hotham to do what I did: go out into regional Australia and see the performance of Telstra. Go to Broome, like I did, and talk to the Telstra people and ask them what level of complaint they get. Do you know the answer? None. Out at the top of Western Australia there is no level of complaint from customers about Telstra’s operations. Do you know why? Because the services are good and the equipment is reliable—people are happy. Yes, of course you cannot get terrestrial mobile phone coverage in the desert. Whether the government owns Telstra or not, you will never be able to get it. But you can get it off satellite now. In the most remote parts of the country you have got a mobile phone service. It is the same with television and broadband services: they are available now right across the country.

The member for Hotham says he is concerned about the failing services. What failing services? When is the last time the office of the member for Hotham got a complaint about Telstra? If it is like mine, his office has not had one for the last five years. There will always be cables that are accidentally cut—and Telstra responds very quickly. I had a cut cable in Townsville on the weekend and it took an hour and a half to get it connected, but that was much faster than if the electricity supply had gone down. Telstra is good. I was out looking at an iron-ore mine west of my electorate and someone I was with was saying, ‘You can’t sell Telstra; the services out here are no good.’ In the next breath he said to me, ‘Look, we’ll just drop in on this cattle property owner. I just want to see her for a minute.’ The cattle property owner came out and she said matter of factly without asking her anything, ‘I’ve just been on the internet talking to my other property out in Richmond.’ You should have seen this fellow’s jaw drop when he realised that the services were good and Telstra was providing what people wanted.

This mantra of ‘If you sell Telstra you sell out Australia’ sounds good, plays out well and is populist, but in fact the reverse is true: Australia can do much better with a completely privatised telecommunications system. I could not believe that the member for Hotham said in his speech that the Labor Party wanted an anticompetitive framework. Those were his words: they wanted an anticompetitive framework. This side of the House wants a competitive framework, because it is through a competitive framework that you in fact reap the benefits. Untying Telstra’s hands gives you the perfect competitive framework. The legislation that is before both houses is very careful to deliver that—have open contestability in this industry. It is only through that open contestability that we can deliver the best services for all Australians.

I ask you, Madam Deputy Speaker: what has been the Labor Party’s position on all of the great issues in the last 10 years? I remind you of the introduction of A New Tax System for Australia. We saw the same sort of debate that we are seeing now. The Labor Party opposed it on a populist basis. I had the Labor candidate against me, whom you will remember, saying in television advertisements that everything was going to go up by 10 per cent. Everything did not go up by 10 per cent; he was wrong. He knew he was wrong,
but it was populist. The A New Tax System for Australia was a hard battle, but the hallmark of the Howard government is that we are prepared to take on the hard battles if they are right for Australia. Of course the new tax system has delivered enormous benefits for the country. It has delivered those benefits also to the states and it has delivered those benefits to the mums and dads of Australia. When you talk to the mums and dads, you find that life is good and they are happy, and it is the role of government to deliver that kind of environment. I remind you, Madam Deputy Speaker, of the Labor Party’s position on tax cuts—fought the government tooth and nail, opposed them and would not vote for them. But they were right for Australia and they were delivered. I remind you of the Labor Party’s position on waterfront reform—fought it tooth and nail. What have we got? A waterfront that is competitive with anywhere else in the world. The farmers and shipping agents are extraordinarily happy with a system that—

*Mr Hockey*—It is on video. Be careful what you say.

*Mr Sercombe*—Indeed. The Chief Opposition Whip was reminding me that I needed to call upon his office in order to attend to a matter that I had neglected to attend to earlier. That is what I interpreted his gesture to mean. It was nothing at all to do with what the minister at the table has suggested.

The DEPUTY SPEAKER—I hear what the honourable member has to say. I say again that the Chief Opposition Whip would know that such behaviour is improper.

*Mr Price*—Madam Deputy Speaker, on the point of order: it would enhance my reputation greatly if it were found that I was at last able to intimidate the member for Maribyrnong. He always has his own views and stance on these things. One part of me would be secretly pleased if that reputation were to be promulgated, but I have to claim all innocence in my ability or inability to intimidate the member for Maribyrnong. I am not sure that any member of this place is capable of intimidating the member for Maribyrnong.

The DEPUTY SPEAKER—I hear what the Chief Opposition Whip has to say. I will consider all points of view and have a look at the tape. In the meantime, I call the member for Herbert to continue his address.

*Mr Lindsay*—I would like to add that an examination of the tape will show that what the Chief Opposition Whip did was to distract me from my speech. I could not understand why he was signalling for the member for Maribyrnong to leave the chamber to prevent the government from having a quorum. I wonder if you could have a look into the matter, Madam Deputy Speaker, and investigate whether that behaviour did occur and whether it is appropriate.

The DEPUTY SPEAKER—I hear what the minister has to say. Of course, the Chief Opposition Whip would know that that is unacceptable behaviour.

*Mr Sercombe*—Madam Deputy Speaker, to assist you, what the minister at the table suggested is not correct. In fact, what the Chief Opposition Whip was doing was reminding me of—
lism. I will give you more examples. They have opposed the great health reforms—the private health insurance support—and the building industry reforms. And now, of course, they are opposing the sale of Telstra. I am absolutely 110 per cent convinced that the sale of Telstra is in the interests of my constituents and the people of Australia. I will strongly support the suite of bills to enable the government, at the right time, to divest itself of a telecommunications company and do what governments should be doing—running the business of the nation rather than running a telephone company.

Mr GAVAN O’CONNOR (Corio) (6.29 pm)—I am sure that honourable members on this side of the House will in this debate on the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005 and cognate bills bring to the attention of the Australian people exactly what the government is up to in this legislation that we are considering tonight. These telecommunications bills now before the House set the framework for the Howard government’s full privatisation of Telstra. In the light of the scandal that has now erupted around the government and Telstra, these bills ought to be pulled out of the House and the parliament now. The Howard government’s breathtaking incompetence in this policy area has already cost this nation billions of dollars. So the mums and dads in my electorate of Corio and across this nation ought not have to bear further financial loss as a result of the Prime Minister’s incompetence.

There are some salient facts that need to be understood about Telstra in 2005. Every man, woman and child in Australia today, by virtue of the Australian government’s majority stake in its ownership, is a shareholder in the company, along with over 1.65 million Australians who bought into the T1 and T2 sales. That public shareholding entitles them to receive in perpetuity—forever—a financial dividend paid into general revenue to finance such things as education, health, defence and social services. They are entitled to receive that benefit for themselves, for their children and for their children’s children for generations to come, so long as the federal government holds the majority shareholding on their behalf.

Overwhelmingly the Australian public are opposed to the sale of this great national asset. They do not want it sold; they want it fixed. They know that the end result of Telstra’s full privatisation at this time will see an increase in prices and a reduction in services. In regional areas, where services are already not up to scratch, they know that a fully privatised Telstra will abandon communities where it cannot make a profit. A recent report on the state of Telstra by the newly appointed CEO, Sol Trujillo, delivered to the Howard government in August 2005, is a sobering assessment of the state of Telstra. That report admits that there has been a chronic underinvestment in Telstra’s network—and we now know the reason for that. Under this government, the Telstra board has been fattening up the company for full privatisation by bleeding it of much needed investment in its network and propping up its profit line to inflate the share price prior to sale. The burden of this policy has been
borne by the 1.65 million mum and dad shareholders who now see their investment fading away before their eyes.

The Australian public have had to put up with myriad problems, including reduced services, inadequate maintenance, high rental prices, slow broadband access and poor mobile phone coverage. Far be it from the Prime Minister to label the actions of the three amigos disgraceful, for if ever there was a case where people in glass houses ought not to throw stones this is it. In my electorate of Corio, many of my constituents are not able to access an appropriate and comparable level of service to many consumers in Melbourne. They pay through the neck for their line rentals, their mobile phones often drop out at certain spots on the Princes Highway to Melbourne and either many individuals and businesses cannot access broadband or, if they can, the service leaves a lot to be desired.

Geelong is a major industrial and provincial city in the Commonwealth. Our region must have continual access to the latest communications technology and access to high-quality broadband services if our businesses are to remain in any way competitive in the future. The key to Geelong’s future economic success will not be in introducing punitive industrial relations changes that put my workers in a race to the bottom in a wages sense. Our future is inextricably linked to the provision of quality transport, communications and social infrastructure, as well as to the investment by the business sector and the community in the skills formation of our community. The views of my constituents are echoed throughout rural and regional Australia on this matter. As shadow minister for agriculture and fisheries, I travel a lot in rural Australia as a result of my portfolio responsibilities. That travel leads me to several conclusions: farmers and their families do not want Telstra privatised, rural businesses do not want it privatised, local governments do not want it privatised and rural communities, both large and small, do not want it privatised. Labor’s record on this is consistent and clear. We oppose the sale of the remaining 51.8 per cent of Telstra. The only people in favour of selling it now are the Liberal and National parties.

What have farmer organisations had to say about this particular matter? The New South Wales Farmers Association in their telecommunications policy paper published in August 2005 came to these conclusions:

- Whatever the formal provisions of regulations to protect services in regional areas, the following realities are extremely concerning:
  - 29% of farmers surveyed in New South Wales have an unreliable landline telephone service;
  - 63% of farmers surveyed in New South Wales have an unreliable mobile telephone service;
  - 60% of farmers surveyed in New South Wales are dissatisfied with their Internet speed;
  - significant price parities exist between the city and non-metropolitan areas; and
  - there has been a consistent decline in rural telephone repair performance.

