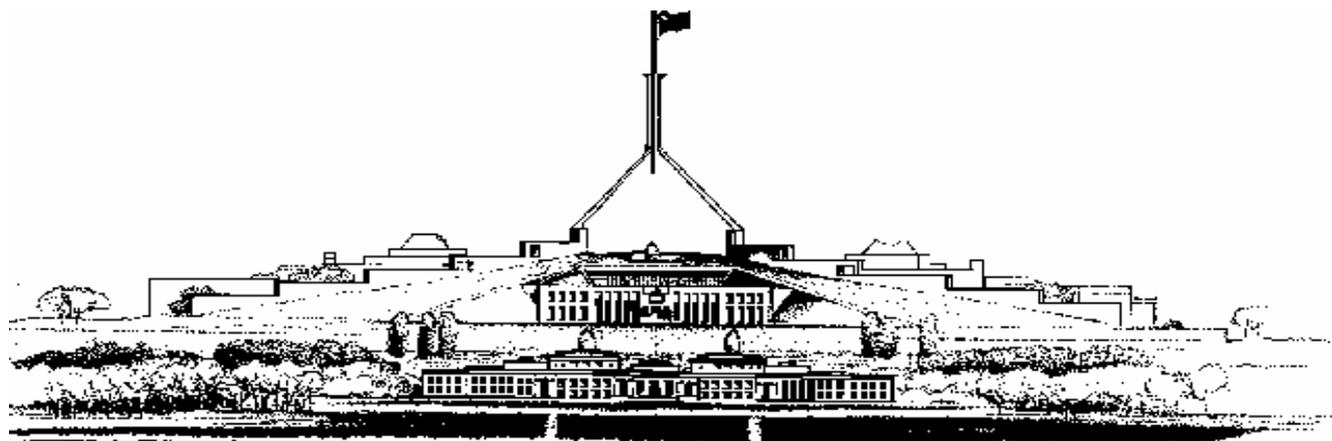




COMMONWEALTH OF AUSTRALIA

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HOUSE OF REPRESENTATIVES

Official Hansard

No. 4, 2004

Wednesday, 10 March 2004

FORTIETH PARLIAMENT
FIRST SESSION—SEVENTH PERIOD

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SITTING DAYS—2004

Month	Date
February	10, 11, 12, 16, 17, 18, 19
March	1, 2, 3, 4, 8, 9, 10, 11, 22, 23, 24, 25, 29, 30, 31
April	1
May	11, 12, 13, 24, 25, 26, 27, 31
June	1, 2, 3, 15, 16, 17, 21, 22, 23, 24
August	3, 4, 5, 9, 10, 11, 12, 30, 31
September	1, 2, 6, 7, 8, 9, 27, 28, 29, 30
October	5, 6, 7
November	1, 2, 3, 4, 22, 23, 24, 25, 29, 30
December	1, 2

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<i>HOBART</i>	729 AM
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Wednesday, 10 March 2004

The **SPEAKER (Mr Neil Andrew)** took the chair at 9.00 a.m., and read prayers.

**SEX DISCRIMINATION AMENDMENT
(TEACHING PROFESSION) BILL 2004**

First Reading

Bill presented by **Mr Ruddock**, and read a first time.

Second Reading

Mr RUDDOCK (*Berowra—Attorney-General*) (9.01 a.m.)—I move:

That this bill be now read a second time.

The government is committed to achieving the best education outcomes for male and female school students throughout Australia.

The *Sex Discrimination Amendment (Teaching Profession) Bill 2004* is directed at that end.

The fact is that education outcomes for boys are falling behind education outcomes for girls in Australia.

In fact, boys on average are achieving at significantly lower levels than girls in all areas of the assessed cognitive curriculum from early primary to late secondary school in Australia.

A House of Representatives inquiry report into the education of boys in June 2003, entitled *Boys: getting it right*, examined the problems particular to the education of boys.

It identified as a significant problem the imbalance in the number of male and female teachers in schools, in particular in primary schools, in Australia.

The figures speak for themselves.

Only 20.9 percent of primary school teachers in Australia are men.

The problem is only getting worse.

In 2003, male teachers constituted 24 percent of the 55,577 domestic students enrolled in initial teaching courses in Australia.

Males were only 18.8 percent of students training to become primary school teachers.

A mere 3.6 percent of the 7,115 students training to become early childhood teachers in Australia were men.

Research shows that teaching is not an attractive career option for men for reasons including concerns about salary and the perception of a risk of allegations of abusing children in schools.

This bill amends the Sex Discrimination Act 1984 to provide that a person may offer scholarships for persons of a particular gender in respect of participation in a teaching course.

The section would apply only if the purpose of doing so is to redress a gender imbalance in teaching—that is, an imbalance in the ratio of male to female teachers in schools in Australia or in a category of schools or in a particular school.

This bill means that educational authorities and others can offer scholarships to encourage male teachers into the profession in a manner consistent with the Sex Discrimination Act 1984.

The bill is drafted in gender-neutral language, which means that the amendments would allow discrimination in favour of females if a gender imbalance in favour of males were to emerge generally or in a region or sector.

The government's acknowledgement of the importance of both men and women in teaching in our society, and the government's commitment to encouraging men into the profession, will help to change people's perceptions about the role of men in the profession in the future.

The government believes that addressing the imbalance in the number of male and female teachers in the profession is important in providing students with both male and female role models in schools.

The imbalance in the number of male and female teachers in schools, in particular in pre-schools and primary schools, means that boys and girls are without enough male role models in schools.

This has a detrimental impact on education outcomes for boys.

This bill is a vital measure for addressing the existing gender imbalance in the profession.

Students throughout Australia will benefit from having both male and female role models in the teaching profession.

This bill complements the government's other major strategies for addressing the particular challenge of increasing education outcomes for boys, including:

Boys' education is a priority area for the \$159.2 million Australian Government Quality Teacher Programme.

This includes \$6 million committed to the Boys' Education Lighthouse Schools Programme to identify best practice in boys' education, with a further \$500,000 committed to research.

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

Debate (on motion by **Ms Roxon**) adjourned.

**GREATER SUNRISE UNITISATION
AGREEMENT IMPLEMENTATION
BILL 2004**

First Reading

Bill presented by **Mr Ian Macfarlane**, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (9.06 a.m.)—I move:

That this bill be now read a second time.

The purpose of the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** is to give effect to the agreement between Australia and the Democratic Republic of Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields. The agreement was signed by Australia and East Timor in Dili on 6 March 2003.

The agreement has been considered by the Joint Standing Committee on Treaties. The committee supported the agreement and recommended that binding treaty action be taken.

The agreement provides a framework for the development and commercialisation of the petroleum resources in the Sunrise and Troubadour fields, which are collectively known as Greater Sunrise, as a single unit.

This resource straddles the border between the Joint Petroleum Development Area, which is the area of shared jurisdiction between Australia and East Timor established by the Timor Sea Treaty, and an area of Australian jurisdiction.

Greater Sunrise contains an estimated 8.35 trillion cubic feet of natural gas and 295 million barrels of condensate. Current estimates are that 20.1 per cent of these resources lie in the joint petroleum development area and 79.9 per cent in Australian jurisdiction.

Ratification of the agreement by Australia and East Timor is required to provide industry with the certainty needed to proceed to develop this major resource. Australia will meet its obligations through amendments to the Petroleum (Submerged Lands) Act 1967 and other legislation.

The bill puts into place the administrative arrangements for the unit development of the Greater Sunrise petroleum resource. In practice, this means that Australian regulators and regulators of the joint petroleum development area will be able to ensure, jointly, that administration of the Greater Sunrise petroleum operations is coordinated, and that recovery operations are conducted in accordance with good oilfield practice.

To the extent appropriate, the administrative arrangements will mirror those that apply elsewhere under Australian regulatory control. For example, for safety, occupational health and protection of the environment, a single regime will apply across both the portion of the resource that is within the joint petroleum development area and the portion within Australian jurisdiction.

Moreover, that regime, entailing the preparation of environmental management plans and safety cases, will be the same as for any other petroleum development in Australia's offshore area.

There are, however, some aspects of the agreed arrangements that will be specific to administration of the Greater Sunrise petroleum resource. For example, the process for approving the development plan and the unit operator will be Greater Sunrise specific. This reflects matters agreed between Australia and East Timor and has no application outside the Greater Sunrise resource.

To ensure consistency of administration of development of this resource, the arrangements that usually apply in the Northern Territory adjacent area will be modified to enable the responsible Commonwealth minister to exercise statutory powers, rather than the Commonwealth minister working in concert with the counterpart Northern Territory minister, or instead of the Northern Territory minister working alone.

This will be a very similar arrangement as that which applies to the Territory of Ashmore and Cartier Islands. This modification applies only in relation to the Greater Sunrise resource and will not affect administration of petroleum operations in the rest of the Northern Territory adjacent area.

In practice, the Australian government will work with the Northern Territory government on the day-to-day administration of the Greater Sunrise resource.

For the purposes of taxation, the part of petroleum production from Greater Sunrise attributed to the joint petroleum development area will be taxed in accordance with the arrangements under the Timor Sea Treaty whereby East Timor has title to 90 per cent of production and Australia to 10 per cent.

The part of production from Greater Sunrise attributed to Australia will be taxed in accordance with Australia's domestic taxation arrangements.

Development of the Greater Sunrise resource could provide revenue to Australia of around \$A8.5 billion over the life of the project.

The agreement includes a mechanism for adjusting the initial petroleum production apportionment between the joint petroleum development area and Australia if new geological evidence indicates that a revision is needed.

The agreement also includes a clause which states that its contents are without prejudice to the maritime boundary claims of Australia and East Timor. Discussions with East Timor concerning these claims have commenced.

As an essential first step towards developing Greater Sunrise, industry is seeking overseas markets for liquefied natural gas (LNG) produced from the resource. In keeping with its commitments under the LNG action

agenda, the government will continue to support industry efforts to win LNG export contracts.

At the same time, industry is examining development options for the resources, including bringing gas onshore to a liquefaction plant or the use of new floating liquefied natural gas technology.

Timely development of Greater Sunrise will deliver significant benefits to both Australia and East Timor. These benefits include investment, exports and employment as well as revenue. In addition, development of Greater Sunrise will stimulate increased investment in petroleum exploration and development in the Timor Sea which will be in the interests of Australia and particularly East Timor.

Just as Australia is honouring the agreement it reached with East Timor by putting in place the necessary legislation, I call on the government of East Timor to expedite its own treaty implementation process.

The enactment of this bill will provide the legislative framework under which Greater Sunrise can be developed and will therefore contribute significantly to investor certainty in the area.

It is clearly in the national interest of Australia, as well as East Timor, that this bill be approved as soon as possible. I commend the bill to the House and I present the explanatory memorandum to the bill.

Debate (on motion by **Mr Fitzgibbon**) adjourned.

CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

First Reading

Bill presented by **Mr Ian Macfarlane**, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (9.15 a.m.)—I move:

That this bill be now read a second time.

The **Customs Tariff Amendment (Greater Sunrise) Bill 2004** contains amendments to the Customs Tariff Act 1995.

The purpose of the bill, which is cognate with the Greater Sunrise Unitisation Agreement Implementation Bill 2004, is to give effect to article 22 of the agreement between Australia and the Democratic Republic of Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields.

This agreement was signed by the Australian and East Timorese governments in Dili on 6 March 2003 and provides a framework for the development and exploration of the petroleum resources in the Sunrise and Troubadour fields, collectively known as the Greater Sunrise petroleum resource.

Article 22 of the agreement provides for the duty-free entry into the Greater Sunrise unitisation area of all goods and equipment for petroleum activities, whether from Australia, East Timor or elsewhere.

Item 22A will be added to schedule 4 of the Customs Tariff Act to provide for the duty-free entry of goods, as prescribed by the law, for use in petroleum related activities in the eastern Greater Sunrise area.

Subsection 3(1) of part 1 of the Customs Tariff Act will also be amended to insert a definition of the term petroleum activity.

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

Debate (on motion by **Mr Fitzgibbon**) adjourned.

**GREATER SUNRISE UNITISATION
AGREEMENT IMPLEMENTATION
BILL 2004**

Cognate bill:

**CUSTOMS TARIFF AMENDMENT
(GREATER SUNRISE) BILL 2004**

Second Reading

Debate resumed.

Mr FITZGIBBON (Hunter) (9.18 a.m.)—Given that I am immediately following the Minister for Industry, Tourism and Resources, who has given a lengthy explanation of the objects and details of the *Greater Sunrise Unitisation Agreement Implementation Bill 2004* and the *Customs Tariff Amendment (Greater Sunrise) Bill 2004*, I do not think I need to repeat them. Suffice to say—to put it in potentially plainer language—this is the legislation that gives effect to the international unitisation agreement, which is, of course, the instrument that gives effect to the Timor Sea Treaty as it applies to the Greater Sunrise field.

I want to begin my contribution by expressing the opposition's concern about the way this legislation has been introduced and handled. I was advised only last Thursday of not only the government's intention to introduce this legislation today but also its expectation that the legislation should pass both the House of Representatives and the Senate on this day. The opposition have done their very best to be cooperative on this matter, and I must say that the minister's office have done their best to brief us as best they can in such a short period. But it is an awful precedent and I believe that, on such an important matter, it is an unjustifiable pressure to place upon the opposition.

To make matters worse, when I sought a copy of the legislation last Friday so that the opposition could give it close scrutiny, I was advised that, while we were able to glance at

the legislation at that time, we would not be able to have a full copy of it until yesterday afternoon. This makes life very difficult for the opposition, and there is a temptation to just reject this process as a means of ensuring that it does not become a regular occurrence. This is not a method for ensuring good democracy, nor is it a method for ensuring the efficiency of parliamentary processes.

But I am able to say that the opposition will be supporting the legislation in the House of Representatives today. We will continue to do what we can to facilitate the passage of the legislation through the Senate, although I want to foreshadow my concern about an aspect of the treaty which only came to our attention last night as, under pressure, we hurriedly tried to make our way through a lengthy and complex document.

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister interjects with the advice that the treaty has already been through the Joint Standing Committee on Treaties. I accept that. I also accept that the Labor opposition has, in the past, given its consent to the Timor Sea Treaty. But these matters do arise, and these are lengthy and complex documents. What brought to my attention the particular provision on which I am about to express concern was the fact that, when we saw the legislation for the first time, we noted that the package of bills included a change to the Customs Tariff Act. That alerted my mind to the fact that there were going to be changes to Customs acts, and I had to dig deep to find what those changes were.