That is an extraordinary statement of what is wrong with the telecommunications network out in rural Australia, yet the National Party has rolled over under government pressure and, along with the government, seeks to privatised this great Australian asset. This particular report identified many risks associated from a Telstra 3 sale. It had this to say:

- The privatised Telstra will likely find unviable to service regional customers and service levels will decline and/or charge levels will go up to recoup regional service costs—

so there it is: rising costs and a diminution in service are likely for rural consumers—
A sum of funds from the sale proceeds may be set aside for equivalence but it is likely to be insufficient to achieve it in the short or longer term; the sum of funds available from the sale is expected to be subject to conflicting policy demands e.g. for budgetary purposes as well as for regional telecommunications requirements;

• Regulations may be mandated for equivalence but may be insufficient to achieve it ...;

• The full privatisation removes an incentive from Government to provide for future equivalence requirements and hence less and less policy attention will be paid to the principle;

It goes on to say:

• Once Telstra is sold, there is no guarantee that telecommunications services will be maintained or improved, and no guarantee that telecommunications bills will not be disproportionate to more competitive areas ...;

The report continues:

• There may be a significant impact on business costs in the bush, adding unnecessary and inequitable cost burdens to the business of farming;

• Farm businesses may not be able to afford the cost of using new and emerging technologies ...;

• These risks combined could result in Australia’s economy suffering from reduced farm activity and exports.

The New South Wales Farmers Association is not what you would call a radical organisation, but it is competent and professional and has produced an analysis that ought to send a shiver down the spine of any farmer or any community that reads it. In conclusion, the report had this to say:

On balance the risks would appear to outweigh the opportunities, and hence the Association has serious concerns about the implications of the further privatisation of Telstra.

In the final statement, the association said it:

... opposes any future privatisation of Telstra until guarantees can be given that quality, affordable and equitable telecommunications can be delivered to all telecommunications customers both now and in the future.

And so we go through farming organisations throughout Australia. The Victorian Farmers Federation said:

... we remain very concerned that the Government has no clear strategy in place to actually deliver enhanced telecommunications services to the bush.

That is hardly a vote of confidence in the government’s policy. The Tasmanian farmers had this to say:

In a survey we undertook earlier this year, inadequate mobile phone coverage and internet access were identified as issues high up on our members’ agenda. Until we see the Government’s plans to address these deficiencies in mobile phone coverage and equitable access to broadband, TFGA will not be supporting the sale.

In Western Australia they had this to say:

The Federal Government owes regional communities more than an “Out of Service” signal from the sale of Telstra ... “There remains substantial work to be done in properly servicing rural areas and WA

Farmers opposes any further sale of Telstra until all Australians have access to a reliable, affordable and high quality communication products and services,” ...

That is the view of the Western Australian farmers. The South Australian farmers echoed similar positions to the ones that I have just stated and, of course, that has been echoed by the National Farmers Federation in the many statements they have made.

In concluding in this debate, I am bitterly disappointed, as are many rural and regional consumers, particularly farmers, by the fact that the National Party has caved in to the big end of town, to the Liberal Party, on this particular matter. We know that the spivs in the merchant banks will be dragging about
$850 million out of this in their fees and charges and, of course, we know that the fund that is being set aside by the government in its commitment on the full privatisation of Telstra puts in about $100 million a year—an inadequate amount to maintain and improve services in the bush.

In the debate today on the censure motion against the government, my colleague the member for Melbourne used the relatively old western film *Three Amigos* to demonstrate the scandal that is now engulfing the government on Telstra. I would like to extend that analogy in this debate. We all know that the Prime Minister fancies himself as a deputy sheriff. In an extraordinary fit of pique, the Prime Minister has labelled a bout of honesty by Sol Trujillo and the three amigos about the true state of Telstra as ‘disgraceful’. I think it is disgraceful that the Prime Minister wants to engage in some political hangings—if I can use that old western analogy—because the three amigos tell the truth about the state of Telstra. That is an extraordinary moral position: when you actually tell the truth, the Prime Minister goes out in his quest for a political hanging and calls your honesty disgraceful. I think that is a rather disgraceful position by the Prime Minister.

Recently I happened to be at an AgForce annual general meeting in Kingaroy in Queensland with the then Senator elect Barnaby Joyce. When I heard Barnaby Joyce speaking on what he was going to do about this matter when he got to Canberra, I thought, ‘There’s going to be a gunfight at the OK Corral.’ But I know what that was. That was him saying to the deputy sheriff, ‘Okay, okay; I’ll cave in and you can privatise the whole damn lot.’ That is what Senator Joyce did when he came to Canberra, despite what he said and despite the commitments that he gave to Queensland farmers at that meeting. They are not calling him ‘Barnaby Rubble’ or any of those nicknames out in the bush now; farmers are calling him ‘Barnaby the Betrayer’ because, once again, Senator Joyce has said one thing in rural and regional Australia about the privatisation of Telstra and done something else when he has come here.

His statements about what he was going to do about Telstra when he got to Canberra remind me of that old Bob Marley song, *I Shot the Sheriff*. The honourable member for Maribyrnong is a bit of a muso too, and he would know the words to this song, as many in this House would:

I shot the sheriff, but I did not shoot the deputy.

We know he did not shoot the sheriff or the deputy. He said in rural Queensland that he would oppose this sale under conditions that the National Party and Senator Joyce now know cannot be fulfilled. There are some other words to the song:

All around in my home town

They’re trying to track me down.

They say they want to bring me in guilty ...

Guilty of betraying rural communities—Senator Joyce has betrayed rural communities; guilty of betraying Australian farmers and their families; guilty of betraying rural businesses; guilty of betraying good, honest members of the National Party in rural Queensland who put their faith in Senator Joyce to stop the full privatisation of Telstra. The legislative package we are debating today will not, at the end of the day, deliver equality or parity of service to farmers and people in rural and regional communities. That is for sure. *(Time expired)*

**Mr HAASE** (Kalgoorlie) (6.50 pm)—It gives me a great deal of pleasure to rise this evening to speak to this package of telecommunications legislation. I am particularly keen to rise on this occasion because I find myself following the member for Corio. I
note that he has swiftly left the House. I dare say that is because he is very conscious of perpetrating these great untruths that have been put about by members of the Labor Party ever since this further privatisation of government ownership in Telstra was mooted. I know that they have had to beat this up into such a crisis situation in their minds, and hence in the minds of the media and in the minds of innocent Australians, because when the facts are analysed they do not have much to seriously be disturbed about, especially given their previous record. For the sake of this record, I will describe some of them.

For the 13 years that the Australian Labor Party held government in this place, the bush was ignored. In the last 30 years there has not been such a period of dismal performance by the major telco in Australia for the people of truly remote areas. I do not need to remind you, Mr Deputy Speaker Causley, that I represent truly remote Australians, being responsible for something like 91 per cent of Western Australia.

The member for Corio spoke of the losing out of dividend from the investment in 100 per cent ownership of Telstra. Can I remind the members opposite that we were left a dividend when they departed control of this House, and that was $90 billion worth of debt. The dividends that are spoken of in glowing terms as being able to pay for increased services for all Australians in fact go towards paying off the crippling interest on those billions of dollars of Labor legacy for the people of Australia. The member for Corio spoke of the automatic abandonment of towns in rural Australia. There is absolutely no evidence of there being any abandonment. In fact, there is ample evidence that, under the continual good governance of the Howard government, services will improve.

Let me remind the House that when Telstra was 100 cent government owned services in the bush were abysmal. They remained abysmal so long as the Labor Party was in charge. The member for Corio spoke also of mobile phones dropping out. During the latter stage of those 13 years of Labor government, the Labor government decided to cancel the digital network. (Quorum formed) As I was saying, it is a little rich for the Labor Party, especially the member for Corio, to carp about what damage is going to be created with a further sale of Telstra shares by this government. He referred to the dropping out of mobile phones in regional Australia. Let me remind the House that the Labor government was going to completely remove mobile telephone services from rural areas with the destruction of the digital service. It was only when the Howard government introduced the CDMA service in an emergency move to provide rural hand-held communications that the day was saved. I might add that now, regardless of where you are in Australia, you can use a very fine satellite phone service that will put you in touch with the rest of the world—another very positive move by this government.

The rural area that I represent in Western Australia is one of the most remote areas of Australia. It is therefore no surprise that I have been contacted by a number of constituents who have been concerned by the rumours and lies that have been floating around in relation to the further sale of government shareholding in Telstra. They have heard that Labor would not privatise Telstra and that if this sale goes ahead they will either lose all their telecommunications services or see prices of services skyrocket. I have of course set them straight on these points by reminding them that, as finance minister, the Leader of the Opposition looked very seriously at the sale of Telstra, considering selling it in the same way as
Qantas and the Commonwealth Bank. Unlike the opposition, this government is not looking to make a quick buck from this sale but to act in the best interests of this country. I have assured my constituents that cheaper prices and better services were at the forefront of our government’s position and were of primary concern when looking at the privatisation of Telstra.

It is simply inappropriate that the regulator of telcos in this nation also be the owner of the largest telco in this nation. I remind the House that, when it comes to the bleating by the ALP that in some way the actions of the Howard-led government are talking down the value of Telstra today, those shares would be worth a lot more if the opposition simply agreed to this forward-thinking government’s proposition of privatising Telstra. It is inappropriate to have Dracula in charge of the blood bank, if you like. If the ALP had done the right thing, had been forward thinking, had agreed with the government that, for the betterment of communications for all Australians, Telstra should be sold, there would not have been this mayhem, this absolute hysteria in the media about something that is in fact good governance for the future. The value of Telstra shares has been talked down to the tune of $9 billion since 1 July and that is an absolute insult to good communications in this country, because we need and will continue to have high-quality telecommunications in rural Australia if this organisation is sold and government ownership steps away. We need to have future proofing and the sale of Telstra will provide that future.

We have some $3 billion to be invested in the provision of future services in those areas that are not deemed to be a commercial guarantee for telcos operating in the bush. The truth is that, with the monkey of government off Telstra’s back, they will be able to compete with some other hundred carriers of communications in Australia. The government does not control Telstra’s operation. Selling it will allow the government to get on with regulating the industry in the interests of all Australians. The package will prove a better commitment by government to the people in rural and regional areas.

There are two main elements to the funding included in the bill: the supplementary funding for the Higher Bandwidth Incentive Scheme, the HiBIS, and funding of two elements of the Connect Australia package. Funding for HiBIS will be increased by a total of $67 million through a direct increase of $50 million and a bringing forward of $17 million previously approved for 2006-07. The bill requests a total of $148.4 million to be spent on Connect Australia for 2005-06. Connect Australia will consist of two elements: Broadband Connect, starting on 1 January 2006 and based on HiBIS, and Mobile Connect, commencing later this year and based on the Satellite Handset Subsidy Scheme. The bill also proposes $3.5 million in departmental output funding for the Department of Communications, Information Technology and the Arts for costs associated with the additional program activity.

Connect Australia will roll out affordable broadband to people living in regional, rural and remote areas, extend mobile phone coverage, build new regional communications networks and set up vital telecommunications services for remote Indigenous communities. The government’s future-proofing arrangements include: $878 million for Broadband Connect, to provide all Australians with affordable broadband services; $113 million for Clever Networks, to roll out new broadband networks for innovative applications to improve the delivery of health, education and other essential services; $30 million for Mobile Connect, to extend terrestrial mobile coverage to areas where they can be commercially maintained and to continue
satellite handset subsidies for other areas; $90 million for Backing Indigenous Ability, to deliver a comprehensive package of addressing phones, internet and videoconferencing in remote Indigenous communities and improved Indigenous radio and television; and legislated regular reviews, with the first review to occur three years after any sale of Telstra or sooner if the minister directs.

A $2 billion dedicated Communications Fund will be established and will be administered by an independent board. The $2 billion of capital in the fund will be invested to deliver an income stream to fund government responses to the recommendations made by legislated regular reviews of regional, rural and remote telecommunications services. The bill ensures government—a government of any colour—cannot siphon off the income earned by the fund by making clear that the income earned returns to the fund. It gives effect to the recommendations of the Estens inquiry in relation to regular reviews of regional telecommunications to be conducted by the Regional Telecommunications Independent Review Committee. An essential requirement of the reviews is that the committee consider the question of whether people in rural, regional or remote Australia have equitable access to the telecommunications services that are available to a significant proportion of consumers living in metropolitan Australia.

The bill will also enable the introduction of a scheme to reimburse industry bodies, such as the Australian Communications Industry Forum, for their costs in developing consumer related industry codes. This will be achieved by increasing the maximum amount of charges that may be imposed on licensed telecommunications carriers. This bill will result in more equitable funding of consumer related codes, and it will increase funding certainty for industry bodies.

The bill will also enable increased consumer participation in, and more timely development of, industry codes that benefit residential and small business consumers. Currently, industry bodies or associations rely almost entirely on voluntary membership fees for funding. The introduction of a scheme to reimburse industry bodies is not expected to have a financial impact on Commonwealth revenue or expenditure.

This package of bills demonstrates the government’s commitment to the people of rural and regional Australia and the fulfilment of a promise that they would not be abandoned. In rising to speak to this package of bills this evening, I am very pleased to assure the constituents of the electorate of Kalgoorlie that they certainly will not be abandoned by this government. The further privatisation of Telstra will be a very positive move that will allow an improvement in services in regional and remote Australia and a reduction in costs. I commend this package of bills to the House.

Mr BRENDAN O’CONNOR (Gorton) (7.09 pm)—I do not support the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005. This bill will not in the end improve telecommunications in this country. The member for Kalgoorlie has just indicated his support for this proposed piece of legislation. I think it is an indictment on government members that they are willing to stand up in here and advocate support for this bill when it will not deliver services to their own communities. It is an extraordinary thing to see in a chamber such as this a member who willingly puts a position contrary to the interests of his or her own electorate. Government members have done that so far.

The member for Kalgoorlie has the largest electorate in Australia and, as a result of that, would have significant difficulties. Everyone
would acknowledge the difficulty in representing such a large area of Australia. A member representing that area would tend to support the area—it is an extraordinarily important part of this nation—but to listen to the member for Kalgoorlie this evening suggesting that the sale of Telstra will assist the voters, the families, in his electorate shows how entirely wrong the member is. But, worse than that, it shows how willing members of the government are in disregarding the concerns held in their electorates.

There are concerns about the sale of Telstra in all electorates. However, some electorates will be more adversely affected than others. There has been a misconception that the sale of Telstra will affect only remote and rural parts of Australia. That is not the case. Unlike the member for Kalgoorlie, I have a suburban seat in western Melbourne. Yet, I have concerns about telecommunications problems in my own electorate because of the failure of broadbanding and, in some cases, even proper mobile phone usage. These concerns exist not only in suburban Melbourne, no more than 15 kilometres from the CBD, but also in rural and regional Australia.

It is disappointing, therefore, to listen to members opposite who are willing to sacrifice the interests of their own constituents, to sell out the communities that rely upon a decent telecommunications system in this country. It is disappointing to watch one government member after another advocate a view that will hurt their own communities. I will give the member for Kalgoorlie this: at least he entered this place and commented upon the legislation. He has put a view—although I disagree with it fundamentally—as to why he believes that Telstra should be privatised and sold and government control over the way telecommunications operate in this country removed. At least he has had the decency to stand up in this place—

Mr Haase interjecting—

Mr BRENDAN O’CONNOR—

Although now he wants to go again—20 minutes is obviously not enough for the member for Kalgoorlie. He has at least had the decency to front up here. I want those government members who are going to vote for this bill and ensure that Telstra will be sold, who have sold out their communities, to come into this place and account for their actions. That is important; it is incumbent upon them. They have a moral obligation, not just a legal one, to explain to their communities via this chamber why they are willing to take 30 pieces of silver, why they are willing to sell out their principles because of the influence that the Prime Minister and some other members within the government have. Alas, I do not expect to see a majority of government members speak on this bill. Hopefully, the list will grow. However, I do not think we will hear in this place the reasons why government members have chosen to sell out their communities.

There is a range of reasons why Labor opposes the sale of Telstra. We have heard a number of speakers in this place already indicate the way in which the Prime Minister is willing to run one argument when it suits him and to reverse the argument if that suits him at a later date. He has done so with this matter by indicating in 1996 that he would not advocate the full sale of Telstra. During interviews and parliamentary debates that were televised, the Prime Minister indicated that there was nothing wrong with proposing a partial sale of Telstra. Further to that, the Prime Minister in 1996 was happy to advocate the view that you could partially sell the public institution Telstra and still have majority public ownership, that there was nothing wrong, operationally or otherwise, with that option.
In question time today the Prime Minister argued against his own position—the one he held when he told the voters, the Australian community, that there was no reason why he could not sell a minority share of Telstra. He has changed that position. Firstly, he has given no reasons in this place or to the Australian public as to what circumstances have changed to alter the view that he held nine years ago. We know the reality is that when the Prime Minister, the member for Bennelong, uttered those words on television, he was indeed thinking about how he could sell off the lot. The only conclusion we can reach is that the Prime Minister may have said one thing but he was thinking another—that is, how we can flog off this very important public institution.

Labor consider this bill to be wrong. We think that the way in which it has been introduced is wrong. As the member for Melbourne said, there has been no real capacity for proper scrutiny of the legislation being proposed, and we have genuine reason to fear the sale. I think it is really important for members to listen to their communities and come into this place, and indeed into other forums such as party committees and parliamentary committees, and express the concerns that the Australian public have about particular matters. With respect to Telstra, there are genuine fears outside of this place that the sale will hurt the telecommunications industry of this nation.

Let us look at the figures and at the things that have occurred since the partial sale. Firstly, we could say that prices have increased quite dramatically. I am not suggesting that would be entirely as a result of the partial sale, but it seems clear that some of the price increases have been as a result of the partial sale. Line rentals have increased from $11.65 to as high as $30 today, hurting those who are least able to afford it. The average prices paid by residential and small business customers have increased by 1.4 per cent and 3.1 per cent respectively. On the other hand, the average price paid by large business consumers fell by 5.6 per cent. Australia’s telecommunications prices are the fifth highest amongst developed countries.

The other concern that has been expressed in my own electorate, and I am sure in all electorates across the nation, is that services have been slashed. What member in this place would not have heard a concern about the lack of services in telecommunications? There are myriad problems that exist across the country and every member here, provided they actually listen to their constituents, would know there are myriad problems. Complaints have skyrocketed since the partial sale of Telstra, with 26,794 complaints being made to the Telecommunications Industry Ombudsman about Telstra in the last year alone. The ACCC has commented that it receives more complaints about the telecommunications sector than any other industry, even the banks, which is indeed saying something. So there are grave concerns across the country that there are serious service deficiencies as a result of Telstra not fixing those problems, and they are getting worse, not better.

We have the Prime Minister suggesting that we will see improvements to these deficiencies, that the problems will be fixed, the problems in the bush will be fixed and all things will be right. But that is not the evidence put forward by the ACCC or by the Telecommunications Industry Ombudsman. The National Farmers Federation have added their voice to the list of bodies that have concerns with the notion that services are somehow adequate. The National Farmers Federation recently published survey results that show that the Telstra line repair performance has been plummeting for the last five years. The National Farmers Federation, the farmers union if you like, represent decent hard-
working people on farms and in remote areas and are concerned about ensuring that their members are able to effectively run their businesses. One thing that is required in remote and regional Australia to run a business, be it a farm or any other type of business, is a decent communications system. The National Farmers Federation have not sold out. It seems at least that the National Farmers Federation have not sold out their members in the way in which The Nationals have decided to do.