The Timor Sea Treaty is a lengthy and complex document and you could be forgiven for not picking that up. But I have picked that up now and I do have concerns about it. There is a sense of *deja vu* in all this because even at that time—around March 2003—the opposition was again being put

under pressure to facilitate the Timor Sea Treaty through both the House and the Senate. I can see by the look on the face of the Minister for Industry, Tourism and Resources that he is acknowledging that fact. I remember that period very well. It was an extraordinary time: the legislation was going to be introduced, then it was not, then it was going to be introduced but was pulled.

I recall sitting in the House during question time one Thursday watching the Minister for Industry, Tourism and Resources, the Prime Minister and Minister for Foreign Affairs sitting in a huddle discussing whether they would introduce the bill at the end of question time. There was doubt until the end of question time. What sort of way is that to run the government? What sort of way is that to run the processes of this House? What expectation can there be that the opposition is well positioned to properly scrutinise these processes?

The minister's response is that the treaty has been through to JSCOT. We have supported the treaty in this place, but these matters have just come to my attention and I do not intend to let them go through to the keeper. This is far too important an issue to allow that to happen. The area on which I express concern is article 22 of the treaty as it relates to customs. Item (3) says:

Goods and equipment entering the JPDA for purposes related to petroleum activities shall not be subject to customs duties.

I do not mind admitting that in the past I have not been aware of these types of provisions. I am advised that it is not unusual in offshore projects for these provisions to apply. The reason is not quite clear to me, but I can only suggest that, historically, it is another tax break for the major oil companies. I do not necessarily mind having tax breaks for the major oil companies if that leads to greater investment in the industry and en-

sures that they are internationally competitive and therefore able to operate in the sector to create jobs and wealth for Australia. I have no problem with that. But we want transparency in these tax concessions.

Moving forward on the assumption that it is a tax concession, I am also advised that in other cases there is what I call a trip-wire: before being granted a customs excise exemption, the company or companies involved are required to determine whether they can source the product domestically. In other words, when they are importing capital equipment into the offshore operation, they need to check whether the equipment or construction items—whatever they might be—are freely available in Australia before going to the import option. If that is the case, I think that makes perfect sense. We hope that the government would be directing these companies to Australian products before seeking to import them from elsewhere and free of customs duty.

I do not mind admitting that I am not clear on this as yet—it seems that the minister's office cannot give me clear advice—but I am told that in this case there is no such trip-wire. In other words, the multinational companies involved in the operation, potentially, of the Greater Sunrise field will be free to choose to import capital equipment free of customs duty without any reference to the availability of those goods in Australia. I am requesting the minister in his summation on the bill to answer those questions. I am afraid to say that, if he is not able to answer them adequately, we must reserve our right not to be as cooperative as we may have been in the Senate and, in the national interest, hold up the legislation until we get some answers.

Mr Ian Macfarlane—It won't be in the national interest.

Mr FITZGIBBON—The first thing the minister needs to do is tell me whether my

summary of the provision is correct or incorrect. If it is incorrect, I am happy to receive advice and I will take it in good faith and we will move on. The minister just said that it will not be in the national interest. If my summary is correct, how can it be in the national interest to proceed? How can it be in the national interest to allow these companies to import capital equipment from other nation states while totally ignoring the opportunity to source those goods locally? On this count I will concede that the main operator of the Greater Sunrise reserve will be Woodside, which has a great record on local content—in excess of 60 per cent. But it is just one partner in the joint venture. One of the other major parties is Shell, a multinational company with a great corporate record and which has made a great contribution to this nation. If the minister has such faith in Shell that he is prepared to take its word on face value that Australian content will be maximised in this case, then he has greater faith in it than I do. If the minister confirms that I am correct about what these provisions mean and if he wants this legislation to go through both the House and the Senate, he needs to give me some assurance today that that is not contrary to the national interest. If he concedes all that, he has to give some commitment to contact the Prime Minister of Timor-Leste and discuss this matter.

The problem is that this is now subject to a treaty. We are in no position to unilaterally change the provisions of the treaty, which presents us all with a dilemma. The Labor Party are as keen as anyone to have this Greater Sunrise field developed. It is in the national interest to have it developed, but we are not sure whether the government has on this occasion again missed an opportunity to maximise that national interest.

We all in this place have talked on almost a regular basis about the need both to get Greater Sunrise gas onshore for the provision

of competitively priced domestic gas to fuel Australia's industry and to create value-adding industry projects—and, of course, to have an onshore LNG plant for export where Australian and in particular Northern Territory jobs growth would be maximised. You would have thought, Mr Speaker, given the urgency that Woodside, Shell and the other venture partners had put on this bill, that the government might have used this as an opportunity to say, 'Okay, we're prepared to facilitate this project, but how about for the first time talking about bringing Sunrise onshore?' The government are holding all the cards on this issue, with Woodside and Shell desperate to proceed on this project, so why would they not, for once at least, tell the venture partners that it is the government's view that it is in the national interest that this project come onshore?

The government is always keen, for example, to run to Beijing and argue the Australian case for LNG exports, and I support the government's role in that. Of course you would run to Beijing to talk to Jiang Zemin about the merit in sourcing your energy supplies from Australia rather than elsewhere. But I pose the question to the minister: why not run to Perth now and then and tell the energy companies that they might want to think about bringing some of this gas onshore for the development of Australian industry? The minister will talk about action agendas and the formation of various committees, but how about some action? It is like the Treasurer's superannuation scheme. He says, 'I've got an *Intergenerational Report*.' Guess what: we had a policy and we acted on the problems that are emerging with respect to Australia's ageing demographic. So forget about the committees, Minister, forget about the action agendas—how about just doing it?

As was reported in the *Financial Review* this morning, I have some views about the mechanisms in place, the regulatory regimes

over property rights, that allow these companies to warehouse these all-important reserves. You cannot really judge whether exporting X quantity of LNG to China, Japan and America's West Coast maximises Australia's interest. I am not for a moment saying that exporting LNG is not a good thing—we have vast reserves of it and so we should be—but, until you know what our medium- and long-term domestic needs for gas are, you do not know what volume maximises the Australian interest. This is a finite resource and the gas that is going to China, Japan and potentially the West Coast of the US is the easier-to-win gas, the gas that is not necessarily so far offshore or in the deepest water.

When we come to our own domestic needs in five, 10, 15 or 20 years, do you know what the major oil companies will be telling us, Mr Deputy Speaker? They will be saying: 'We've got gas for you, but the bad news is that the easier-to-win stuff has already been won. The cheaper stuff has already been extracted, so you'll have to pay a little bit more.' And who will pay more? That will be Australian industry, attempting and fighting even more than to be internationally competitive, and of course the poor old Australian consumer. I would have thought this was another opportunity lost—another opportunity for the government to go to the major oil companies and say: 'Yes, we understand the urgency, we understand you want to get on with life, we understand that you want to develop this reserve; but, if you want our help, how about giving us of a bit of help too? How about talking more seriously about bringing these gas reserves onshore in the national interest?'

I repeat: the opposition are prepared to facilitate this process, but we are asking ourselves what is the urgency. The government argued, back around February 2003, that it was necessary to maintain some nexus between the Timor Sea Treaty and the interna-

tional unitisation agreement. In doing so, it put at risk the Bayu-Undan project, a \$1.5 billion project representing significant investment in Darwin, involving 1,200 employees in the construction phase and 100 direct jobs during the operation phase. The government appeared at that time to be prepared to put that project, which lies wholly in the joint petroleum development area, at risk so as to ensure that the Timor Sea Treaty was not signed ahead of the unitisation agreement.

Surprise, surprise! After some pressure from the opposition and some adverse publicity, we finally got the Timor Sea Treaty ratification through both houses of parliament without the unitisation agreement, and I certainly welcomed that at that time. It is now March 2004—one year on. It was urgent then. The government almost had the unitisation agreement done—a deal in concrete—so they were hanging on to the Timor Sea Treaty. They were huddled at question time, wondering whether or not they should proceed after question time or whether they could hang in there for another day or week until the unitisation agreement was bedded down. Here we are one year on and finally, just now, they are introducing the bill to give legislative effect to the international unitisation agreement. I am sure ConocoPhillips and their partners are pretty pleased that the treaty ratification was not held up until this unitisation agreement was given effect in this place. Why were the government at that time so concerned that there should be a nexus between the two? One can only conclude that that was on the back of heavy lobbying from the venture partners involved in the Sunrise project. That might be fair enough—it is argued that the interests of the venture partners are also the national interests—but I hope we have balance.

That leads me to the next question: after another year of waiting for the unitisation

agreement, why are we rushing this bill through both the House and the Senate in one day? In all of my time in this place, I think that may have been done only once before, and it related to a matter of illegal immigrants. Other than that, I have not heard of it before. One can assume again that it is the result of lobbying from the venture partners in the Greater Sunrise project. Why would the venture partners in the Greater Sunrise project want to rush this IUA through now that it has been rubber-stamped by the minister's office? One can only assume that it is designed to put additional pressure on the East Timorese government. I think that is regrettable. I see the member for Solomon laughing at the prospect that the venture partners in Greater Sunrise might be putting pressure on the government to rush this through to put additional pressure on the poor old East Timorese people. How naive is the member for Solomon to believe that that is not possible? How long has he been in this place now?

Mr Snowdon—Too long.

Mr FITZGIBBON—‘Too long,’ my colleague says. I should add that he is not likely to be in this place much longer either way. Whether we have two electorates or one in the Northern Territory, he is not likely to be here much longer, if yesterday's Newspoll was any indication. But it is naive of the member for Solomon, who has been quite silent on this issue. If I were the member for Solomon, given the importance to Darwin of both the Bayu-Undan project and the Greater Sunrise field, I would be here in every adjournment debate, saying, ‘When is Greater Sunrise going to be developed and when is the government going to start putting some pressure on the venture partners to get that gas onshore, to maximise the benefits for both Darwin and the Northern Territory and to maximise the national benefits?’ But his silence has been deafening.

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister at the table says, ‘We can't do it before you pass this legislation.’ I have just made the point that we were prepared to pass it a year ago. We have waited a year. We are prepared to facilitate it through the parliament today if our questions on the Customs issue are answered. But I have made the point that the minister has lost the opportunity, through this agreement, to do what the member for Solomon should have been asking him to do. Where was the member for Solomon when this unitisation agreement came forward? Why was he not asking the minister: ‘Why didn't you use this as a bit of leverage to talk to the venture partners about getting this gas onshore to Darwin, to create jobs in my electorate?’ Why was the member for Solomon not out there doing that for the last 12 months? For 12 months he has had an opportunity to lobby this minister and the Minister for Foreign Affairs to do the right thing by Darwin and the Northern Territory, and he has been silent.

Mr Ian Macfarlane—He has been.

Mr FITZGIBBON—The minister at the table says he has been. I am happy to acknowledge that, but how ineffective has he been? This bill before us today is a demonstration of the fact that despite his representations there has been no effect, no result whatsoever from the member for Solomon. So why have him there?

East Timor is an impoverished nation. We welcome it to the community of nations. We as a nation and certainly as the Australian Labor Party want to do all we can to bring it to self-sufficiency. We cannot bring it to self-sufficiency by handout alone. The best thing we can do for the East Timorese people is to give them an industry, an economic base and an opportunity to grow their economy to create local jobs. There is a balance here. The

balance is between protecting Australia's national interest and doing what is right by the East Timorese people. I was proud that at the recent national conference of the Australian Labor Party we made it quite clear that a future Labor government will do all in its power to bring forward a swift and fair outcome to the future maritime boundary negotiations in the Timor Sea. We will do all we can to ensure that we get a result which is fair to the Australian community but ensures self-sufficiency and true independence for our near neighbours.

You have to look at these things in net terms. There might be some minor losses in our own revenue from the reserves, as a result of boundary adjustments, but at the same time there will be a lesser contribution in direct humanitarian aid from Australia over many years. You have to look at these things on a net basis. The Labor Party will move forward to do what we believe is the right thing by the people of Timor Leste, while at the same time ensuring that the national interest is maximised. If it is the modus operandi of the government to bow to the major oil companies and to put additional pressure on our near neighbours, who face difficult circumstances, I think that is regrettable.

Mr Ian Macfarlane—That's fanciful, Joel. That's what that is.

Mr FITZGIBBON—The minister says my suggestion that the government is rushing this bill through both houses of parliament today in order to put additional pressure on Mari Alkatiri at the request of the major oil companies is fanciful. I am prepared to hear his case. But if that is not the reason, the minister, in his summary, needs to clearly set out what are the reasons. I have had a close look at the unitisation agreement, the Timor Sea Treaty and the contractual obligations of the venture partners. I have had a look at their marketing arrangements. I

have not had a look at their work programs for retention of the lease because they are confidential. No-one is allowed to see them. We could never have the parliament scrutinising their work programs, which justify the retention of the lease. We could never do that. But I have had a look at all the commercial and public policy documents that I have been able to on this issue and I cannot see any imperative. I cannot see why, after a year of waiting, suddenly we have to get a bill through both houses of parliament in one day.

I cannot understand why it was necessary to ask the opposition to circumvent all our party processes: shadow cabinet, caucus—you name it. We had to delegate authority to a subcommittee of the shadow cabinet to decide on this issue, after we received the final print of the bill on Tuesday afternoon. Why weren't we able to get a final print of the bill until Tuesday afternoon? Because it had to go through the government's party processes first. The government wants us to take a position on such a critical issue—critical not only to Australia but also to the people of East Timor—and in doing so circumvent all our processes and knock out every backbencher on our side who might have a deep-seated interest in the issue, but it could not give the bill to us until its party room had considered it. Maybe that should not be surprising, given the propensity of the government to turn things over in the joint party room after they have been to the cabinet. So we should not be surprised.

But why would they want to put this legislation through both houses today—why would they come to us and expose themselves to criticism, which they must have been aware of?—and ask us to circumvent all our party processes if it was not about putting additional pressure on the East Timorese people. If the minister wants to hold his line and claim that is not the reason,

he has a great opportunity at the end of this debate to stand here and tell us what the reasons are. We will be happy to hear them. If they sound reasonable, we will be happy to accept them.

In the same way, he has an opportunity to stand here and explain why it is that we are not imposing customs duty under any circumstances on the capital equipment imported into this project. These are big dollars. We are not talking about a nut and a bolt or two; we are talking about big dollars. So he has two opportunities: one to explain why there is this rush and another to explain why it is that these goods will be totally free of customs duty under all circumstances. Again, if he can give a reasonable explanation for both, we will be happy to vote for the bill today and do all we can to facilitate its passage through the Senate. But we will not be blackmailed. We will not be told, 'If you don't let this thing through today, you're going to be jeopardising an important resource project.'