I am very disappointed with The Nationals, Mr Deputy Speaker Causley. You may well be, too—I am not sure. I am very disappointed that The Nationals have chosen to turn their backs on their natural constituents. I accept that in a coalition government it is not easy to get your own way, but I would have thought that, if there was to be one thing this term that The Nationals would stand up for, it would be the country people—the people who live in the remote areas, regional cities and towns, not the capital cities. I thought The Nationals would stand up for them, in ensuring that the telecommunications carrier would not be sold. We know, as night follows day, that as soon as the sale occurs there will be shareholder pressure and pressure at the director level and the executive level of that company to remove any subsidies for remote and regional areas. What you will find as a result of the sale is that we are on the slippery slope towards bad telecommunications services for the bush.

I know ‘The Nationals’ is the party’s new name. Maybe the name should have reverted to the Country Party, because when the Country Party of Australia was in this place it represented the bush in a fair dinkum fashion. It represented the interests of people from country Victoria, country New South Wales and the regional areas of every other state, and you could hear their voice. I did not agree with everything that was uttered, but when I heard a Country Party member speak in this place I knew that he or she was interested in advancing the cause of country people.

Unfortunately, there has been more than just a cosmetic change along with the name change; there has been a change of spirit. There has been a fundamental shift in The Nationals to the point where they are now willing to abrogate their responsibilities. They are willing to accede to the deregulators and the extreme economic rationalists, who think that the market can run everything without any proper regulation or accountability. I think what we are seeing today is The Nationals on their last legs. Speaking metaphorically, it appears that they are now willing to put the last nail in their own coffin.

I understand the member for Mallee is here—another member of the House who is willing to come into this place and advance his views. I will not agree with them, but at least he has had the decency and the courage to put his position on these matters. I wonder where all the other Nationals are. Where are they in this debate, to explain to their own communities why they are willing to sell them out? Not only are they willing to sell them out for 30 pieces of silver; as a result of the Telstra corporation’s secret report, which has recently been the subject of much debate, we have found that The Nationals were sold a pup. This report indicates significant deficiencies in the telecommunications industry, particularly in Telstra.

We would like to know from the Prime Minister how much he knew about the way in which the reserves have been plundered and how much he was involved in running down Telstra when the mums and dads in this country, many of whom had bought shares in the company, did not know what was going on. There are shareholders of this company in every electorate of this nation.
Why weren’t they told? Instead of attacking the chief executive officer of Telstra, why didn’t the Prime Minister believe it was his duty and moral obligation to explain to the mums and dads who have got shares in this company that things were crook?

There is no point attacking the executive officers of Telstra; the Prime Minister has to look at the way he has behaved. This government has to look at the way in which it has behaved in relation to telecommunications, particularly in relation to Telstra. Because, as the member for Melbourne said earlier, it is a scandal that these things were going on inside this company, that the company dutifully communicated the concerns and that the Prime Minister, instead of saying, ‘We have to let people know about this,’ thought it was right to attack the managers of the company. He should explain his own actions relating to the way in which the company reserves have been plundered by the government.

It is a shame to see so many government members willing to sell out their own constituencies. It is a particular shame to see The Nationals sell out and also be sold a pup in the process. I would have hoped that they would have had more backbone than that, but alas they do not. I think they are going to regret this in all manner of ways. They will no doubt regret it electorally at the next election.

Mr FORREST (Mallee) (7.29 pm)—I have a 20-minute dissertation to respond to the challenge of the member for Gorton. I would ask perhaps for indulgence to move to the next question.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being almost 7.30 pm, I propose the question:

That the House do now adjourn.
Let me tell people tonight a little bit about some of the issues involved in Telstra. Prices have increased dramatically in recent years. The cost of line rentals has risen from $11.65 to as high as $30 today, hurting ordinary people. The average prices paid by residential and small business customers have increased by 1.4 per cent and 3.1 per cent respectively. On the other hand, the average price paid by large business consumers has fallen by 5.6 per cent. So this government, true to form, looks after big business but fails to look after ordinary people and small business.

Services have been slashed. Complaints made to the Telecommunications Industry Ombudsman and Telstra have skyrocketed to 26,700 in the last year alone—a disgraceful position. In fact, the ACCC has commented that it receives more complaints about the telecommunications sector than about any other industry—even more than the banks. What does that tell you about what Telstra has been doing?

I have a couple of key questions. I am completely bewildered by some of the facts regarding Telstra. If the government believes and if the Prime Minister, John Howard, believes that the executives should be talking up Telstra, then what have the last lot of executives done? Has Ziggy Switkowski been talking up Telstra? We now see that he has talked it up so much that the share price has come down from a high of more than $9 and is now hovering around $4. Is this the result of talking it up? I think ordinary people are sick of executives talking up companies, such as with HIH and Enron in the US. People do not want companies talked up; they just want the truth—they want some honesty; they want the real position, not a talked-up position. If the government does not understand that, then it has a real problem. It should look closely at its own thinking on this.

What is happening with Telstra? The full sale of Telstra is an absolute scandal, it is a disgrace and it is a betrayal of ordinary people. These people trusted the government. The government say it has been their policy. Sure, it has been your policy, but no-one believed that you would ever have the power to carry it through. It is by a quirk of democracy that you have this ability to carry it through.

The government relied on people like Senator Barnaby Joyce—the last hope they had. No matter what the government say—that ‘they ain’t ever actually going to do it’—it is just like how the government now say that they do not want to privatise Australia Post. But, if you apply the same logic, the same thinking and the same principles that the Prime Minister stated in the House today, you will see that the government have a privatisation hit list, and the next cab off the rank on this hit list is Aussie Post. If you think that is not right, have a look at what they are doing with Telstra, using the same principle. The government have colluded with Telstra to strip revenue for dividends. They have colluded with Telstra to not invest in infrastructure when they should have done, and the evidence is everywhere. People throughout Queensland and throughout Australia know the services they have been missing out on, because Telstra has not invested under the direction of the government as the major shareholder. It is an absolute disgrace—(Time expired)

Mr Irfan Yousef

Mrs BRONWYN BISHOP (Mackellar) (7.34 pm)—Yesterday, I made a personal explanation as I had been misrepresented in a publication by one Irfan Yousef. I have been made aware today of some remarks that were made by the honourable member for Grayndler in defence of Mr Yousef. I can only conclude that now Mr Yousef and the
honourable member for Grayndler are on a unity ticket. Mr Yousef’s extreme views and untruths are not acceptable to the Liberal Party. However, presumably they are to the Labor Party, who seem to be welcoming him with open arms. Mr Yousef and the group he associated with were known as the Taliban, because of their extremist views, particularly regarding women. His exit from the Liberal Party was indeed applauded. I must say that, with respect to this new unity ticket, perhaps Mr Yousef has found his proper place in society within the extreme Left of the Labor Party.

**Telstra**

Ms KING (Ballarat) (7.35 pm)—I feel compelled, on behalf of country people, to speak out about Telstra in this adjournment debate. Frankly, those who claim to represent country people in the National Party and those members of the Liberal Party who claim to represent country people—like the member for Bass and the member for Braddon—have absolutely sold out their constituency. The performance that we saw both in question time today and in that excruciating press conference with John Howard was an absolute disgrace. Here is the man who is in the highest leadership position in this country, whose No. 1 obligation is to the Australian people, not just to big business but to the Australian people—the ordinary, decent hardworking Australians who were encouraged to buy Telstra shares.

What does the Prime Minister do when he is confronted with Telstra coming to him, as the major shareholder, disclosing information that will have a significant impact on the share price of Telstra? Does he protect those ordinary men and women—those ordinary mum and dad investors? Does he put their interests above his own? Does he disclose the information? Does he even encourage Telstra to do the right thing: do what they are legally obliged to do and disclose the information? No, he does not. He remains mute. And all of those Liberal and National Party members who have backed him on this issue are complicit in this deceit. You have sold out country areas and you deserve to be kicked out of office by them at the next election. You should be absolutely ashamed of yourselves.

John Howard has been caught out putting his own political interests above the interests of mum and dad investors and Australian taxpayers. Why is it that the top end of town found out about Telstra’s true condition, but smaller, ordinary investors were denied this information? These people—these ordinary Australian families—have every right to ask why it is that this Prime Minister has shut them out. What the secret Telstra document revealed is that this government has been stripping the guts out of Telstra, and now it is trying to flog it off in what is fast becoming a fire sale.

I must admit that I did not need a leaked document to know that Telstra services are not up to scratch; you only have to listen to the people you represent to know that those services are woefully inadequate. The list of complaints is long: line faults, towns in my electorate without phone services for days, mobile phone coverage completely non-existent in many areas and ADSL coverage totally inadequate—and the hurdles that smaller towns have to go through to get it make it unattainable in many cases. The government has been ripping the special dividend out of Telstra, knowing that it is running down its reserves, knowing that it was not investing in its network and knowing it was downgrading its services.

A week is a pretty long time in politics and, in less than 24 hours, what have we found out? We have found out that the government has been ripping the guts out of Tel-
straw. We have found out that Telstra services are, according to Telstra, nowhere near up to scratch. We have found out that Telstra have been forced to pay dividends from their reserves, a position they themselves describe as unsustainable. We have found out that the Prime Minister knew all of this. We have found out this Prime Minister refused to instruct Telstra to pass this information on to mum and dad investors. He says he could not—what absolute rubbish! There was absolutely nothing preventing him from passing this information on, and in fact he was morally obligated to do so.

The buck stops with this Prime Minister, not with the Telstra executives who have been in the job a scant eight weeks. The worst they have done is go out there and actually tell the truth—the truth about the state of the network and Telstra’s financial position—and expose the government for ripping off the Australian public. ASIC are now investigating the actions of the company. How about we investigate the actions of this Prime Minister in this matter? The Prime Minister can squirm and wriggle all he likes on this issue, trying to claim that he had no legal obligation to actually disclose this information. He can claim that all he likes. He had a moral obligation to disclose this information to protect the ordinary mum and dad shareholders in Telstra and to protect the ordinary Australian taxpayers—a moral obligation to tell the truth about Telstra. He has absolutely failed in that obligation.

Mandurah Bypass

Mr RANDALL (Canning) (7.40 pm)—The issue of the Mandurah Bypass on the Perth to Bunbury highway in my electorate has exposed the cant hypocrisy of the West Australian transport minister, Alannah MacTiernan, and her Labor colleagues. Moreover, the Labor minister’s gamesmanship has been exposed as a ploy which reveals that her agenda for not signing the AusLink bilateral agreement with the Commonwealth is a deliberate strategy not to build this vital transport infrastructure in preference to her gold-plated railway from Perth to Mandurah. I call it a gold-plated railway because, at $1.53 billion and rising for this 70-kilometre stretch of rail when compared to the $1.3 billion rail construction from Alice Springs to Darwin, it just shows how her obsession is costing the taxpayers of Western Australia an obscene amount of money. Minister MacTiernan does not want to build this vital road link until 2012 because her real agenda is to force the people of the region onto her gold-plated train. If, as she says, the Mandurah rail line will be completed by 2006-07 and the road link by 2011-12, that five-year hiatus is designed to condition travellers to use her unviable and uneconomic train in that period. Her real agenda is now exposed as a sham, and she has been caught out.

Recently in the Western Australian parliament, Ms MacTiernan has resorted to childish name-calling of me and Minister Senator Ian Campbell. I can inform her that I have been called worse things by better people. Name-calling only serves to demonstrate a desperate and pressured minister who is obviously struggling in her portfolio. She has been supported by her lightweight sidekick, the member for Mandurah, David Templeman. In the parliament Mr Templeman has promoted the minister’s line that the Commonwealth government is not contributing its fair share to this project because of its recently announced $110 million cost blow-out. Once again, Templeman and the word ‘truth’ are exposed as opposites. Both he and the minister know that the $170 million already committed and budgeted for by the Commonwealth is just that—budgeted for— unlike the funds of the Western Australian Labor government. He probably cannot quite understand that, in a finite program such as
AusLink, there is no capacity to accommodate ill-disciplined blow-outs when the fault lies with the owner-builder—in this case, the West Australian government.

Unlike Mr Templeman, since I have represented the Canning electorate, and therefore the Peel region, I have had a reputation of delivering for the people in many ways and many projects. Mr Templeman needs to understand that he needs to do the same. His contribution as the member for Mandurah has been appalling. In fact, I do not know of any substantial project that he has been responsible for delivering to his electorate. To be a successful member, he must be seen to be winning for the people he represents. Poncing around in a set of leotards at the local theatre does not make for an effective member.

While I am talking of local Labor representatives, where is the member for Brand, Kim Beazley, whose electorate would benefit from this project? As the leader of the Labor Party in Australia, he is decidedly mute on this issue. Where is Mark McGowan, the member for Rockingham and the minister for the Peel region—or is that just an oxymoron? In the same vein, Fran Logan, the member for Cockburn, and Norm Marlborough, the member for Peel, are absent on this issue—or are they just ducking for cover?

I will make this prediction: Minister MacTiernan will sign the AusLink bilateral agreement with the Commonwealth. Six hundred million dollars is a large pot of money and, as Paul Keating said, ‘Don’t stand between the states and a pot of money, because the pot of money always wins.’ The minister will sign the bilateral agreement after stamping her feet and having another of her hissy fits in an undignified manner. However, this will be after much procrastination and calculated delay. This delay, as we now know, is designed to deliver the bypass later rather than sooner to fit with her ideological agenda to force travellers onto her gold-plated train. Minister MacTiernan, you and your sycophantic colleagues are exposed.

Telstra

Mr BRENDAN O’CONNOR (Gorton) (7.44 pm)—I get an opportunity this evening to again raise my concerns about the behaviour of this government, particularly that of the Prime Minister, in its dealings with Telstra. What we have seen today, as a result of a leaked document from Telstra, is a Prime Minister who is willing to talk to the top end of town but not willing to talk to the mums and dads who may have invested their retirement funds in Telstra. We know that dividends have been stripped out of Telstra. That has now become clear as a result of the report by Telstra. The Prime Minister was aware of this but did not feel it was important for him to communicate that to the Australian people, particularly to the mums and dads who have invested their hard-earned money in Telstra. So we have some major concerns about the Prime Minister’s behaviour.

Earlier in the debate on Telstra I raised some concerns I have with The Nationals and the way in which they decided to disregard the concerns of people in the bush and to sell out those communities that they supposedly represent. I have been gravely disappointed by the failure of The Nationals to properly represent country Australia, but my main concern, my most grievous concern, is the way in which this Prime Minister thinks he can actually play loose with the truth. What has clearly happened here and what we have witnessed in the past 24 hours is a Prime Minister who is willing to say one thing to one group of Australians and another to the majority of Australians. We have seen today Prime Minister John Howard exhibit
all the traits of a snake-oil salesman except the charm. That is what we have seen with this Prime Minister—a person who is willing to actually be very loose with the truth when it comes to ordinary Australians, notwithstanding the myth that he represents the battlers. What we have seen, what we have witnessed, again today is his disregard of and his utter contempt for ordinary Australian people.

I think it is about time the Prime Minister came clean with the Australian people. We want to know what exactly he knew a long time ago when the shares were falling. We want to know how much this government was involved in stripping away the assets of Telstra to not only prop it up but also prop up a company it then wants to flog off to Australians. It wants Australians to buy Telstra, but at the same time it does not want to properly present it as a going concern. There has been no decency on behalf of the government in relation to this matter, and it is about time that the Prime Minister came into this place to properly explain his actions—not take a press conference earlier in the day before question time. Of all the press conferences that I have seen, I have never seen the Prime Minister so cagey and so uncomfortable—and so he should feel uncomfortable, because the Prime Minister’s behaviour has exposed a Prime Minister who is willing to sacrifice the concerns of ordinary Australians and to put at risk the retirement savings of millions of Australians. That is what he has been willing to do, and it has been exposed today, along with the willingness of The Nationals to sacrifice, to sell out, their own communities. We have seen a Prime Minister drunk on power, willing to abuse his position in relation to this matter.

I think it is about time that the Prime Minister accounted for his actions. It is about time that he stood up and told the Australian public the truth about the extent to which he knew what was going on in Telstra—instead of having a go at the CEO or the executive officers of the company. He should come in here and explain, via this chamber, to the Australian community the problems associated with Telstra, the deficiencies in that company, why it has come to that and why he wanted to keep that secret, why he wanted to hide those facts from ordinary Australians. Those people who want a decent retirement have worked hard and have invested large sums of their own money to look after their future, and possibly that of their kids as well, and instead they have been treated with utter contempt by this Prime Minister, a Prime Minister who does not care about the battlers of this country. That has been a misnomer; that has always been an untruth that has been spread. We know that, and it really is about time that the Prime Minister, if he has got any decency at all, came into this place and properly articulated what has really happened with this company. Labor do not support the sale of Telstra. We do not support it because it is not good for Australians and it is not good for the telecommunications industry. We are going to fix the problem. The difference between us and the government is that we are not going to hide the problem; we are going to fix the problem. (Time expired)

National Youth Roundtable

Mr RICHARDSON (Kingston) (7.49 pm)—I rise tonight to bring to the attention of the House the hard work being done by a group of young people participating in the National Youth Roundtable in Canberra this week. I would also like to acknowledge Julie Greig and her colleagues, who are in the gallery this evening, for the hard work that they do. Yesterday I took leave from the House for an hour and went to visit a young lady from my electorate by the name of Lauren Jew, who is participating in the roundtable. I have worked quite closely with Lauren since my election to federal parliament, and this is
her second year participating in the roundtable. When I arrived at the roundtable, I was exceptionally impressed by the calibre of the young people who had travelled from all over the country to participate in meaningful debate on the issues affecting young people and to put projects in place to start to address those issues.

While at the roundtable, I met a young man by the name of Dwayne Murrungan. He is a young Aboriginal lad who had caught four planes and travelled all the way from the northern region of the Northern Territory to participate in the roundtable. He spoke with me because of my and his association with football and his desire to develop a football team and bring Australian Football League footballers to his community. Upon spending more time with Dwayne, I discovered, however, that he was not just in Canberra because of football or a desire to bring the game to his people. He was here for a much more important and desperate reason: to try to save young Aboriginals in his community from the horror and devastation of petrol sniffing, alcoholism and drugs, which are destroying a whole generation of young Aboriginal people specifically in his area and also across Australia.

Dwayne wants so desperately to make a difference to his community, to save the lives of young people and to offer young people a life away from drugs and alcohol. At the suggestion of his teacher, he joined the roundtable and came all this way to bring the plight of his community to the attention of his peers at the roundtable and to the attention of the federal government. Dwayne wants to make a real difference on the ground by introducing a football program which will give young people in his area an alternative option to occupy their time. I was so moved and inspired by Dwayne that I have no doubt that he will have an impact on his community and his peers. He is without doubt an exceptional young man.