Mr Ian Macfarlane—That is true.

Mr FITZGIBBON—The minister says that is true. Let me go through the history again. The venture partners have been sitting on this lease forever. We were told a year ago, 'We can't get the Timor Sea treaty bill through because we've got to do the unitisation agreement at the same time.' That is how urgent it was. Here we are a year later, finally considering the unitisation agreement—having only been given it last Thursday and asked to circumvent all our party processes—and the minister is going to tell me now that, after that effluxion of time, if we do not let it through the Senate today then it is going to be a crisis for Australia's energy industry. What a ridiculous proposition!

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister says that that is not what he said. I will check the

Hansard. I said that the minister is going to charge the opposition with putting at risk this important project.

Mr Ian Macfarlane—That is exactly what you are doing.

Mr FITZGIBBON—'That is exactly what you are doing' were the words he used. Maybe I might not have paraphrased him quite correctly, but I think I was pretty accurate. He is going to be out there this afternoon or tonight—

Mr Snowdon—Bagging us!

Mr FITZGIBBON—bagging the Australian Labor Party for having the audacity to not let this bill through both the House of Representatives and the Senate, even though we were given the bill at the eleventh hour. What a ridiculous proposition! Minister, that criticism will not hold up. If at any point this project is at risk or comes under any threat, it will not be the fault of the Australian Labor Party, Minister; it will be entirely in your lap.

Mr TOLLNER (Solomon) (9.48 a.m.)—I am very pleased to be here today to support the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) and the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). I think the development of resources in the Greater Sunrise fields offers substantial benefits for the Northern Territory, East Timor and Australia. It is a world-class resource, estimated to contain some 8.4 trillion cubic feet of natural gas and 295 million barrels of condensate. Its development could result in revenues to Australia in the order of \$8.5 billion over life of the field, with exports potentially being around \$1½ billion a year. The Greater Sunrise Unitisation Agreement Implementation Bill provides a framework for the development of the field as a single unit, which is essential to development in an efficient and equitable manner. The legislation sets out the principal administrative changes needed to meet Australia's

obligations under the Greater Sunrise unitisation agreement and provides amendments to the Petroleum Resource Rent Tax Assessment Act to ensure that that is correctly assessed.

Industry need the increased certainty that this legislation will bring and are seeking markets for LNG, with an apparent window of opportunity if production commences in 2009. The member for Hunter asks what the urgency for this bill is. Competing LNG projects overseas cause the industry to say that, if they miss this opportunity now, development might be delayed by many years. Large projects such as this have long lead times, as markets need to be identified and agreements need to be reached on timing, quantity and pricing. Design studies need to be undertaken. Then, of course, comes the actual construction of plant and other infrastructure gear. Production in 2009 means that industry need to start making decisions now in order to get on with the business of business.

They are the realities. They are the facts. I am not sure that everyone here realises that. In particular, I am certain that members opposite and their political colleagues in the Northern Territory government have very little understanding of these realities. The full benefits of Sunrise gas will be realised when it translates to clean and cheap energy for the Northern Territory and Australia. But the Labor government in the Northern Territory, which profess to be supporting the development—

Mr Fitzgibbon—It is supporting it!

Mr TOLLNER—The Labor government, which profess to be supporting the development of Timor Sea gas, have dropped the ball. They are out there claiming to be negotiating with the US, the Japanese, China and Asia for gas sales. They are doing nothing to progress the needs for onshore gas—piping

gas to Moomba, to Mount Isa—for the future of the industry or the Territory.

The member for Hunter stands up here and talks about the case for onshore gas. His Territory colleagues in the Labor government up there are flitting all around the world trying to sell gas to the Yanks, the Japs and the Chinese. They are doing their level best to sell it out there, but not one of them comes here and says: ‘What’s the domestic case? Let’s have a look at the domestic case. What are the needs of south-eastern Australia? What are the needs of western Queensland? Let’s get in there and do a deal.’

Mr Fitzgibbon interjecting—

Mr TOLLNER—The member for Hunter raises a point about Clare Martin. She says that the Northern Territory has the support of all of the states and territories to bring this gas onshore, because if all of these deals line up, they will supply the national energy grid and it will be a rosy situation. What is happening? The Chief Minister of the Northern Territory is not doing deals around Australia with South Australia, New South Wales, Victoria and Queensland; the Chief Minister of the Northern Territory is overseas. She has her resources minister overseas talking to the Yanks, the Japs and the Chinese, trying to sell it overseas. It is nothing to do with domestic gas.

This is a unique opportunity. With the backing of the Territory government, I am certain that the joint venture partners could properly reassess the domestic market potential for Timor Sea gas. The Northern Territory government need to step in. They need to offer an arrangement where the joint venturers ensure that maximum benefit of the Timor Sea flows to the Northern Territory and Australia. Thirty years ago, Charlie Court in Western Australia did that. He was a man of vision and enterprise. He was a man who got the North West Shelf happening in

Western Australia. But what happens in the Northern Territory? The Northern Territory government sit on their hands. They are timid and low risk. They are happy to settle for a floating LNG plant which will see all of our gas exported overseas. In actual fact, they are out there selling the concept. They are not talking about bringing it onshore and creating a resource for Territorians. They are not talking about meeting some of our energy needs in the Northern Territory. They are not talking about building Territory industry. What are they doing? They are overseas—they are flitting around the world trying to sell it to other markets.

At the federal level, we have seen Labor representatives put sentiment above national interest. During the negotiations on the unitisation agreement with East Timor, the member opposite in particular who alleges that he represents the Northern Territory interests, the member for Lingiari, was tireless in his support for the best deal possible for—wait for it!—not Australia or the Northern Territory but East Timor. That is who he is supporting, not his constituents in the Northern Territory. In the Northern Territory it is a well-known fact that the member for Lingiari is a sell-out. He is a sell-out every day that he sits in his office in the middle of my electorate of Solomon. He does not hang around his own electorate of Lingiari. Every day that he is out of his electorate and in my electorate he sells out his constituents. He is a sell-out every time he opens his mouth about Iraq and supports Saddam Hussein. He is a sell-out. Now he is selling out Australia and backing East Timor at our expense. He is not looking after his constituents but actually arguing East Timor's case. I heard the member for Hunter doing that today. He was saying, 'This isn't about Australia's interests; this is about the interests of the East Timorese. Let's maximise the dollar for them. Let's rip Australians off to make sure

that they get a better deal in East Timor.' They do not care about what happens to Australia. They sell us out.

They have said that the Australian government is ripping off East Timor. The member for Lingiari has said that Australian representatives are, to use his words, belligerent, bullying and bad-tempered. Get that! In dealing with the poorest nation in the world today, he says that we are belligerent and bullying. He suggested some months ago that Australia should stop quibbling over a few billion dollars and just give East Timor what they want. I said it at the time and I will say it again: those statements are frankly un-Australian.

Meanwhile, of course, in the Northern Territory his colleagues were being equally unhelpful with regard to the national interest, offering absolutely no incentive for the Timor Sea development—and, in particular, Sunrise—to be brought onshore and plugged into the national energy grid to supply new Territory enterprises and interstate energy needs. Rather, the Chief Minister of the Northern Territory, Clare Martin, at the ALP national conference, called for a national interest test to ensure that Australia's longer term energy interests are protected and secured. I do not know how she can call for this. She is either ignoring it or is unaware that we actually put in place a national energy policy in November last year. We had agreement from the states for the first time ever. At a meeting of energy ministers, for the first time ever we had agreement that we will have a national energy policy implemented.

She compounds her error by arguing that Australia should adopt a 'use it or lose it' regulatory regime to ensure that energy resources are developed in accordance with the national need. I have heard the member for Hunter trumpeting the same thing. I have

heard him today and on many other occasions talking about this 'use it or lose it' regulatory regime. The member for Hunter is part of a committee that I am also part of—the Standing Committee on Industry and Resources—and we have just had an inquiry into impediments to mining exploration in Australia. A 'use it or lose it' regime means sovereign risk. One of the things in Australia's favour is that we have low-sovereign risk. But now he wants to implement a 'use it or lose it' regime—'Let's give them a big scare and tell them that we're going to take their resources off them and, somehow or other, this will assist exploration.' I say to the Territory Labor government, the member for Lingiari and the member for Hunter: it is not good enough to tell others of their responsibilities to other countries, to other governments, unless you are prepared to meet your own responsibilities and represent the people of the Northern Territory and the people of Australia—the people you are there to represent.

I was very proud to fly to Dili with the Minister for Foreign Affairs, Alexander Downer, to witness the signing of the unitisation agreement, to see Australia's hard-won interests preserved and to see an agreement reached with East Timor—an agreement that will help fund that country's economic prosperity over coming years. There was none more cognisant of that fact than East Timor's own President, Xanana Gusmao, whom, I am proud to say, I stood next to and chatted to. He was absolutely over the moon with the deal that had been done between Australia and East Timor, allowing royalties and payments to flow into East Timor. But first and foremost it is an agreement that will ensure for Australia revenues in the order of \$8½ billion over the life of the field, with exports of around \$1½ billion a year. I was proud to be there and proud to be part of a govern-

ment that negotiated in the way it did, that negotiated the best deal for Australia.

I am disappointed, of course, in the opposition to it from members opposite, who see their role as representing other countries and other interests and not Australia's. I am disappointed that this agreement does not enjoy the complete support of my fellow parliamentary representative for the Northern Territory, who remains an advocate of the voters of East Timor rather than his own constituents. I am disappointed that the Territory government is unlikely to lock in a deal for the Northern Territory and Australia that will ensure that Sunrise gas will come onshore to fuel the industries of tomorrow in Northern Australia.

Mr SNOWDON (Lingiari) (10.04 a.m.)—I will come to the puerile insults made by the verbose, illogical and extreme member for Solomon shortly, but I would have thought that most of his comments speak for themselves. The banality is somewhat surprising, although I guess that those who know the member for Solomon will not be too surprised. But, from someone who purports to represent the people of the Northern Territory in this parliament, it is extremely surprising. This is the same person who was on a unity ticket with the Northern Territory government and me for the development of gas offshore in the Northern Territory last year. This is the same person who sat and listened as the Northern Territory government expounded the benefits of the onshore development of the Sunrise gas fields. This is the same person who saw the plans that the Northern Territory government had and was given information about the need to advocate the development of the Sunrise gas field and bringing the gas onshore. This is the same person who, my friend the member for Hunter has reminded me, was part of the unanimous support by a parliamentary inquiry for 'use it or lose it'.

This is the same person who comes to this place with all the bravado of a flea and insults me as the member for Lingiari and, through me, the constituents of Lingiari who put me in this place. That is what he is doing: insulting the people of the Northern Territory.

They know, as I know, that there has been no better advocate in this place for issues relating to the Northern Territory than me for the last 16 years. I dare the member for Solomon, Mr Deputy Speaker Jenkins, to point to one occasion when I have not stood up fiercely to advocate for the interests of the Northern Territory and its populations—speech after speech. But the sell-out is over there. He says that the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) and the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#) are extremely important. But the shadow minister this morning raised a very important question which arises from article 22 of the treaty and relates to the duty-free importation of goods transiting through Australia or Timor Leste to the gas fields and customs duties and the fact there is no trip-wire for any Australian content requirement. Has the member for Solomon asked that question? If he has not asked that question, why hasn't he asked that question?

Mr Fitzgibbon—I wonder if there is a labour market test.

Mr SNOWDON—Exactly. I wonder if there is any requirement in the contractual arrangements being made with the parties who own the Greater Sunrise field to ensure that the labour markets of Northern Australia are being used for the sourcing of labour. Is there an equivalent requirement to source labour from Timor Leste? Is there an equivalent requirement to source goods and materials from the Northern Territory, or Australia generally, and Timor Leste as joint treaty

partners? Has the member for Solomon asked that question?

It is all right for him to come in and parade insults, but the proof of the pudding is in the eating. What we know about this place is that when we are serious about the interests of Australia we try and work together. We have seen a very responsible approach from the member for Hunter, who has pointed out the fact that this piece of legislation has taken 12 months to get to this place—despite the fact that at the time the Timor treaty legislation was being debated in this place we, the Timorese and everyone were told that the unitisation agreement had to be done at the same time. We have waited 12 months. It has now come into this place and we have been told we have less than 24 hours to pass the legislation through the House of Representatives and the Senate. What is the rush?

As the member for Hunter rightly pointed out, this piece of legislation had the opportunity to go through the coalition party rooms. Did the member for Solomon raise the questions in the party room that we are raising here today about the issues of content and industry development of the labour market?

Mr Fitzgibbon—One can assume not.

Mr SNOWDON—As the member for Hunter quite rightly interjects, we can assume not. Like every other moment I have seen him in this place, the member for Solomon has been asleep at the wheel.

Just as an example: you will recall, Deputy Speaker Jenkins, that a piece of legislation was introduced into this parliament—a faulty piece of legislation, as it turns out—only in the last sitting week to ensure two seats for the Northern Territory in the next federal election. I was in the chamber and was part of the discussion, arguing to defer the legislation. The member for Solomon could not even be bothered to be here. Now

we have an arrangement where the government says it is important to rush through this piece of legislation in 24 hours. We know not for what reason—we can presume it is because of pressure being placed on it by commercial interests; we know of no other logical reason for them to want to rush it through this place in this way.

Yet we have seen the member for Solomon tell us in this House that he believes that what we should be seeing here is onshore development of Sunrise gas. Forgive me, but as I understand it at the moment that is not the primary consideration of the Sunrise partners. As I understand it, there is still a strong debate as to whether or not this will happen, and I think the good money is on the Sunrise partners eventually agreeing to do it offshore. How can he come into this place and not ask questions that we have asked about industry development aspects of the legislation or labour market tests for the legislation? How can he come here and say to us that he wants the unanimous support of the parliament for this legislation, knowing full well that the most likely outcome—in the first instance, in any event—will be that this piece of legislation will lead to the development of offshore facilities at Sunrise, when he is attempting to argue that it should be brought onshore?

It is very important to the people of Northern Australia that this stuff is brought onshore. There has not been a better advocate for that than the Northern Territory government and the Northern Territory's Chief Minister. She is ably supported by the shadow minister for mining, energy and forestry, the member for Hunter, who is sitting behind me. He has called for the government to look very seriously at a way for the people who have these leases to either use them or lose them—not warehouse them, as we know has happened. We want the member for Solomon to say to the government of which

he is a member: 'We want you to guarantee that these leases are used and that, if the people who have these leases do not use them, they will lose them.' They have to be developed for the national interest. If they do not want to use these leases in the national interest and if they are just using them for commercial purposes—warehousing them—then they should lose them.

We are not hearing support come from the member for Solomon in relation to these issues. Why not? Instead of parading insults in the way he has here this morning, he would be better off saying to the people of Australia through this chamber and saying in his party room that the best interests of Northern Australia and Australia generally will be secured when we can ensure that these sorts of leases are not warehoused by commercial interests.

Mr Fitzgibbon—What is the member for Kalgoorlie saying? He voted on the committee.

Mr SNOWDON—As I understand it, there was unanimous support for this proposition in the Standing Committee on Industry and Resources. On that industry committee sit the member for Solomon and the member for Kalgoorlie, both of whom are in the chamber at the moment. Yet now they are here trying to reject that proposition—or at least the member for Solomon is. You would have to ask him what he is about. On the one hand, he goes to a committee and supports a unanimous resolution that there should be a 'use it or lose it' approach, and then he comes into this chamber and says it is against our national interest to put such a provision in.

Mr Fitzgibbon—It is schizophrenic!

Mr SNOWDON—I do not know what has happened between the committee's resolution and now, and I do not want to suggest that there is a medical problem with the member for Solomon—

The DEPUTY SPEAKER (Mr Jenkins)—Order!

Mr SNOWDON—but my colleague has indicated that—

The DEPUTY SPEAKER—The honourable member for Lingiari is skating very close—

Mr SNOWDON—it is tantamount to some sort of schizophrenic behaviour—

The DEPUTY SPEAKER—Order!

Mr SNOWDON—in that it involves doing one thing in one place and doing another thing in another.

The DEPUTY SPEAKER—Order! I do not think the honourable member for Lingiari should pursue that course of debate. He should be very careful.

Mr SNOWDON—Absolutely, of course I will be. We need to comprehend that this government has suggested to us that we need to pass this legislation today. Quite properly, the member for Hunter has asked the government a number of questions about undertakings given, in particular in relation to clause 22A of the Customs Tariff Amendment (Greater Sunrise) Bill 2004 and what that means for Australia's national interests. He asked why it is that capital equipment passing through Australia to go to these fields is not subject to duty and, if they are not subject to duty, whether there is a tripwire which ensures that there is a national interest component in industry development and employment. I would have thought that they are commonsense questions, and we require a response from the government. We have not said that we are not going to expedite this legislation. We are asking very serious questions of the government to inform the Australian community as to why this particular clause sits in this legislation in this way and whether there are any unstated, private or separate arrangements with the con-

tracting parties in relation to Australian content, industry development and the like. You would expect that the government of Timor Leste would have the same sorts of interests to ensure that, insofar as it can, Timor Leste can supply industrial goods, labour and the like. They should also benefit.

Mr Tollner—You don't represent your electorate!

Mr SNOWDON—We heard the member for Solomon carrying on about my concern and, indeed, the concern of a large section of the Australian community in ensuring that we deal fairly and properly with our new neighbour to the north, East Timor or Timor Leste. I am encouraged by the interjections of the member for Solomon, because they give me the opportunity to repeat what I have said about the way in which the Commonwealth government, through the Minister for Foreign Affairs, has carried itself in these negotiations. As I have said previously, we know that during the negotiations over the treaty arrangements he put quite severe pressure upon the government of Timor Leste and was, in fact, quite insulting in his behaviour. I am sure you would like to know, Mr Deputy Speaker, that in relation to these negotiations a report in the *Australian* on 13 December 2002 stated:

Australia's relations with East Timor have been tested with allegations that Foreign Minister Alexander Downer verbally abused Prime Minister Mari Alkatiri.

... ..

Highly placed East Timorese sources said last night that at the meeting, called to discuss the so-called international unitisation agreement on the Sunrise gas reservoirs, Mr Downer was "belligerent and aggressive". He is alleged to have banged the table as he criticised advice Dr Alkatiri was receiving from UN officials.

After the meeting, the Australian Government reneged on an understanding with East Timor that

it would ratify the Timor Sea Treaty by the end of the year.

I remember the context of these discussions. It is clear to me that the impudent behaviour of the foreign minister did Australia no good. In fact, I would argue most strongly that it was against Australia's interests for the Minister for Foreign Affairs to be so belligerent and aggressive to the Prime Minister of a country to our near north. It is not in Australia's national interest whatsoever, yet we have a member for Solomon and others on the other side of the chamber saying that this sort of behaviour is acceptable. In my book, it is not acceptable.

It is interesting to note that, when asked about it, the Minister for Foreign Affairs said at the time that he was not prepared to comment, saying simply, 'It is not worth commenting on.' It is worth commenting on because, as any of us who have been involved in sitting across the table in negotiations know, if you go and insult, abuse and impugn the motives of the negotiators—in this case a prime minister—what sort of reaction do you expect it would have within the workings of those negotiations?

I am told that, at one point, Dr Alkatiri responded and was compelled to tell the minister, who had clearly lost his head: 'Don't get upset. Please speak calmly on this issue.' I hope to goodness that this is not the way that the Minister for Foreign Affairs normally carries out his negotiations and discussions with other nations. I bet it is not the way he operates when he is talking to our friends in the United States. I bet he does not abuse them and act belligerently. I bet he does not, because he would be given very short shrift. He sees that, somehow or another, because we have a very poor country to our near north that is reliant upon aid—a lot of which comes from Australia—he can abuse people and prime ministers and insult that country. I do not think it is fair and I do not think it is

reasonable. It is in our national interest to ensure that we have a very good working relationship with our members to the north to ensure that we can develop the Timor Sea region cooperatively and that we jointly benefit from the exploitation of these resources.

As the member for Solomon scuttles out of the chamber, let me say that I do not think any service is done to us by individuals who come into this place and try and abuse their rights as members of parliament by accusing other members of parliament of not representing their electorates. I say to you, Mr Deputy Speaker, this is not the sort of behaviour which is appropriate here. And, in my view, it is certainly inappropriate for a person such as the member for Solomon to abuse either me or other members in the way that he has chosen to this morning. I also make the point that there were opportunities for the member for Solomon to advocate as he says he does on behalf of Northern Australia and Darwin in particular, which is his electorate after all, about the interests of Northern Australia in the development of these gas fields. It is clear by the admissions which have been made this morning that he has been very ineffective, and we doubt whether he has at any point made the sorts of assertions that we think should be made about the development of these gas fields in Northern Australia. We think these assertions are important.

We are pleased to be able to support this legislation, provided we get answers to the questions that have properly been asked by the member for Hunter. We are concerned about the undue haste with which we are supposed to deal with these bills and the fact that we have not been able to properly consider them through our party room processes. That is important to us. That is how our democracy works. We get copies of these pieces of legislation, we consider them prop-

erly and we come back with a view that is informed by discussions in our party room. That has not been allowed to happen, because of the undue haste with which this legislation has been brought to us and the rushed manner in which the government wishes both this House and the Senate to deal with it.

We do recognise the importance of settling in good faith the issue of the Timor boundary with East Timor. At the ALP annual conference recently in Sydney, the following motion was passed:

Labor recognises that the people of East Timor have the right to secure, internationally recognised borders with all the neighbouring countries. A future Labor government will negotiate in good faith with the Government of East Timor, in full accordance with international law and all its applications, including the United Nations Convention on the Law of the Sea. In Government, Labor will do all things reasonably practicable to achieve a negotiated settlement within 3-5 years. The conclusion of the maritime boundary should be based on the joint aspirations of both countries.

I would have thought that that was a position which could be unanimously adopted by this chamber—yet it will not be, because there are people in this place who are attempting to play cheapjack politics with this very important issue, which deals with the development of oil and gas fields in the Timor Sea and the relationships with our neighbour East Timor.

Mr HAASE (Kalgoorlie) (10.24 a.m.)—I rise in the House today to strongly support two bills: the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** and the enabling bill, the **Customs Tariff Amendment (Greater Sunrise) Bill 2004**. The unitisation agreement, signed a year ago, establishes a cooperative relationship between Australia and East Timor to manage the Greater Sunrise petroleum resource in the Timor Sea.

The member for Lingiari asks what benefits there are in this agreement for Australia. May I remind the member for Lingiari that, easily accessed by him in the agreement, article 18 reads:

Australia and East Timor shall take appropriate measures with due regard to occupational health and safety requirements, efficient operations and good oilfield practice to ensure that preference is given in employment and training in the unit area to nationals or permanent residents of Australia and East Timor.

Let there be no doubt that the articles of the agreement quite clearly provide benefits for Australia and Australians.

The Greater Sunrise oilfield straddles Australia's boundary and the joint petroleum development area, which is jointly administered by Australia and East Timor as part of the Timor Sea Treaty between our two countries. In effect, this agreement enables the resource to be developed as a single oilfield, even though geologically it comprises two separate fields: the Greater Sunrise and Troubadour petroleum reserves. Without unitisation and the creation of the Greater Sunrise field, the extraction of petroleum is inefficient and the resource ownership is uncertain, providing little incentive for companies to put forward capital for new ventures. The unitisation agreement effectively provides for the joint administration of the petroleum field by Australia and East Timor, making it a fair and equitable arrangement between the two countries. These two bills are necessary to provide a degree of certainty and assurance for resource companies operating in what is, at present, a zone of unclear ownership boundaries. We need laws in place to create a definitive outline for the Greater Sunrise field, so that proponents of extraction projects can proceed in confidence with activities, with things such as safety and the environment to be managed consistently across the entire area.

The Customs Tariff Amendment (Greater Sunrise) Bill 2004 proposes to add a new concessional item—that is, 22A to schedule 4 of the Customs Tariff Act 1995. It will provide for the duty-free entry of goods and equipment for use in petroleum related activities in the Eastern Greater Sunrise area. The Department of Industry, Tourism and Resources will administer the concession, and the Australian Customs Service will administer control over the entry of all goods and equipment for this area. The customs tariff amendment bill gives effect to the Greater Sunrise unitisation agreement, and will benefit both Australia and East Timor by enabling equipment vital to the resources industry to enter the Greater Sunrise field without the burden of duty taxes. This will keep excessive costs to petroleum companies at a minimum and encourage greater activity in the area.

The Customs Tariff Amendment (Greater Sunrise) Bill 2004, together with the Greater Sunrise Unitisation Agreement Implementation Bill 2004, proposes legislation that will benefit the Australian government, the government of East Timor, the companies developing the petroleum resource and, ultimately, the Australian people through more jobs and a stronger economy. The development of the Greater Sunrise petroleum resource is expected to yield Australia \$8.5 billion in revenue over the life of the project. The proposed legislation means security and economic assurance for resource developers in the area, plus a fairer trade relationship between Australia and her northern neighbour. These bills include arrangements to ensure that Australia, as the administrator in the Australian jurisdiction, and the Timor Sea designated authority, as the administrator in the joint petroleum development area, will work closely together to minimise unnecessary compliance and administrative burdens. A key feature of the legislation is that the Common-

wealth minister will be responsible for the Australian administration, rather than the Northern Territory minister, as would normally be the case. This is logical and appropriate given the international size and scope involved. Normal day-to-day administration, however, will continue to be managed by the Northern Territory, as it is at present.

The legislation also includes items designed to meet other aspects of Australia's obligations under the Greater Sunrise unitisation agreement. Amongst other things, it addresses the need to ensure a free flow of information between administrative bodies and the right of East Timorese inspectors to enter an area of Australian jurisdiction in order to satisfy themselves that East Timor's fundamental interests are being met. This will be accomplished by applying fair and relevant Australian legislation and regulations over the entire area of the Greater Sunrise oilfield.

Australia will also ensure that community concerns, including those relating to occupational health and safety, are met by all parties involved. This is truly a fair trade agreement and one that will greatly benefit Australia and East Timor in a very real economic sense. It is all very well to have a treaty in place to provide a framework for the exploration and development of the petroleum resources of the joint petroleum development area, but real runs on the board occur when that framework is given substance. The agreement by East Timor and Australia to develop the petroleum resources of Greater Sunrise as a single unit speaks volumes for the ability of two nations to cooperate for mutual benefit.

Under the Timor Sea Treaty, Australia has agreed that East Timor should receive 90 per cent of the benefits of the petroleum resources in the joint petroleum development area. Timor Sea revenues will flow to East Timor forthwith, with the commencement of

production of the liquids phase of the Bayu-Undan discovery. But additional revenue streams are needed. The Greater Sunrise agreement recognises that 20 per cent of the Greater Sunrise petroleum resources lie outside Australian jurisdiction and within an area where Australia and East Timor have agreed to share jurisdiction pending permanent boundary delineations. Cooperation will enable both nations to benefit from the resource. Neither Australia nor East Timor can afford to sterilise opportunities for growth and investment. As the member for a resource rich electorate located within a state renowned for its onshore and offshore resources, I can commend resource development as a sure path to progress.

East Timor is a nation of almost 800,000 people. It is the world's newest nation and newest democracy. It has a subsistence economy that is going to be transformed by its resource wealth. Australia has a comprehensive program of assistance in place for East Timor in areas such as governance, rural development, health, water and sanitation. Australia's overall objectives in assisting East Timor are to reduce poverty and to help lay the foundations for a stable, effective and democratically accountable government. Prudent and sustainable management of the anticipated Timor Sea oil and gas revenues is going to underwrite East Timor's growth.

I have seen first-hand how such development can assist regional development. The export of gas in the form of liquefied natural gas from the North West Shelf project has already delivered significant benefits to Australia in the form of investment, exports, jobs and revenue. It has also delivered particular benefits to the people of my electorate in the form of jobs on the ground, regional development and optimism about the future. As an Australian, I am proud to say that Woodside, an Australian company, is the operator of both the North West Shelf project and the

Greater Sunrise petroleum project. This bill will benefit Woodside, its employees and its shareholders, many of whom reside in my electorate. It will also benefit the other joint venturers in the project: Shell, ConocoPhillips and Osaka Gas.

Development of Greater Sunrise will also help expand the entire upstream petroleum industry, which is the key to unlocking the massive gas resources that lie off Australia's north-west coast. It is also the key to ensuring that secure, high-paying jobs continue to be available to workers of the north-west, as well as to their children in the future. Australia's LNG industry is on track to expand rapidly over the next few years. The fourth train on the North West Shelf project is nearing completion, a new LNG plant is being constructed near Darwin, Gorgon gas is well on the road to being commercialised and extensive work is being undertaken to develop the remote but massive gas resources that lie in the Outer Browse and Scarborough offshore basins.