Dwayne is but one example of the fine young people I met yesterday who are giving their time to working on the roundtable to bring to the attention of the federal government the issues which are important to young people and to participate in projects which will achieve genuine change. The issues focused on at the roundtable will range from multiculturalism to mental health, with each small group working together to provide a voice to government on behalf of their peers and to work on projects which will directly address their particular issue. After speaking with Dwayne and the other young men and women of the roundtable yesterday, I came back into the House and immediately told the member for Solomon, Dave Tollner, how impressed I was with this young man from his electorate. Dave assured me that Dwayne would have his personal assistance in achieving his goals and assisting his community, just as I had assured Dwayne that he would have mine. As a result of the member for Solomon’s reaction, I was impressed by the impact that these young people are having not just on the issues they are working to help resolve but also on our perceptions of young people. They are an inspiration by their presence here and their willingness to stand up and achieve something on behalf of their peers.

The participants in the roundtable this year are Gemmie Allison, Orgnjen Simic, Brad Chapman, Jonathan Rofe, Matthew Crossley, Danika Eades, Sarah Goodwin, Susan Harch, Simon Moss, Lauren Jew, Serena Kent, Anna Kroehn, Matthew Lawton, Naomi Lim, James Orchiston, Kate Wheldrake, Sarsha Woolnough, Ryan Barrett, Danielle Begg, Jamie Byron, Eve Campbell, Nosrat Hosseini, Alistair Coe, Aidan Devitt, Dane Garrood, Tania Huynh, Sarah Joy, Violeta Mattjevic, Dwayne Mur-
rungun and Nichole Sullivan. Each of these young people is to be commended for their dedication. *(Time expired)*

**Telstra**

Mr PRICE (Chifley) (7.54 pm)—I too want to make a contribution tonight on the unfolding scandal of the government’s knowledge—in particular, the Prime Minis-

ter’s knowledge—of the true state of Telstra. There is no doubt that many members on both sides of the House are concerned. In response to all the problems that Telstra has had, the government has commissioned re-

port after report on the state of the network, report after report on fault fixing, and each time we are told: ‘Telstra is okay. The faults are being fixed. Don’t worry.’ Finally in the joint party room this week, the Prime Minis-

ter triumphantly got the agreement of every-

one from the Minister for V eterans’ Affairs down to the lowly backbencher—perhaps the member for Kingston—to fully privatise Tel-

stra.

What is so scandalous and distressing to coalition members is that the new CEO of Telstra has belled the cat. The network is far from being in a wonderful condition. It is quite the reverse—it is a clapped-out net-

work. The reason it is a clapped-out network is that the government has failed to invest in it. Each year, the government gets a corpo-

rate plan and knows exactly what needs to be undertaken, what the level of investment will be and what the level of service is, and the Minister for Finance and Administration has to sign off on it. So they have known all along.

What has the CEO done? He has briefed the government—he has briefed the Prime Minister. I have a copy of the brief here. He has given the lie to all the thousands of words issued by backbenchers on the oppo-

site side. But, worse than the 11 million faults that we have suffered, we have a situa-

tion where the government has agreed to have dividends ripped out of a listed com-

pany on the Stock Exchange and paid to shareholders at the expense of having a mod-

ern network staffed with fully trained em-

ployees, either by replacing some workers or recruiting new workers. That is what the cost has been.

Mr Speaker, in your own state, we have seen property spruikers whom the regulatory authorities have gone after because they have said to people: ‘Go and buy this property. Go and get into a bit of negative gearing. Get into the investment dream.’ What did our Prime Minister say to shareholders about T2? He said: ‘This is good value. Go and buy it.’ And they forked out. He said: ‘You’re doing good things for the country. You’re doing good things for yourself.’ They went and bought it at more than $7 a share. These were ordinary people in your electorate, my elec-

torate, the member for Reid’s electorate and a host of coalition seats. What has happened to those mum and dad investors? The shares are worth $3; there have been losses of nearly 50 per cent. Now that the truth is out, how much more will they lose?

I welcome the investigation into the board of Telstra and its activities, but I say to the regulators, ‘Look at the conduct of the ma-

jority shareholder, who has withheld the truth from the public, including the 1.4 mil-

lion ordinary Australians who have invested in Telstra.’ They are worse off by thousands of dollars each. It is an utter disgrace. There is one man accountable for it, and that is John Howard. The truth is out. Anyone who wants to read it can look at the briefing given to the government and the big shareholders but not to the mum and dad shareholders, the punters out in the bush or the punters in Western Sydney. Where are the members speaking up on behalf of their constituents in Lindsay and Greenway? Where is the ex-

pression of concern for those mum and dad
investors who have lost thousands of dollars?
*(Time expired)*

Question agreed to.

**House adjourned at 8.00 pm**

**NOTICES**

The following notice was given:

**Mr Martin Ferguson** to move:

That this House:

(1) acknowledges the 60th Anniversary of the end of World War II and that since World War II Japan has profoundly transformed itself through its commitment to world peace;

(2) reaffirms that at an international level Japan is a friend of Australia, committed to peace in our region and an active supporter of the United Nations contributing one fifth of the United Nations budget; and

(3) recognises that next year, the official 2006 Australia-Japan Year of Exchange, presents both countries with a wonderful opportunity to reinforce their friendship and partnership on the political, security, economic, social, cultural, environmental and development fronts.
The DEPUTY SPEAKER (Hon. IR Causley) took the chair at 9.30 am

STATEMENTS BY MEMBERS

Pension Bonus Scheme

Ms PLIBERSEK (Sydney) (9.30 am)—There are 209,022 Australians now working past their retirement age, and half of them are in full-time jobs. The number of workers aged 70 and over has climbed almost 30 per cent in the last five years, with almost 70,000 people now working past their 70th birthday. The Treasurer has been urging people to stay in the work force to address the skills shortage, and he introduced the pension bonus scheme to keep older Australians in the work force.

The trouble with this scheme is that, if someone claims any amount of the pension at any time, they become ineligible for the scheme. The scheme offers lump sum bonuses of between $1,100 and over $29,000 for people who stay in the work force. If someone becomes unemployed at the age of 60, they can claim Newstart. However, if someone becomes unemployed at the age of 65, they cannot claim Newstart to tide them over until they find their next job. So a 65-year-old who claims the pension for even six weeks becomes ineligible for this very valuable pension bonus scheme.

I will give you the example of Mr Wormald who lives in my electorate. At 74 years of age, he still works full time as a waiter. He went onto the pension for some time after he retired in his 60s and then he returned to work, and he is now ineligible for the pension bonus scheme. Perhaps even more shocking is the case of Mrs Holland, who wants to work for as long as she is able to. She is now 67 years old, and she has found that she is ineligible to apply for the pension bonus scheme because she received the pension for a period of just six weeks. She arrived in Australia from New Zealand and was unable to find work immediately. She needed some help to tide her over. She applied for Newstart because she wanted to be in the work force—she wanted to go back to work. She was advised that she was too old to go onto Newstart and that she had to apply for the age pension. She went onto the age pension for six weeks. She then found work and left the age pension, and now she finds that she is ineligible for a benefit that could have been worth up to $29,000 to her.

If the Treasurer is serious about getting older Australians to stay in the work force longer, he must address anomalies in this scheme that mean that people who claim the age pension for a period of only a matter of weeks lose their eligibility for the scheme and lose an entitlement that could be worth almost $30,000 to them if they remain in the work force for five years.

Mr Duncan Butler

Mrs HULL (Riverina) (9.33 am)—On Thursday, 18 August, I stood in the House to recite a poem on behalf of a gentleman in my electorate, Mr Fred Wilson. I was not aware of the author of that poem—the poem was called Mates—but I have now become aware that the author was Mr Duncan Butler. Mr Butler’s son has advised me of the origins of the poem. The poem was circulated mainly through family and friends passing it around and has been published in several newspapers and books. The family love to hear the poem read. They are very
proud of their father, and they would like to know that those who read it acknowledge the author. That is what I do here today.

Also, there is a brief history of Mr Butler and an insight into the origins of the poem. Mr Butler enlisted for the Second World War from the Riverina electorate—in fact, from Wagga Wagga—so it was only fitting that I read that poem, even though I was not aware of this fact. The family are very fortunate, and so is Australia, that Duncan Butler was able to record his memories of the war. Duncan Butler was born in Horsham in 1906. His family were farmers. When he was a boy, they moved to Gilgandra in the central west of New South Wales. In 1933, he moved to Melbourne to study at theological college. In June 1940, when he decided to enlist in the army, he was a minister of the Church of Christ in Wagga Wagga. In June 1940, he enlisted in the AIF and joined the 2nd/12th Field Ambulance A Company, Sparrow Force. He trained at camps in Wagga, Cowra, Katherine and Darwin before being sent overseas.

Just before Christmas 1941 he was with an advance party of Sparrow Force, which was sent by flying boat from Darwin to Koepang, the Dutch end of Timor. They set up a hospital camp in the hills of Timor, but on 23 February 1942 he was captured by the Japanese, and so began a tortuous 3½ years as a prisoner of war.

It is fitting that I should recognise Mr Duncan Butler in this House today because as a prisoner of war he suffered much but he penned a famous poem, one that should be read by all Australians and one that should stay in the memory of all Australians. Unfortunately Mr Butler died, at the age of 80, in 1987, but he had written several other poems, some of which have been printed in newspapers. Those poems are a tribute to the memory of the many people who were unfortunate enough to be prisoners of war. I would like to thank Morrie Butler for providing me with a copy of the poem and for providing me with a history of his father documenting the suffering of prisoners of war in those times. With respect to Mr Duncan Butler—(Time expired)

La Perouse Public School

Mr GARRETT (Kingsford Smith) (9.36 am)—I want to place on record my admiration for the terrific efforts that teachers, kids and their extended families at La Perouse Public School put in for my visit to the school on the first day of spring last week. La Perouse Public School is a small public school located only a stone’s throw from the Captain Cook landing site at Botany Bay. It is a school which has a high proportion of Indigenous students. The challenges that students, teachers and families face as a consequence of the history of dispossession and dislocation are still great. There are kids at this school who experience the loss of family members on a more frequent basis than is the norm in our society. Yet they presented two highly creative and very well executed dance performances to me.