The government has worked hard to help Australia's LNG industry grow. Much of this has resulted from it meeting its commitments under the LNG action agenda, which was a collaborative effort between the Commonwealth, the Western Australian and Northern Territory governments and industry. Winning the hotly fought contest to deliver China's first LNG contract is proof that the agenda is bearing fruit. As part of the agenda, a vision of supplying 30 per cent of Asia's LNG needs by 2020 was set. Development of Greater Sunrise will help secure this vision. Most importantly, it will ensure a bright future for those workers and their families who have staked a claim to the growth of this industry of the 21st century. Japan and Korea are already large importers of LNG, China and India are aiming to greatly expand their use of natural gas as an energy source and

across the Pacific the huge US market beckons.

Only last December the resources minister, Ian Macfarlane, led a successful delegation to an LNG summit convened by the US Secretary of Energy, Spencer Abraham, in Washington. Then in January Minister Macfarlane hosted a visit to Australia by Spencer Abraham, which included meetings with representatives of Australia's LNG industry. At these meetings the advantages to the US of using Australian natural gas, including that from Greater Sunrise, were extolled. In keeping with its commitments under the LNG action agenda, the government has acted to remove all obstacles to the development of Australia's LNG industry.

The passage of this bill will represent the removal of a significant obstacle to the development of Australia's LNG industry. But governments can only do so much. In the end it will be the drive, ingenuity and hard work of companies such as Woodside and their employees that will determine the future prosperity of all Australians. As the member for a resource rich electorate located within a state renowned for its onshore and offshore resources, I can commend resource development as a sure path to progress. As I said before, the bill also reinforces Australia's commitment to assist East Timor's growth. Greater Sunrise will provide a revenue stream that will allow East Timor to build the vital social and physical infrastructure needed for its future development. Overall this bill provides certainty and assurance to our growing petroleum industry, which will deliver benefits to all Australians and to all East Timorese. I strongly commend this bill to the House.

Mr ORGAN (Cunningham) (10.36 a.m.)—The introduction of and debate on the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** and the **Customs Tar-**

iff Amendment (Greater Sunrise) Bill 2004 make a mockery of parliamentary debate and treat members of the crossbench with contempt. The shadow minister, the member for Hunter, has told us that the opposition was told about the legislation just last Thursday and that they received a briefing but did not get a copy of the bill until yesterday afternoon. He did better than I did. I only found out about the measures last night and was unable to obtain any information from the government on the bill's content until just before nine o'clock this morning. What a disgraceful abuse of the parliamentary process by this government.

Mr Haase—Change your staff!

Mr ORGAN—The member for Kalgoorlie has just interjected with a comment about changing my staff. Late last night my staff contacted the minister's office seeking information and a copy of the bill, and there was no return call—there was silence. We made every effort to find out information about this bill and the government obviously wanted to keep it secret. There is no doubt about that. It is a disgrace. This reminds me only too clearly of the only contribution I was able to make during the debate on the **Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill** and the **Passenger Movement Charge (Timor Sea Treaty) Amendment Bill**, when they were given similar treatment in March last year. On that occasion I said:

I wish my opposition to the Timor Sea Treaty bills to be recorded, due in part to the haste with which they have been presented to this House and also to the various environmental and other issues which remain outstanding.

To expect anyone to read, analyse and comprehend the Greater Sunrise Unitisation Agreement Implementation Bill 2004 and the Customs Tariff Amendment (Greater Sunrise) Bill 2004 in such a short time and make a meaningful contribution to the debate is a

proposition that would be laughable if it were not such a grossly improper misuse of the forms of this House.

The main bill is 31 pages long, as is the explanatory memorandum. I note that the minister in his second reading speech refers to the fact that the unitisation agreement has been considered by the Joint Standing Committee on Treaties. What he failed to say was that the committee reported last August. Why has it taken the government eight months to act? And what is the rush today? Why is the government trying to ram these bills through all stages, through this House and the other place, today? Could it be that there is some foundation to Oceanic Exploration's \$US30 billion claims that Australia has duded it of its rights to develop oil and gas in the Timor Sea, despite the office of the Minister for Foreign Affairs describing them as fanciful? Doesn't this claim highlight the uncertainty created by not having permanent maritime borders? In the light of this new court action, shouldn't the government commit resources to relevant departments so that permanent boundaries can be agreed to expeditiously?

The office of the Minister for Industry, Tourism and Resources failed to return calls from my staff about this bill, and I have therefore been forced to rely mainly on the Statement of Reasons for Introduction and Passage circulated by authority of the minister. That document refers to the legislation, using slightly different titles to the bills now before us but I believe that they are the same matters. The statement says:

Passage of the Bills in the 2004 Autumn sittings will conclude the Greater Sunrise unitisation issues, preserve Australian interests and provide certainty to petroleum industry and investors.

Greater Sunrise, as we now know from this debate, is a petroleum gas field in the Timor Sea. Members will, I am sure, be aware that unitisation refers to the process by which a

petroleum deposit which lies across an international boundary or the boundary of a contract area is treated as one single unit for the purposes of technical and commercial development and, as far as possible, for regulatory, administrative and fiscal purposes. What a can of worms that is.

I understand that Australia does not have an agreed permanent maritime boundary with East Timor, although we appear to have struck a couple of treaties with that country relating to the Timor Sea and the unitisation of both the Greater Sunrise and Troubadour gas fields. I further understand that East Timor has indicated that it will not sign a unitisation agreement which is inequitable or prejudicial to the location of future maritime boundaries. It has been reported that East Timor is keen to see development begin in the joint petroleum development area defined in the Timor Sea Treaty, because it will receive 90 per cent of the revenues from the area, which accounts for only 18 per cent of the entire Greater Sunrise field. The East Timorese argue that if a median line were drawn between their country and Australia all of Greater Sunrise would belong to them.

It has also been reported that the two governments will meet in Dili next month to begin serious negotiations over a permanent maritime boundary. An East Timorese source told *International Oil Daily* in January this year that once the permanent maritime boundary issue has been settled all interim agreements like the joint petroleum development area will become null and void. The minister glosses over this issue with the bland statement:

The agreement includes a clause which states that its contents are without prejudice to the maritime boundary claims of Australia and East Timor. Discussions with East Timor concerning these claims have commenced.

As I said, it is a can of worms. Australian government officials have apparently told the

East Timor government that they cannot meet monthly to resolve maritime boundaries in the Timor Sea because they have resources for only two meetings a year. Will the government provide adequate resources to relevant departments so that they are able to negotiate permanent maritime boundaries with East Timor within a reasonable period of three to five years? Would this not be consistent with the commitment by Prime Minister John Howard to negotiate 'in good faith' with the government of East Timor to secure permanent boundaries in the Timor Sea?

Since Australia and East Timor signed the international unitisation agreement in March 2003, Australia has unilaterally granted at least two exploration licences in areas of the Timor Sea neighbouring Greater Sunrise: permit NT/P65 on 22 April 2003 and permit NT/P68 on 23 February 2004. Is this in 'good faith'? Is the government aware of its obligation under international law to refrain from unilateral exploitation in areas of overlapping claims? Shouldn't the government refrain from issuing new licences until it can reach an agreement with East Timor on permanent boundaries?

The unseemly haste with which these bills are being rammed through this House would certainly seem to meet the Statement of Reasons for Introduction and Passage section on preserving Australia's interests. The final part of that statement deals with providing certainty to the petroleum industry and investors. Give certainty to the operator Woodside and its joint venture partners Royal Dutch Shell, ConocoPhillips and Osaka Gas? What a joke! History is littered with international fallings out over border disputes, particularly where they involve access to valuable resources. Let us hope the joke is not on us.

In summary, the ramming through of these two bills in this place with such undue haste

is unparliamentary, undemocratic and can only raise one's suspicion that the government has something to hide. In his second reading speech the minister gave no reasons for today's haste and his government's secrecy over this matter. I must once again condemn the government in the strongest terms for such abuse of the parliament. The shadow minister and the member for Lingiari, with their limited access to these bills, have raised serious issues of concern which we in this House should have seen debated more fully here. It is not fanciful to suggest that these bills are being rushed through to put pressure on the government of East Timor. The minister said that such an accusation is fanciful, yet in his second reading speech this morning, he said:

I call on the government of East Timor to expedite its own treaty implementation process.

Pressuring the people of East Timor under the pretext of serving Australia's national interest is just not on. This whole process relies on cooperation with East Timor, not coercion. I therefore cannot support these bills or this process.

Mr ANDREN (Calare) (10.45 a.m.)—I must endorse many of the comments of my colleague the member for Cunningham and say that any bill introduced into this place for immediate debate and passage—particularly, in this case, with the cursory comments that we heard from the minister in what was supposed to be a second reading speech and particularly when details are not circulated to all members—needs to be seriously questioned. I am losing count of the number of times I have begun contributions to a second reading debate in this manner. This is a particularly important issue.

The member for Hunter said that he was outraged at the fact that the opposition were not aware of this until, I think, yesterday. Let me tell the House that the Independents first

learnt of this last night and my staffer Tim Mahony worked well into the wee small hours trying to research and decipher the details of the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#), which is being debated cognately with the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). The minister presented such a skimpy second reading speech that nothing could be gleaned from it by the broader public, let alone the members of the House, to help in understanding the issues at stake. If there is nothing wrong with the terms of the international unitisation agreement dividing the resources of the controversial Greater Sunrise oilfield, then what is the rush and why this subterfuge?

This bill must go to a committee. Unfortunately it is always a Senate committee to which we are referring these matters, again underlining the need for legislation committees of the House of Representatives. That is one of the democratic black holes in this parliament: again and again we refer legislation to the other house when we, as the representatives of the people—the people's house—should be the ones who give these bills the scrutiny they deserve. This bill must be scrutinised under a procedure other than the treaties process and that procedure must look at some of the issues that I will be raising in the course of making these comments. If it is a fair deal for both parties then why not take the time to give it a proper hearing in the light of day? Perhaps because it is not a fair deal. It is another sad indictment on our relationship with Timor Leste: we have in the main betrayed our small northern neighbour over the years. Just when our servicemen and women had redeemed us for 24 years of silence and betrayal, we go and do it all over again.

Is this abuse of reasonable parliamentary process more to do with a statement of claim lodged by the US based company Oceanic

Explorations and its subsidiary Petrotimor seeking \$US10 billion in damages—an amount that could escalate to \$US30 billion under the US Racketeer Influenced and Corrupt Organisations Act—because its rights to the Timor Sea oilfields, given the 1969 to 1974 exploration work that it did and the arrangements it made with the Portuguese government, had been usurped by the Suharto regime, with Australian collusion, and given to ConocoPhillips? Or is this rushed bill perhaps more to do with getting on with the business of business, as the member for Solomon puts it? Forget the morality of the deal and the rights of the East Timorese.

I believe, however, that in relation to the Timor Gap Treaty and, more specifically, the IUA relating to the Greater Sunrise oilfields, we have pursued our so-called national interest in this area far beyond the definition of this term and on an extremely dubious basis. If we have nothing to hide—no case to answer in the delimitation of boundaries between Australia and East Timor and, by the same argument, with Indonesia—why do we withdraw our acceptance of the International Court of Justice's jurisdiction on maritime boundary issues? Essentially we should not be debating this IUA; we should be debating the delimitation of our maritime borders with East Timor under established international practice and conventions. This would negate the need for the IUA as the oilfield in question would be wholly within East Timorese territory.

Last year the Timor Sea Treaty was debated—if we can call it that—under similar circumstances, interestingly enough. I recorded my opposition to the terms of the treaty but was prepared to see it pass without delay as the East Timorese nation was in dire need of its share of the revenue due to it from the Bayu-Undan oilfield within the JPDA. Any delay to the passage of that bill would have delayed its access to this revenue

share. At the time Timor was wholly reliant on dwindling foreign aid funds and was very much over a diplomatic barrel, so to speak, when it came down to agreeing to the terms of the treaty. This IUA is very much a product of the same process. The IUA sets out the terms for the exploitation of the Greater Sunrise oilfield—as this field is to be considered a single unit area although it straddles two boundary areas, however questionable those boundaries may be. The IUA was signed on 6 March 2003 and is required to be ratified by the parliaments of both Australia and East Timor and this debate is now, I suppose, what passes for the ratification of international treaties in this place.

The agreement as it stands provides for the distribution of revenue from the Greater Sunrise oilfield under the terms of the Timor Sea Treaty. The IUA is required as this oilfield straddles that joint petroleum development area and what is deemed to be Australian maritime territory under current arrangements. Twenty per cent of Greater Sunrise is within this joint area. It is worth noting here that the limits of the JPDA are the same as those negotiated between Indonesia and Australia in the 1989 Timor Sea Treaty, which gave further credence to Indonesia's illegal occupation of East Timor in return for Timor Sea oil and gas. At least the sharing arrangements are improved for East Timor compared to what they were for Indonesia.

The JPDA arrangement provides for 90 per cent of oil and gas revenue to go to East Timor and 10 per cent to Australia. The end result of this, when applied to the Greater Sunrise situation, is that East Timor will receive 18 per cent of revenue from Greater Sunrise and Australia, 82 per cent. Of course, morally, this whole area is within the legitimate boundaries and borders of the East Timorese nation. In March last year, the Treasurer estimated the gross value of the Sunrise oilfield to be between \$30 billion

and \$40 billion over its lifetime. Australia's share of this could be anywhere between \$24.6 billion and \$32.8 billion and Timor's share between \$5.4 billion and \$7.2 billion. This is without including revenue from taxes.

We need to consider that, if the maritime border between our two countries were to be negotiated in accordance with accepted international practice—which the Australian government has seemingly refused to do, despite its commitment to negotiate a permanent boundary in November 2002—Greater Sunrise would lie wholly, as I said, within East Timor's territory. So we are doing very well at Timor's expense—30 billion reasons for Australia to avoid finalising its maritime borders with East Timor and 30 billion reasons for Timor to get us to the table to do so.

The one thing that I am happy with in this whole process is that this agreement and the Timor Sea Treaty will not prejudice the delimitation of a maritime border between the two countries, but the oil could well have run out before we get to that point. As I said last year on the Timor Sea Treaty bill, international independent experts in maritime law advised that Greater Sunrise to the east of JPDA, as well as the Laminaria-Corallina field, just outside the western boundary, should fall within East Timor's boundaries.

I want to record in *Hansard* some comments from a source other than the explanatory memorandum to this bill—a source that I believe is a far more objective assessment. The source is the *La'o Hamutuk Bulletin* of the East Timor Institute for Reconstruction Monitoring and Analysis. Amongst various comments it makes on the historical background of the Timor Sea, it says:

Indonesia invaded East Timor three years later—
that is, three years after 1972.

In 1979, Australia and Indonesia began negotiations which led the 1989 Timor Gap Treaty dividing the seabed resources in the “Gap,” giving Australia the largest share in return for Australia’s recognition of Indonesia’s illegal annexation of East Timor. Rather than complete the boundary line, the Treaty defined a Zone of Corporation (ZOC). Within the ZOC’s central Area A, resources would be shared equally between Australia and Indonesia.

Further on, the article says:

None of the discussions between UNTAET and Australia—

that is, post May 2002—

covered areas outside the ZOC/JPDA, which has allowed Australia to continue to develop seabed resources that should rightfully belong to East Timor. Although the Timor Sea Treaty and other agreements say they are “without prejudice” to a future maritime boundary settlement (and they become null and void once boundaries are agreed to), there is no incentive for Australia to settle the boundaries, which could end its lucrative maritime occupation, until all the petroleum has been extracted.

It also says:

Under the Timor Sea Treaty ...

Under the International Unitization Agreement

...

Together, the two agreements transfer nearly two billion BOE—

that is, barrels of oil equivalent—

from East Timor to Australia, resulting in East Timor’s losing approximately 59% of its petroleum reserves. Although not shown in the table—

that is, the table in the document—

Australia has more than four times as much as the total Timor Sea petroleum reserves in other areas.

And here we go: an example of our foreign minister as a world statesman negotiating with the Prime Minister of another country in the most condescending and patronising manner, worthy of the Raj in India. In another article in the *La’o Hamutuk Bulletin*, he says to Prime Minister Alkatiri:

To call us a big bully is a grotesque simplification of Australia. We had a cosy economic agreement with Indonesia; we bailed East Timor out with no economic benefit. Our relationship is crucially important, particularly for you, East Timor. The two countries you can count on the most are Portugal and Australia. ... On principle we are surprisingly inflexible. ... We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics—not a chance.

It makes the mind boggle what he says to the US Secretary of State. It is terrifying stuff. The article in the *La’o Hamutuk Bulletin* goes on to say:

The pipeline and the LNG plant projects will greatly benefit Australia’s Northern Territory economy, but hardly any of the money spent on downstream construction and processing, or the resulting taxes, will come to East Timor.

Another article says:

If a permanent maritime boundary is eventually agreed to, the Timor Sea Treaty becomes obsolete, and both countries will “reconsider” the Sunrise IUA, although the oil companies’ contracts will not change, except for how their payments are allocated to each country. If no boundary settlement is reached, the IUA remains in effect forever and the Timor Sea Treaty lasts for 30 years, by which time most Timor Sea petroleum will have been exhausted.

It goes on to say:

East Timor, on the other hand, is in no hurry to ratify the agreement—

unlike this parliament—

The Dili Government has not yet sent it to Parliament, and could postpone this process to encourage Australia to discuss maritime boundaries. Even after the agreement is ratified, East Timor can still use its majority control of the Designated Authority which governs the JPDA, to prevent Sunrise development.

Another article in the *La’o Hamutuk Bulletin* says:

Since East Timor’s independence, Australia’s government has refused to discuss the maritime boundary. In fact, Australia has been unfriendly,

blackmailing East Timor on the Timor Sea Treaty. In March 2002, before the Timor Sea Treaty was signed, Australia withdrew from the mechanisms of the International Court of Justice (ICJ) and the UNCLOS Tribunal for impartial arbitration of maritime boundaries.

... ..

Unfortunately, Australia places its own economic prosperity ahead of concerns for its poorer neighbor.

On the basis of all that, I cannot in all conscience support such a policy. We should negotiate the border first, then the oil use treaties. It is as simple as that. This deal needs far more scrutiny and, quite obviously, I oppose it at this point.

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.00 a.m.)—in reply—I would like to thank all honourable members for their contributions to this debate. I note the comments from the members of the opposition who have supported the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#). Their contributions to the debate have been interesting, to say the least. I am heartened by the support they have given to the legislation, but I am alarmed by the continuation of the Labor Party antibusiness comments made by both the shadow resources spokesman and the member for Lingiari. Of course, the resources sector is well aware that a Labor government will increase taxes to the resources sector. We are already aware that they have put quite firmly on the agenda a \$500 million increase in the taxes that the resources sector will have to pay in diesel fuel excise, but what we have heard this morning is an escalation of that antibusiness rhetoric, where the spokesman on resources has put in jeopardy one of the basic tenets of resource development in Australia—that is, the title to those resources which are discovered.

We have a process in place which protects the Australian people from resources being left to waste. It is a process which involves the state ministers and has their full support. Labor ministers in those states support the existing process. The reality is that the opposition are trying to introduce a process which will drive exploration out of Australia, because the one basic tenet that companies need before they start is to know that what they find they can develop.

Mr Snowdon—No-one's arguing that.

Mr IAN MACFARLANE—The member for Lingiari says, 'No-one's arguing that.' The reality is that the resources spokesman for the opposition is saying to companies that he will reserve the right to strip them of their leases if, in his opinion, they are not doing what he wants them to do. This is a very dangerous move on the part of the opposition. Some of the other comments that were made by both him and the member for Lingiari simply highlight that they have absolutely no understanding of what goes on in the resources sector. If they understood what was going on in the resources sector, they would not be asking why this bill is being expedited through the House and through the Senate.

Mr Organ—Why is it?

Mr IAN MACFARLANE—I am happy to come to that. Obviously those on the other side of this House spend a great deal of time paying no attention to developments in the resources sector, but I would have thought that at least the shadow spokesman would have understood from the Woodside function last night that there are some exciting prospects for LNG. There is a window of opportunity to see these Sunrise resources developed, and that window of opportunity requires the certainty of this legislation being passed. If we want to take our time in passing this legislation—if we want to take the

risk that this legislation is not through by the next election and that it sits in the House—

Mr Snowdon interjecting—

Mr IAN MACFARLANE—Commercial opportunities for developments by companies in this area are here and now.

Mr Snowdon interjecting—

Mr IAN MACFARLANE—Those opposite can interject all they like, the reality is—

Mr Snowdon interjecting—

The DEPUTY SPEAKER (Hon. B.C. Scott)—The member for Lingiari will refrain from interjecting.

Mr IAN MACFARLANE—The resources companies are saying that they need the certainty of the passage of this legislation to advance their negotiations. The East Timorese are saying that they want to see this resource developed. That means that we need to move forward without the pontification, procrastination and threats to the resources sector that we are hearing from those opposite.

I was asked by the shadow spokesman in his contribution about the reasons for the amendment to the customs schedule in proposed item 22A, as set out in the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). In answer to that, it is known to those who follow the issue that the legislation cannot go beyond the unitisation agreement of East Timor, strongly supported by the duty-free entry. East Timor has strongly supported the duty-free entry to facilitate this development. Those are their words, not ours. We cannot, in all reality, go back and renegotiate this agreement. Even if we did, East Timor's position would be exactly the same—that is, they see the imposition of duty on goods relating to the development of this field as a disincentive, and they have asked for duty-free entry. That is the reality. The tariff exemption is in keeping with ensuring the best

opportunity for the development to occur in Greater Sunrise, and it is a view strongly promoted and supported by the East Timorese government.

The legislation implements an agreement between Australia and East Timor to develop and commercialise the Sunrise and Troubadour petroleum fields in the Timor Sea as a single unit. These fields, known as the Greater Sunrise petroleum resource, straddle the border between the joint petroleum development area established by the Timor Sea Treaty and an area of Australian jurisdiction. Putting in place the legislative framework for the unit development of Greater Sunrise will contribute significantly to investor certainty—and investor certainty, as you and I both know, Mr Deputy Speaker, is a necessary precondition for the development of any resource, particularly this one.

Development of the Greater Sunrise field will provide substantial benefits to both Australia and East Timor. From development will flow investment, exports, employment and revenue. It can also be expected to enhance the Timor Sea as a destination for exploration activity, to the benefit of both nations but particularly East Timor. I am particularly pleased to note that the economic development of the Northern Territory will also be greatly assisted by the development of Greater Sunrise. This year sees the first phase of petroleum production from the Bayu-Undan field, in the Joint Petroleum Development Area. Further development of that project, which includes the construction of an LNG plant near Darwin, together with Greater Sunrise, will consolidate Darwin's position as a major oil and gas centre. This government has made economic development in the Territory a high priority, as demonstrated by its support for the Alice Springs-Darwin railway—which I note the Leader of the Opposition has now changed his mind about and supports.

The credentials of Australia and East Timor to act in cooperation were established with the ratification of the Timor Sea Treaty, which governs the development of the resources of the Joint Petroleum Development Area. The Greater Sunrise unitisation agreement being implemented by this bill consolidates these credentials. Maritime boundary discussions are in progress between Australia and East Timor, but nothing in the Greater Sunrise unitisation agreement or this implementation bill allows either nation to use this agreement to support its boundary claims, contrary to what some on the other side of the House have just said. These two issues are very separate.

The Australian government is pleased to honour its agreement with East Timor by making legislative provisions for the agreement's implementation. The government looks forward to ratifying the agreement when East Timor's implementation measures are also in place. The bill to implement the unitisation of the Greater Sunrise resource brings closer the day when Australia and East Timor can announce the expected commencement of petroleum production in the Greater Sunrise field. I thank honourable members for their support of this bill, and I commend the bill to the House.

The DEPUTY SPEAKER (Hon. B.C. Scott)—The question is that the bill be now read a second time.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER—As there are only four members on the side for the noes, I declare the division resolved in the affirmative, under standing order 204. The names of those members who are in the minority will be recorded in the *Votes and Proceedings*.

Question agreed to, Mr Andren, Mr Katter, Mr Organ and Mr Windsor dissenting.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr FITZGIBBON (Hunter) (11.15 a.m.)—The opposition somewhat reluctantly decided to keep to its commitment to allow the passage of the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** through this House. We did so with no comfort but, as I indicated during my contribution in the second reading debate, we will be reserving our right to take a closer look at the provisions of this bill in the Senate. I can reinforce that now, because I asked the minister responsible for this bill, the Minister for Industry, Tourism and Resources, who is at the table, to answer two very simple and basic questions. The first question sought an explanation of why it was so urgent to put this bill through both the House of Representatives and the Senate in one day. I gave a lot of background covering the way in which the bill has been brought to the opposition's attention. I note the complaints of the minor parties, who were indeed far worse off than the opposition, which was first notified of the bill last Thursday. They only got notification of the bill this morning, just before nine o'clock. How are those people on the crossbenches supposed to be able to properly consider such a complex issue in such a short time?

The two basic questions I put to the minister were designed to allow the opposition to facilitate the passage of this bill through the Senate. But the requirement was that those questions be answered adequately and fully. The first one was about the need to rush the bills through the House. I thought I was going to have to say that we did not get an answer to that question, but we did get an answer to the question. The minister told the House that the facilitation of the bills through both houses on this day was in order to ensure that the investment and the re-

source project were not put at risk. Unfortunately, that is code for: 'The opposition and the minor parties were right.' It is code for: 'Yes, we are bullying the East Timorese people.' This is code for saying that we need to facilitate this bill through both houses today in order to apply maximum possible pressure to the parliament of Timor Leste to ratify this unitisation agreement. That being the case, the opposition is far from comfortable.

The second question I put to the minister related to the provision of the treaty which gives exemption from customs duty in the Greater Sunrise field. The minister did attempt to address the question, but all he told us was that this is a normal thing to do, that this is the traditional—

Mr Ian Macfarlane—That's not what I said.

Mr FITZGIBBON—I apologise to the minister if, when paraphrasing him, I am not absolutely accurate. But basically what he said was that this is a normal thing to do in these circumstances. He did make the point that it had the support of the people of East Timor. But what he did not address was the other important component of my inquiry, which was about the absence of the trip-wire. As I said in my contribution in the second reading debate, I understand that it is not abnormal to grant customs duty exemption for offshore projects such as Greater Sunrise, but it is normal to have in place a trip-wire which requires the venture partners to inquire into the availability of those goods and services on the Australian mainland first. He completely ignored that part of the question. Therefore the opposition has no choice but to assume that he cannot answer that question. That only reinforces our concerns.

On that basis, the opposition, having kept its commitment to allow passage of the bill through the House and, indeed, having fulfilled its commitment to facilitate the pas-

sage of the bill through the House, is left with no choice but to make further inquiries in the Senate on that point. We will leave open the possibility or the option of referring the matter to a Senate legislation committee to see whether we can tease out the fine details, because the opposition is not comfortable with a proposal by the government, at the behest of the venture partners in the Greater Sunrise project, to bully the people of Timor Leste into making an earlier than practical decision on this point. (*Extension of time granted*) Nor are we comfortable with the minister's failure to adequately answer a question which goes very much to national interest and whether the Australian community will have the benefit which potentially derives from the Greater Sunrise field maximised by ensuring that goods are sourced from the Australian mainland wherever possible. As I said in my contribution in the second reading debate, these are not insubstantial goods and services; they amount to quite a deal of money.

In their contributions, the Minister for Industry, Tourism and Resources and the member for Solomon both sought to bring into the debate some criticisms of comments I have made on a number of occasions with respect to the Petroleum (Submerged Lands) Act and the regulatory regime we have for offshore licences. The minister noted the fact that I made these comments again today in the *Australian Financial Review*. I stand by those comments. I think they get the balance absolutely right between Australia's national interest, in terms of the proper exploitation of community owned resources, and putting in place an environment conducive to investment, the growth of the Australian economy and the growth of Australian jobs.

The member for Solomon in particular railed against these comments that I have made on a number of occasions. But I would like to refer the member for Solomon to the

report of the House of Representatives Standing Committee on Industry and Resources entitled *Exploring: Australia's future*. In particular, I would refer him to recommendation 4 at dot point 2, which says:

Holders of retention leases under the Petroleum (Submerged Lands) Act 1967 applying for re-issue of those retention leases, show cause why those retention leases should not be made contestable after expiry of the first five years of tenure, and any subsequent five years of tenure.

I want to point out to the member for Solomon and, indeed, all members of this House and beyond that this recommendation from the House of Representatives Standing Committee on Industry and Resources was unanimous.

Mr Snowdon—Who is on the committee?