Watching students from different backgrounds perform Aboriginal dances from North Queensland showed me reconciliation in action. Subsequently, in discussion with me as their federal member, the students at La Perouse showed a very keen interest in the work of the parliament and political issues generally. I had spoken out previously on the huge risk to the biodiversity and living culture of North Australia as a result of the ravenous spread of cane toads across the landscape. The students at La Perouse had clearly taken an interest in this particular topic, both from my web site and the parliamentary record. They asked many
thoughtful questions about cane toads and made some very useful suggestions as to how they might be stopped.

The teaching staff, students and families made me feel very welcome and I was pleased to see first-hand the enthusiasm and dedication that all involved with La Perouse Public School displayed. In discussion at the school, I discovered that one of the residual matters on the minds of both students and teachers at La Perouse is what prospects there are for a renewed and invigorated effort at advancing reconciliation. Labor remains profoundly committed to the reconciliation task—I assured them of that—in this parliament and in the community. But it is in the classrooms of schools like La Perouse Public School that authentic reconciliation is happening every day. I salute those efforts and offer my encouragement to the school community, who showed me in my visit that, notwithstanding the hurt and suffering their families have experienced, there is hope, and it can be clearly seen at La Perouse Public School.

Palm Island

Mr LINDSAY (Herbert) (9.38 am)—There would not be a member of this Main Committee who would not feel deeply about the plight of Indigenous Australians and the disadvantage they suffer. What we see on Palm Island off Townsville is an absolute indication of the terrible disadvantage of Indigenous communities. Last year there was a riot. The Indigenous community trashed the police station. It was over an Indigenous person who, unfortunately, died in custody. There is an inquiry going on into that at the moment. The community was trying to say to the rest of Australia, ‘We need your help. We can’t go on like this.’ The state government instituted a committee of inquiry to recommend how the government might best respond to the disadvantage. That committee of inquiry reported a week or so ago in terms of ‘back to basics’. I have been going to Palm Island for 10 years. I know it intimately.

Mr Slipper—It is a beautiful island.

Mr LINDSAY—It is a beautiful island. The state government condemns Palm Island to another hundred years of misery. I feel terribly frustrated as the federal member that I cannot get the state government—and the islanders, indeed—to recognise the problems of the island.

The state government report recommended library services for people who cannot read, a career expo each year for a community that has no work and an increase in alcohol availability for a community that already drinks itself stupid. The report overlooks the two most important and significant issues: education—getting the kids to go to school and stay at school and dealing with the truancy rates; and land ownership—integrating Palm Island into the mainstream community so that they can deliver real jobs to islanders. I am very disappointed that the report has come down this way. I plead with the state government in Queensland to relook at this because, unless we as community leaders take some strong action on these sorts of issues, Palm Island will be the same as it is now in 100 years time.

Port Adelaide

Mr SAWFORD (Port Adelaide) (9.41 am)—I rarely, if ever, have a go at an individual in this parliament. However, with the current and obviously desperate Liberal leader in South Australia, Rob Kerin, I am going to make an exception. Last weekend he made a visit to my electorate of Port Adelaide, with the aid of a guide and a street directory, and, according to the Adelaide Advertiser, announced that should he become Premier the contracts for opening bridges over the Port River would be renegotiated.
That is straight-out betrayal, treachery and hypocrisy. Even worse, it is contemptuous of the Port Adelaide community. Mr Kerin must be aware that in three very public campaigns the Port Adelaide community overwhelmingly supported opening bridges. The first was in 1999, when the Liberals themselves, although too short-sighted to build tunnels—which would be the best option—committed to opening bridges. I was there in the Port Adelaide town hall with the then Liberal transport minister, Di Laidlaw, and we jointly announced in a bipartisan way that the Olsen Liberal government would commit to opening bridges.

The second major public campaign culminated in the same town hall with a commitment by the Rann government to build opening bridges. That announcement was made by Kevin Foley in April 2003. The local community, business, unions and residents were overjoyed. However, then nastiness and deviousness entered the fray. Unable to accept that decision, a gang of five or six organisations used every available opportunity to white-ant the courageous and far-sighted decision of the Rann government.

Those groups—Business SA, the South Australian Farmers Federation, the South Australian Freight Council, the South Australian Road Transport Association, the RAA and, indirectly, Flinders Ports—put enormous pressure on both the federal and state governments to ignore the wishes of the community and future options for Port Adelaide, the most pristine historic precinct on mainland Australia. As similar organisations had done in the past under a Liberal government, they treated Port Adelaide with contempt and self-interest.

In 1961 the fixed Jervois Bridge replaced an opening bridge. This destroyed the upper reaches of the Port River, backfilled the Portland Canal and restricted forever a vision to connect the outer harbour through the Port River to the sea at Grange through a world-class housing development at West Lakes—a piece of absolute, crass stupidity. That decision was stupid, costly and contemptuous of both the Port Adelaide community and the South Australian community, and it destroyed options for the future. Now, through the stupidity of Liberal leader Rob Kerin and his state Liberal Party, they want to do it all over again.

That will not happen. After the third public campaign, on 3 April this year the Rann government again committed to opening bridges. At the state election next year the Rann government will be recognised for its commitment, courage and foresight. Kerin’s Liberals, I predict, will do very badly in the north-western suburbs, hopefully costing them seats in the Legislative Council. And, if by some travesty Kerin does fall in, the Port Adelaide community will rally and stop the building of fixed bridges. Mark my words: there will be no more fixed bridges in Port Adelaide.

Boothby Electorate: Adelaide Hills

Dr SOUTHCOTT (Boothby) (9.44 am)—I want to inform the House about an important new step to support residents of the Adelaide Hills who have had to put up with the squealing of train wheels. The issue has been that, as trains, especially long and heavy freight carriers, wind their way through the hills, their wheels often let out a piercing sound. This gradient is one of the steepest in Australia. For members not familiar with the beautiful Adelaide Hills, in my electorate, the rail lines carve a path through residential and built-up areas. It is one thing to have the rumbling of a train passing by; it is another thing altogether to have its wheels screeching on bends in the track. A number of residents in my electorate have complained to me about the noise, particularly from freight trains.
This is something that I took up with the Australian Rail Track Corporation, the private body that now manages the rail lines throughout South Australia. Recently, the ARTC got back in touch with me to tell me that they were doing something about the noise. They have introduced a system on the tracks in the hills to detect and report on undue noises coming from the trains. It is a system called RailSQAD. It will record and analyse individual wheel set noises from all locomotives and wagons travelling through the hills. Starting from next month, detailed reports will be sent to the Environment Protection Agency on a monthly basis. These will outline both the noise emissions at the Heathfield detection site and the individual train operators’ performances. It will then be up to the operators to have the offending wheels and axles adjusted to quell the squealing.

I am confident that this technology will help freight carriers get squeaky wheels off the tracks and provide relief for local residents. Only a couple of weeks ago I met the CEO of the Australian Rail Track Corporation, David Marchant, at Glenalta station in my electorate. We discussed the new technology with the local state MP, the Hon. Iain Evans MP, who has been a long campaigner on this issue. Operators are contributing half of the $500,000 installation cost. The ARTC will fund the remaining half, along with the ongoing running costs. This is a good news story for local residents, but we will not let it rest there. Iain and I will be keeping tabs on this issue. If we find that there continues to be excessive noise coming from freight trains, we will get back onto the ARTC.

We also have the issue of whether freight trains should continue to operate in the Adelaide Hills. Late last year there was a potentially disastrous derailment of a freight train at Glenalta station. For many residents the incident highlighted the need to have these long, heavy trains diverted out through the north of Adelaide instead of winding through the hills. This is an issue that I have taken up with the Minister for Transport and Regional Services. It is clearly a much bigger issue than the simple squealing of wheels and it is one on which I will continue to represent the local interests of my constituents who live in the area.

Franklin Electorate: Ralphs Bay

Mr QUICK (Franklin) (9.47 am)—Today I wish to congratulate the members of my electorate who waged a wonderful campaign to save Ralphs Bay in the electorate of Franklin. I also want to congratulate Walker Corporation for its part in finally recognising the democratic rights of the Lauderdale community. The community spoke loud and clear. They spoke with a united voice and with the backing of science to support their environmental arguments about Ralphs Bay. It could not be clearer that not just Lauderdale residents but many Tasmanians could not see the logic of relocating thousands of tonnes of rocks to fill up a bay on which to build more than 400 houses.

Queensland and New South Wales have already realised the folly of such developments and have banned them. Lauderdale residents and other concerned Tasmanians could see the prospect of Walker Corporation building first in Ralphs Bay and then all around the Tasmanian coastline. These residents spoke up and Walker Corporation finally listened. I can assure you, Mr Deputy Speaker, that Tasmania has plenty of land on which to build houses and plenty of room for marinas in which people can moor their boats.

A division having been called in the House of Representatives—

Sitting suspended from 9.49 am to 10.07 am
Mr Danby—Mr Deputy Speaker, I have to advise you that the opposition is suspending its participation in the Main Committee.

The DEPUTY SPEAKER (Hon. IR Causley)—I thank the honourable member for Melbourne Ports.