Mr FITZGIBBON—The member for Lingiari, anticipating where I am going with this, asks me who is on the committee. It will come as a surprise to many in the House that one of those members is the member for Solomon. So the member for Solomon chooses to come in here and criticise me for my view on the potential for the current regulatory regime to be exploited and abused at the expense of the Australian community, yet he is a signatory to the unanimous recommendations of the industry committee. It must be an embarrassment for the minister sitting at the table to have so many of his backbenchers on that committee. I see on the committee the member for Fairfax along with Mr Thompson, Mr Ticehurst and Mr Tollner. The member for Kalgoorlie, who was also in here making a contribution to the debate and railing against the opposition's position on these things, is also a member of that committee. So here we have people with a bout of schizophrenia, saying one thing on the committee and then being prepared to come in here and criticise the opposition's view on these matters.

On all of these matters the government can be sure of one thing—that is, we will get the balance right. We will get the balance just right between maximising Australia's interests in the potential gain or dividend from Australia's natural resources and considering the company's interests to ensure that, on every occasion, the national interest will be maximised rather than only the interests of the major oil companies.

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.25 a.m.)—Can I just say again in conclusion, with regard to the comments of the resource spokesman for the opposition, that it is the quite clear wish—and I read from the brief that I have—that there be no trip-wire, as he terms it, on duty-free entry. It is the strong view of the Timorese government that that be the case.

In terms of expediting the development of this field and the reality of the situation, the Australian government saw that, on balance, this was no disadvantage to Australian companies. In fact, it provided an excellent opportunity for Australian companies to participate in this process, as I am sure they will. I reiterate that this clause is strongly promoted and supported by the East Timorese government. For that reason it is in the Greater Sunrise unitisation agreement. We would otherwise have to go back and renegotiate the treaty. And were we to go back and renegotiate the treaty, there is no certainty in this process that this field would ever be developed. We have a situation that is supported by both governments in terms of this legislation and this agreement and we should proceed on that basis rather than jump at shadows.

Mr FITZGIBBON (Hunter) (11.26 a.m.)—I will be brief. The minister at the table, the Minister for Industry, Tourism and Resources, expects us to take on face value

the claim that the absence of a trip-wire does not in any way undermine the opportunity for Australian suppliers and producers to participate in this project. I think we need some time to confirm that. That is why we will be taking a closer look at the issue when the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) comes before the Senate, I understand, later this day.

I find it rather bizarre that the minister's argument with respect to the absence of a trip-wire is that this is in the interests of the East Timorese people. He has confirmed for us this morning that the whole idea of facilitating this bill through both the House and the Senate in one day and the whole idea of forcing or requesting the opposition to circumvent all of its usual party processes is to put additional pressure on the East Timorese people—in other words, to bully the East Timorese people at the request of the major oil companies. Yet he wants us to believe that the only reason there is an absence of a trip-wire is for the benefit of the East Timorese people. That is counterintuitive. I have difficulty coming to terms with that. I do not believe that our questions have been adequately answered.

The dilemma remains for the opposition. We understand that the customs duty exemption is part of the treaty and to fix it now would mean renegotiating the treaty. That is a disaster. I wish the opposition had picked up that clause earlier. I wish JSCOT had brought that provision to the attention of the parliament. But I have no hesitation in standing here today and saying that we missed it when JSCOT, in all of its inquiries, also missed it. I make the point again: these things are always thrown on us at the last moment. We do not get enough time. We are not allocated a reasonable amount of time to study these things properly. I made the point during my contribution to the second reading debate that this clause came to my attention

only when we realised or when we were informed that the package of bills that was going before the House today included an amendment to the Customs Act. We obviously asked ourselves, understandably, why we needed to be amending the Customs Act. That caused us to go again to the fine detail and discover this development. I am not embarrassed about that at all; I am not embarrassed that we had not picked that up earlier.

But I am sure about one thing: the government, by not being transparent about this earlier, has caused this problem. The government has, by not entering into a deal with the East Timorese people that we can be confident gets the balance between our interests and their interests right, got it wrong. We understand that it now has to negotiate the treaty. We do not want to force the issue to the point where we have to go back to the treaty. That would be a disaster. It would be time consuming and would probably start to put the project at risk. We are not asking for that, but we are saying that we will take every opportunity to ensure that we understand properly the implications of this provision before we support it in the Senate.

Mr SNOWDON (Lingiari) (11.30 a.m.)—I wish to briefly concur with the member for Hunter and make the very obvious point that, for those of us who live in Northern Australia, this part of the legislation is most important, as I am sure the minister appreciates. We want to make sure that we maximise the benefits to our local economy as a result of these developments whether, at the end of the day, they are onshore or offshore. As we have previously stressed, we want these developments to be onshore—and I have not seen any evidence of that happening. The Northern Territory government has been at the vanguard of these discussions about the development of the fields, advocating most forcefully to the joint venture partners that they pipe this gas to the mainland

so it can be dealt with onshore. That will maximise the economic and other benefits to the Northern Territory and, indeed, Australia.

Perhaps the minister could just tell us what the occurrence is that requires us to deal with this in less than 24 hours. This could have been done in October or November last year or in February. Why are we doing it today and why are we doing it in 24 hours? There has been no explanation. In some way or other there is a commercial interest which will only be properly dealt with and met if we expedite these processes and deal with this today. We heard from the Independent members that they only got copies of this legislation this morning. Just answer the question—

Mr Ian Macfarlane—I have.

Mr SNOWDON—No, you have not. You made some vague reference to commercial interests.

Mr Ian Macfarlane—Do you want me to explain the commercial reality?

Mr SNOWDON—I know what the commercial realities are.

The DEPUTY SPEAKER (Mr Lindsay)—Members will address their remarks through the chair.

Mr SNOWDON—What are the incidents causing us to deal with this in 24 hours? You must be able to explain to us and the parliament what you are expecting us to do and why you are expecting us to do it. As I said, we are reluctant to impede this process, because we understand the economic and development imperatives, but we have a right to understand what the government is on about. Frankly, I am not convinced, and I know the shadow minister is not convinced, of the reason we need to expedite this process today.

Mr FITZGIBBON (Hunter) (11.33 a.m.)—I will be brief. Earlier in the debate I

made reference to members of the government backbench who were in here criticising me for expressing views about the regulatory regime that deals with offshore leases and to the fact that those people had been party to a unanimous report by a parliamentary committee. When naming those members, I suggested that the member for Fairfax was a member of that committee. Indeed he was, but only until 25 June 2002, prior to the inquiry held by the committee. I apologise for putting him in the same bucket as those hypocrites who were in here earlier saying one thing but who said another thing on the committee.

Question agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.34 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

Second Reading

Debate resumed.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr FITZGIBBON (Hunter) (11.36 a.m.)—It is not my intention to delay the House any longer; I simply sought the opportunity to make a contribution in the consideration in detail stage of the **Customs Tariff Amendment (Greater Sunrise) Bill 2004** to draw attention to the clause which is causing the opposition most concern. I thought it appropriate that that be recorded in *Hansard*.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.37 a.m.)—by leave—I move:

That this bill be now read a third time

Question agreed to.

Bill read a third time.

**TELECOMMUNICATIONS
(INTERCEPTION) AMENDMENT
BILL 2004**

Second Reading

Debate resumed from 19 February, on motion by **Mr Ruddock**:

That this bill be now read a second time.

Mr McCLELLAND (Barton) (11.38 a.m.)—The opposition will be supporting the second reading of the **Telecommunications (Interception) Amendment Bill 2004** in the House, subject to one matter that I will mention in respect of the Senate proceedings. I can indicate that the opposition supports the principles of the bill. I note that a number of the bill's provisions—the ones that are of particular concern are those dealing with newer forms of communication, such as email and SMS transmissions—have been redrafted by the government since they were first introduced into the parliament in 2002. We have referred those provisions to the Senate Legal and Constitutional Legislation Committee to ensure that previous concerns identified by that committee have been addressed in the redrafted amendments, and we thank the government for cooperating in that further consideration by the committee.

Because telecommunications interception is an intrusive and in some ways extraordinary form of investigation it is important to place these proposals in context. The first statutory prohibition on telecommunications interception in Australia was enacted by the Menzies government in 1960 in the form of the Telephonic Communications Act. That

act prohibited telephone interception except for national security reasons or technical purposes or to trace unlawful calls, such as nuisance calls. Under that act, there was no clear statutory authority for telephone interception for general law enforcement purposes. That situation changed with the passing of the Telecommunications (Interception) Act 1979, which now enables telecommunications interception warrants to be obtained for security and intelligence and for the investigation of criminal offences. The Director-General of Security may, for instance, apply to the Attorney-General for a warrant for security or intelligence purposes, and the Australian Federal Police, the Australian Crime Commission and a number of state and territory police forces and criminal investigation bodies may also apply to an eligible judge or Administrative Appeals Tribunal member for a warrant for law enforcement purposes.

The offences for which warrants may be sought are divided into class 1 and class 2 offences. As one would expect, class 1 offences contain more serious offences than those in class 2. For example, class 1 offences include kidnapping, narcotics offences and, significantly, terrorism. Among class 2 offences are offences punishable by imprisonment of at least seven years involving loss of life, serious personal injury or danger to persons and serious damage to property, as well as serious offences—including theft, tax evasion and extortion—that involve substantial planning and organisation, sophisticated techniques and possibly two or more offenders. Because class 2 offences, while serious, can be viewed as less serious than those in class 1, a wider range of circumstances must be taken into account as a safeguard before a warrant is issued in respect of those class 2 offences. The safeguards include having regard to the gravity

of the offence and the impact of the warrant on a person's privacy.

In general, before a warrant can be issued the issuing authority must be satisfied that the information obtained from the interception will be likely to assist in connection with the investigation of the offence in which the person whose communications are to be intercepted is involved and that the information cannot appropriately be obtained by other methods. In fact, I think research suggests that at a federal level there is a very high success rate in terms of successful prosecutions occurring as a result of intercepted material. Regrettably, in some states that is not quite as high, but it is an indication, at least on the part of the federal agencies, that they take the requirements of satisfying the preconditions to obtaining this form of warrant very seriously. Once information is obtained through interception, the act imposes a general prohibition on its use as evidence in proceedings, subject to a number of exceptions that are set out in the act. The administration of the interception regime is subject to oversight by the Ombudsman, and must be reported to parliament annually by the Attorney-General—and that certainly occurs.

The telecommunications interception regime has appropriately been subjected to numerous reviews over the years to maintain its effectiveness in the face of new communications technology and changes in the telecommunications market and, significantly, to ensure that an appropriate balance is maintained between security and law enforcement and the freedom and privacy of Australian citizens. For example, there was the Barrett review in 1994, which formed the basis of new telecommunications funding arrangements in 1995 and 1997. There was the Boucher review in 1999, which followed the deregulation of the telecommunications market. The Ford review was also in 1999, and it

led to the introduction of named person warrants and an extension of the uses that may be made of intercepted material. Most recently there was the Sherman review, which reported in June last year. These are in addition to several reviews of telecommunications interception legislation conducted by parliamentary committees over the years, including the 2002 Senate Legal and Constitutional Legislation Committee's inquiry into the package of antiterrorism bills, which I mentioned at the start of my speech.

I turn now to address the particular changes made by this bill. Firstly, the bill broadens the range of offences in relation to which telecommunications interception warrants can be sought. These will include new terrorism offences inserted into the Commonwealth Criminal Code 2002. Currently, the legislation refers only to Commonwealth cybercrime offences, but I understand that there could be a range of crimes that apply at the state level that are perpetrated over the Internet such as banking fraud offences. Finally, in regard to offences dealing with firearms, the current legislation refers only to dealing in armaments. That could be a far more narrow term than the concept of firearms.

The terrorism offences will appropriately be class 1 offences, regarded as serious offences, and the safeguards that I have previously referred to in regard to privacy and the like are less stringent for those significant offences. The cybercrime offences and the firearms-dealing offences will be class 2 offences. As I mentioned, a warrant for those two offences may only be sought where two or more offenders are involved, substantial planning and organisation or sophisticated methods and techniques are involved and where they are probably being committed in conjunction with other similar offences. They are regarded by the opposition, as by the government, as serious offences which

justify the use of interception technology. We believe that fair-minded Australians would agree that these are very serious offences with the potential to cause major damage in our community—indeed, loss of life—and we must ensure that our intelligence and law enforcement authorities have the tools available under the telecommunications interception regime to investigate and prevent their occurrence.

The bill also amends the definition of interception to replace the existing reference to listening to or recording a communication with a reference to listening to, recording, reading or viewing a communication. The amendment is designed to address new forms of telecommunications technology which do not necessarily involve listening but, rather, the transmission of written words or images, such as SMS, MMS, voicemail and email. The bill would apply the general prohibition on interception to these new forms of communications and require telecommunications interception warrants to be sought before that can be undertaken.

SMS, MMS—multimedia messages—voicemail and email are examples of communications which can involve delayed access: that is, where a message is stored for period of time before it is read. The bill seeks to clarify the circumstances in which a telecommunications interception warrant must be sought to access such communications and in which circumstances some other form of law enforcement warrant must be sought, such as a police search warrant obtained under state laws.

In summary, and without intending to oversimplify the bill, the bill would exclude three situations from the telecommunications interception warrant regime and require the use of one or other of these other forms of warrant. I understand those three major areas to be, firstly, where the communication is

being accessed by the intended recipient or by a person authorised by them; secondly, where the communication is being accessed after it has been accessed by the intended recipient or a person authorised by them and subsequent access does not involve the use of a telecommunications service or another form of remote access, such as listening to a voicemail stored on a mobile phone; and, thirdly, where the communication is being accessed using equipment that the intended recipient could have used to access the communication and the access does not involve the use of a telecommunications service or other form of remote access, such as reading an SMS or MMS on a mobile phone.

As I understand it, the concerns of the Senate Legal and Constitutional Committee were essentially that the previous framing of equivalent measures were ambiguous and did not sufficiently clarify for law enforcement purposes the concepts as to when a message was in transmission and when it had been received or accessed at the other end. Basically, the thrust was that, where it had been received or accessed at the other end, some other form of warrant was appropriate. So getting those definitions right in the context of the technology is complex and, again, we believe it is appropriate for the Senate committee to have another look at the wording to ensure that their concerns have been addressed.