Main Committee adjourned at 10.07 am
QUESTIONS IN WRITING

Foreign Honours and Awards
(Question No. 1261)

Mr Melham asked the Prime Minister, in writing, on 11 May 2005:

(1) In respect of the implementation of the Guidelines concerning the Acceptance and Wearing of Foreign Honours and Awards by Australians approved by Her Majesty the Queen of Australia on 5 December 1997, is it the case that a Registrar of Awards appointed by the Governor-General maintains a register of Australian citizens who have been given formal permission to accept particular foreign awards or honours.

(2) Is the register open to public inspection; if not, why not.

(3) In respect of each occasion since 5 December 1997 that the Governor-General has given permission for Australian citizens to accept and wear foreign honours and awards, what was the honour or award and on what date did the Governor-General grant permission for it to be accepted and worn.

(4) Have any applications for approval to accept and wear a foreign honour or award been declined by the Governor-General; if so, (a) what was the honour or award, (b) on what date was the application declined, and (c) what was the reason for the decision.

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

I am advised that:

(1) Records of foreign awards which have been approved by the Governor-General are kept at Government House.

(2) No. The records include personal information that would not be available to the public under the Privacy Act 1988.

(3) The information is unable to be provided as it would require an unreasonable diversion of resources. Since 5 December 1997, the Governor-General has approved several thousand requests relating to the acceptance and wearing of foreign awards by Australian citizens. The awards include United Nations peacekeeping awards for police personnel, awards to Australian Defence Force personnel who have served overseas as well as a range of awards for Australian citizens who have been honoured by foreign governments.

(4) No recommendations made to the Governor-General for approval to accept and wear a foreign honour or award, under the Guidelines in place since 5 December 1997, have been declined.

Health Insurance Commission
(Question No. 1402)

Mr Murphy asked the Minister for Human Services, in writing, on 10 May 2005:

(1) Further to the answer to question No. 537 (Hansard, 10 May 2005, page 173), is the Department of Human Services (DHS) responsible for the development, delivery and coordination of government services, including Commonwealth agencies such as the Health Insurance Commission (HIC).

(2) Prior to December 2004, was the function of the HIC the responsibility of the Commonwealth Health and Ageing Portfolio.

(3) Is the DHS responsible for the development, delivery and coordination of HIC services, including Medicare benefits paid for those medical procedures that cause abortions.

(4) What is the relationship between the DHS’s responsibility for the development, delivery and coordination of the HIC in respect of its policies on benefits paid for medical procedures which cause
Do not hallucinate.

**Abortions**

(5) Does the DHS or the DHA coordinate policies in the field of Public Health Outcome Funding Agreements, particularly in respect of Family Planning Associations that assist with arranging abortions; if not, will he arrange a meeting between the DHS and the DHA with the objective of reducing the number of abortions in Australia and, if he will not arrange a meeting, why not.

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

(1) Responsibility for development of policies in relation to programs delivered by the Health Insurance Commission (HIC) lies with the Department of Health and Ageing. The Department of Human Services is responsible for ensuring that the HIC delivers programs efficiently and effectively and in accordance with legislation and guidance provided by the Department of Health and Ageing.

(2) Prior to October 2004 the Minister for Health and Ageing was responsible for the Health Insurance Commission.

(3) The arrangements outlined in the response to Question (1) above cover the respective departmental responsibilities for payment of all Medicare benefits.

(4) Neither the Department of Human Services nor the Health Insurance Commission are involved in the funding of family planning organisations through the Family Planning Program.

(5) The Department of Human Services is not responsible for policies in respect of, or implementation of, the Public Health Outcome Funding Agreements. Questions about this program should be directed to the Minister for Health and Ageing.

**Detention Centres**

(Question No. 1664)

Mr Georganas asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, in writing, on 2 June 2005:

(1) How many children are living in immigration detention centres in Australia.

(2) How many children are living in community detention facilities in Australia.

(3) In respect of each child in (a) an immigration detention centre and (b) a community detention centre, (i) what age is the child, (ii) what is the child’s country of origin, and (iii) how long has the child been detained.

(4) When will the Government release children from immigration detention centres.

Mr John Cobb—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

(1) As at 3 August 2005, there are no children in immigration detention facilities.

(2) As at 3 August 2005, there were 41 children (comprised of 19 families) in immigration detention in the community under residence determination arrangements. Of these:

- 27 children (13 families) are residing in residence determination arrangements in New South Wales;
- 7 children (2 families) are residing in residence determination arrangements in South Australia;
- 2 children (1 family) are residing in residence determination arrangements in Western Australia; and
- 5 children (3 families) are residing in residence determination arrangements in Victoria.
(3) (i)

<table>
<thead>
<tr>
<th>Age</th>
<th>Children in Residence Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged 5 years old and under</td>
<td>20</td>
</tr>
<tr>
<td>Aged between 6 and 10 years</td>
<td>12</td>
</tr>
<tr>
<td>Aged between 11 and 15 years</td>
<td>8</td>
</tr>
<tr>
<td>Aged between 16 and 18 years</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41</td>
</tr>
</tbody>
</table>

(ii)

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Children in Residence Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC</td>
<td>9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2</td>
</tr>
<tr>
<td>Iran</td>
<td>2</td>
</tr>
<tr>
<td>North Korea</td>
<td>2</td>
</tr>
<tr>
<td>Palestine</td>
<td>2</td>
</tr>
<tr>
<td>Tonga</td>
<td>15</td>
</tr>
<tr>
<td>Taiwan</td>
<td>5</td>
</tr>
<tr>
<td>Russia</td>
<td>2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1</td>
</tr>
<tr>
<td>Fiji</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41</td>
</tr>
</tbody>
</table>

(iii)

<table>
<thead>
<tr>
<th>Length of time in immigration detention</th>
<th>Children in Residence Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 6 months</td>
<td>6</td>
</tr>
<tr>
<td>6-12 months</td>
<td>22</td>
</tr>
<tr>
<td>12-24 months</td>
<td>11</td>
</tr>
<tr>
<td>Greater than 2 years</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
</tr>
</tbody>
</table>

(4) Please refer to part (1) of this question.

**Iraq**

*(Question No. 1889)*

**Mr Danby** asked the Minister for Foreign Affairs, in writing, on 9 August 2005:

(1) Can he explain the Government’s policy on providing assistance to Iraq’s transition to democracy and on establishing and strengthening its democratic institutions.

(2) Can he confirm reports that the Australian Electoral Commission has adopted a policy of not allowing its staff to volunteer for work assisting the electoral authorities in Iraq.

(3) Is the AEC’s decision consistent with Australia’s stated support for the development of democratic institutions in Iraq.

**Mr Downer**— The answer to the honourable member’s question is as follows:
(1) Australia supports international efforts to secure a peaceful, stable and democratic future for Iraq. Australian assistance reinforces the capacity of the Iraqi people to make their own decisions about their future. We have provided $5 million to the United Nations Development Group Iraq Trust Fund to strengthen Iraq’s democratic institutions and to support the democratic process. Australia has supported the development of democracy in Iraq by making an AEC officer available to attend the Iraq Election Monitoring Forum held in Ottawa in December 2004; by making the AEC Deputy Electoral Commissioner available to serve on the steering committee of the International Mission for the Iraqi Elections; by providing technical advice to the United Nations team which supported the Independent Electoral Commission of Iraq in its conduct of the January 2005 elections; by making an AEC officer available on leave without pay to serve with the United Nations office in Amman; and by hosting two Commissioners of the Independent Electoral Commission of Iraq in Australia as part of the AEC’s 2004 Federal Election Visitor Program. Successful elections were held in Iraq in January 2005 and preparations are continuing, with the assistance of the UN, for the upcoming constitutional referendum in October and the elections in December.

(2) The Australian Electoral Commission has advised this is correct, and that its decision on this issue has taken into account the travel advisories relating to Iraq published by the Department of Foreign Affairs and Trade.

(3) Yes.

**Poster Mailout**

*(Question No. 1987)*

Mr Bowen asked the Minister for Citizenship and Multicultural Affairs, in writing, on 10 August 2005:

(1) Did the Minister’s department engage eTranslate.com.au for a poster mailout at a cost of $12,922; if so, what is the poster referred to in the contract.

(2) To which individuals and groups is the poster being sent.

(3) What services are being provided by eTranslate.com.au under the terms of this contract.

(4) What other costs have been or will be incurred in relation to this project.

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

(1) Yes. The poster promotes the departmental publication *Beginning a life in Australia* booklets, published in English and 23 community languages.

(2) The Department sent the poster to all Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) State and Territory offices, all DIMIA Overseas Posts and to Migrant Resource Centres. It will also be included in a package of information being sent to the electorate offices of all Senators and Members. In addition, eTranslate.com.au sent the poster to bilingual doctors across Australia.

(3) The services provided by eTranslate.com.au were poster design, translation, printing and mail-out.

(4) The only costs additional to the $12,922 paid to eTranslate are general postage costs borne by the Department.

**Memoranda of Understanding**

*(Question No. 2096)*

Mr Melham asked the Minister for Foreign Affairs, in writing, on 17 August 2005:

(1) Does his department maintain a register, list or other compilation of arrangements of less than treaty status (such as, but not limited to, Memoranda of Understanding) that have been entered into by the Australian Government with foreign governments.
(2) Since March 1996, what Memoranda of Understanding with foreign governments have been signed by (a) himself, (b) the Minister for Trade, and (c) officers of the Department of Foreign Affairs and Trade including Australian diplomatic representatives overseas; and, in respect of each memorandum of understanding, on what date was it signed.

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

(1) Yes.

(2) To obtain the information requested would involve an unreasonable diversion of resources and in the circumstances I do not consider the additional work justified.