As I mentioned, the issue was the subject of a detailed report by the Senate Legal and Constitutional Committee, which led to the government agreeing to withdraw and redraft the provisions in light of the committee's concern that the amendments were ambiguous and unclear. The government believes that the redrafted provisions in the bill seek to address the concerns raised by the committee. A lot of technical work has obviously gone into the drafting of the bill and preparation of the explanatory memorandum; nonetheless, we believe that the community

theless, we believe that the community would benefit from a general oversight by the Senate Legal and Constitutional Committee. We look forward to reading the committee's report, which will be delivered in a few weeks time.

The bill would also enable ASIO to record without a warrant calls made to, but not from, publicly listed ASIO numbers. Presently, ASIO can record such calls but only after a caller is warned that the call is being recorded. I understand that ASIO is concerned that this warning may have been causing callers who would otherwise provide important information to hang up. This is plainly not in Australia's national interest, particularly when potential terrorist offences are involved, and it indicates that the law as it presently stands does not get the balance quite right. The amendment would enable ASIO to record the incoming call without such a warning. We note that an equivalent amendment is commonly in existence in state jurisdictions for 000 emergency calls.

The further amendment that will be dealt with in the interception regime is one in respect of a current power that enables ASIO rather than a telecommunications carrier to execute a warrant in an emergency situation. The bill would remove the current requirement for ASIO to provide a copy of the warrant to the telecommunications carrier in such circumstances. We understand that ASIO is concerned that this requirement may compromise the security or urgency of the operation while serving no practical purpose, in the sense that the carrier is not involved in the execution of the warrant in any event.

Finally, in terms of the last amendment of significance the act presently enables chief officers of an agency to revoke an interception warrant and to delegate this power to a certifying officer, who must be an officer of SES level or equivalent. However, it can

sometimes happen that an interception can be terminated before a warrant is formally revoked—in other words, the law enforcement officers have determined that the interception is no longer obtaining useful material or is not justified. Currently there is an anomaly in the act which prevents the certifying officers from exercising the power to terminate an interception before a warrant is revoked. This bill will rectify that by enabling certifying officers to exercise the power of terminating the interception when they deem it appropriate or consider that no useful purpose is obtained by that interception remaining in place.

In conclusion, the opposition supports the thrust of the bill and, subject to the report of the Senate committee, stands ready to work with the government to ensure that any outstanding concerns are addressed promptly so that the legislation can be put into effect as expeditiously as possible.

Mr SOMLYAY (Fairfax) (11.54 a.m.)—The **Telecommunications (Interception) Amendment Bill 2004** amends the Telecommunications (Interception) Act 1979. The amendments do not change the purpose or the focus of the interception act, but I believe they are necessary to keep pace with both the technological developments in communications and the increasing sophistication of serious crime and serious criminals. Unless we keep pace, Australia will become impossibly handicapped in the fight against organised crime and terrorism. There are four main purposes to this bill. Firstly, to reflect changes in the Australian Criminal Code, it extends and defines the list of serious terrorism and firearm crimes for which the interception warrants can be issued. Secondly, to reflect changing technology, it extends the act to include text based communications. Thirdly, it permits the recording of calls to publicly-listed ASIO numbers. Lastly, it

clarifies the act regarding delayed access message services.

Item 1 of the bill includes on the list of class 1 offences under the act those offences already set out in divisions 72, 101, 102 and 103 of the Commonwealth Criminal Code. These offences all relate to terrorism. We are not talking about minor crime here; we are talking about serious, planned, organised terrorist activities—activities which if not uncovered and prevented can cause death and destruction. These offences do not deal with a criminal; they deal with criminal and terrorist organisations and networks.

Let us look at the crimes we are talking about. Division 72 of the Criminal Code relates to terrorist activities using explosive or lethal devices. We are talking about people who plant bombs. Division 101 of the Criminal Code refers to offences such as engaging in a terrorist act, providing or receiving training connected with terrorist acts and making documents likely to facilitate terrorist acts. In a similar vein, the other two divisions relate to terrorist organisations and funding. This amendment does not extend the reasons for interception under the act. What it does is supplement the definition of class 1 offences for which interception may be used. The act already allows warrants to be issued for telecommunications interception in connection with the investigation of offences involving an act of terrorism. That does not change. This amendment, by including reference to offences under divisions 72, 101, 102 and 103 of the Criminal Code, aims to clarify what terrorist crimes are relevant and to define what activities allow interception warrants to be issued as part of a criminal investigation. This provides certainty for law enforcement bodies. It ensures that they have the interception power to use in terrorist investigations, but it also means defining the extent of that power.

The bill also amends the list of class 2 offences under the act to include firearms dealing. This would permit agencies to apply for an interception warrant when it would assist in the investigation of offences involving dealings in either firearms or armaments. Currently the act only lists armament dealings. However, while the two terms can cover the same weapons or items, they do not necessarily do so. A more encompassing definition is required in dealing with terrorism and organised crime. The term ‘armaments’ includes weaponry, munitions and other military equipment, whereas the term ‘firearm’ describes any weapon capable of propelling a projectile by means of an explosive. Including both terms in the act covers a potential technical loophole. It should be stressed that any agency seeking an interception warrant for firearms dealings will still have to meet the same preconditions as those required for armaments dealings. These include that the relevant offence involve two or more people, that it involve substantial planning and organisation and sophisticated techniques, and that it be punishable by a maximum of at least seven years imprisonment.

Another amendment to the list of class 2 offences under the act is one aimed at providing a broader, more up-to-date definition of cybercrime—that is, computer crime. Concern has been expressed over cybercrime in areas such as banking fraud and national security threats. Last year, the member for Cook, Bruce Baird, who chairs the Parliamentary Joint Committee on the Australian Crime Commission, said:

The internet has provided new ways of committing old crimes. The resourcefulness of criminals is boundless, and our enforcement strategies must be able to access the same technology and the same environment if cybercrime is to be contained.

Computer crime involves extensive use and abuse of the telecommunications system. The ability to lawfully intercept those telecommunications is an essential tool in the investigation of these crimes. This amendment reflects changes already made to the Criminal Code. New paragraphs in this section of the bill also accommodate future legislation by the states and territories as they legislate to mirror part 10.7 of the Criminal Code. This legislative process is part of a Commonwealth-state agreement in the combined fight against organised transnational crime, in this case relating to computer crime.

The bill amends the actual definition of interception, replacing the existing references to listening to or recording a communication with reference to listening to, recording, reading or viewing a communication. This addresses the technological advances which mean that telecommunication does not only mean phone calls. It can now take the form of written words, such as email, or even images. The concept of listening to such telecommunications is not directly applicable.

I said this bill covered amendments in four areas of the act. I have spoken about the amendments regarding the types of serious crime—terrorist, firearm and cybercrime offences—and I have also spoken about extending the act to include text communications. That brings me to the third area: calls to ASIO, our domestic security agency. This amendment allows calls made to publicly listed numbers for ASIO to be listened to, recorded, read or viewed by:

... another person who is lawfully engaged in duties relating to the receiving and handling of communications to that number ...

This amendment applies to incoming calls on ASIO's publicly listed numbers. It does not apply to calls made to numbers not publicly advertised or to outgoing ASIO calls. The

aim is to assist in the effective investigation of security matters.

The last major purpose of the bill is to clarify the act regarding delayed access message services. Item 10 of the bill provides a definition of delayed message services, which would include fixed line and mobile voicemail, short messaging services, or SMS, multimedia messaging services and email. However, it specifically excludes voice-over Internet protocol services. This item also defines stored communications and sets out three circumstances in which such communications are not passing over the telecommunications system. If they are not passing over the telecommunications system then they fall outside the guidelines for a telecommunications interception warrant, which means that, while other warrants are available to obtain the data, no warrant can be issued under this act. With increasingly sophisticated communications systems, there can be grey areas about what is passing over the telecommunications systems and what has passed to become stored communication. This amendment clarifies and defines what can be intercepted. It provides more certainty.

The bill contains some minor amendments regarding transitional and administrative matters, but I will mention just one, which I believe is important. Item 17 of the bill allows the certifying officer of an agency, by delegation from the chief officer, to determine that an interception under a particular warrant is no longer required. This simply expedites the cessation of an interception once it is deemed no longer necessary. We must never lose sight of the fact that in normal circumstances telecommunications interception is a serious invasion of privacy. For that reason, the interception act must—and does—carry safeguards to ensure that it is only used to investigate serious crime. It is a powerful tool in breaking criminal net-

works which deal in terrorism, banking fraud, paedophilia and the trafficking of women for the sex trade, to name a few. Paedophilia networks have thrived with the development of technology which makes anonymously targeting children a simple matter. This government is serious about combating such crime, but it is also mindful of the need for balance and justice. I believe this legislation encompasses those qualities and I therefore commend it to the House.

Mr ORGAN (Cunningham) (12.05 p.m.)—I rise to speak in opposition to the **Telecommunications (Interception) Amendment Bill 2004**. This rather complicated and convoluted bill has the stated aim of amending the Telecommunications (Interception) Act 1979 in the following manner:

... to extend the availability of telecommunications interception warrants to additional serious offences, extend the protections of the Act in relation to text based communications, facilitate the recording of calls to publicly-listed ASIO numbers, and to clarify the application of the Act to delayed access message services—

such as email. It does so in the context of this government's increasing paranoia about terrorism and security threats. This bill contains provisions which are remarkably similar to measures which the government was unable to get passed back in 2002. They should face a similar fate on this occasion. Back in 2002, Electronic Frontiers Australia raised a number of concerns about the bill, including the fact that the proposed changes:

... would give government agencies (not only police forces) powers to intercept and read email, voice mail and SMS messages, without an interception warrant (as is presently required). Furthermore, agencies that are not allowed to obtain and use interception warrants (like the Taxation Office, the Australian Securities and Investments Commission, the Immigration Department, etc) would gain the power to intercept and read private communications. Communications made

using new technologies would have less privacy protection than a telephone call.

While there have been some improvements to the bill since 2002, in terms of offering better protection for people's privacy than an ordinary search warrant, the board of Electronic Frontiers Australia is still examining the proposals before us, and the Council for Civil Liberties believes the privacy of innocent parties could still be violated if these measures were to become law. Council secretary Cameron Murphy told the *Australian* just two weeks ago that the bill:

... resolves the technical problems about receipt of email, but it still doesn't resolve the broadening of the power, and the reduction of personal privacy for people who may be innocently caught up in an investigation ...

They could be family members or colleagues who have communicated with the subject of the investigation about some entirely unrelated matter.

The Australian Privacy Foundation has concerns about the extension to a broader list of cybercrime offences, its application to calls to publicly listed ASIO phone numbers and removing the requirement to notify a telecommunications carrier of the issue of a warrant in cases where effecting interception will not require action on the part of the carrier. The Australian Privacy Foundation says that the extension to a broader range of cybercrime offences needs further analysis and might be seen as undesirable function creep. It also points out that some cybercrime offences carry penalties of one to three years imprisonment, compared to the seven-year threshold normally required for telecommunications interception warrants, and in some cases offenders do not need to use a telecommunications system to actually commit the crime.

The Australian Privacy Foundation opposes measures applying to calls to publicly listed ASIO phone numbers, saying they are unnecessary because the act does not prevent

ASIO from recording calls to their numbers under participant monitoring exemptions, provided that callers are notified. It is analogous to the recording of calls to 000 emergency services. The foundation also opposes removing the requirement to notify a telecommunications carrier of the issue of a warrant in cases where effecting interception will not require action on the part of the carrier. They point out that justification of notification to a telecommunications carrier is not simply based on the need for the carrier to provide assistance in performing the intercept but that it is another accountability check and restraint. Telecommunications carriers all have security cleared staff, so security is not an issue.

The Council for Civil Liberties says the legislation should be more specific—for example:

... to intercept communications only between the subject of the warrant and other people involved in an investigation.

But what are these investigations? The Telecommunications (Interception) Amendment Bill 2004 adds whole new groups of offences for which interception warrants may be sought, including terrorism offences, dealing in firearms, and state and territory cyber-crime offences. This is Big Brother gone mad. And, yes, I do mean Big Brother in the older Orwellian sense—that land of double-speak, where propaganda is truth and war is love, and where an asylum seeker is an illegal noncitizen.

It is not enough for this government to authorise phone taps at 20—yes, 20—times the rate of their counterparts in the United States. The number of interception warrants being issued grew by 26 per cent a year between 1996-97 and 2001-02. The government does not seem to care about the warnings given to citizens of the European Union as far back as 2001 that their privacy was

under threat from a global eavesdropping network known as Echelon, led by British and US intelligence interests. Perhaps it was Echelon which allowed us to help with the scandalous eavesdropping on UN Secretary-General Kofi Annan, as recently reported in the media. Now the government's watchdogs are not just listening; they are also viewing and reading your emails, SMS text messages, pictures, letters, documents—whatever. And they do not have to intercept them to do that: they can read them on your computer or on your Internet service provider's server.

I am confident that most Australians understand and support the need for increased security in the current environment—an environment, it must be said, which this government has made riskier by its involvement in the illegal US-led invasion of Iraq. But this government legislation is over the top. The potential is there for any user of email, text messages or multimedia messages to find a trench-coated Big Brother peering over his or her shoulder, or to find the same trench-coated Big Brother to do their bidding. According to the Attorney-General's second reading speech in this House on 19 February this year, he would have us believe:

... the government recognises that telecommunications interception is an intrusive method of investigation and reaffirms its commitment to protecting the privacy of individuals using the Australian telecommunications system.

That is right: the government 'reaffirms its commitment to protecting the privacy of individuals using the Australian telecommunications system'. How is it giving effect to that commitment—by having a bunch of, as I said, trench-coated Big Brothers peering over our individual and collective shoulders? That appears to be how. It is no good for the Minister for Communications, Information Technology and the Arts to once again stand before us, present a bill and say that the bill

does one thing when it actually does the opposite.

Members of this House would be especially aware of privacy issues as they affect the work we do on a daily basis, whether it is in maintaining the privacy of our relationship with constituents or privacy issues relating to party matters, and even those involving family and friends. As public figures we all cherish our privacy and understand the need to protect it, and we understand the need to protect the privacy of ordinary Australians. Furthermore, as federal parliamentarians we have a responsibility to ensure that legislation which passes through this place does not give rise to privacy considerations being overridden by government paranoia and political agenda, couched in terms of serving the so-called national interest—and that is a term that has been flaunted in this place regularly in recent months. It is always easy for a government minister to walk into this place and proclaim that the government is doing something in the so-called national interest. However, rather than blindly accepting such statements, it is the obligation of every member of this place to ensure that the privacy concerns of their constituents are not jeopardised by rash, ill-conceived legislation.

I expect this bill to come under close scrutiny in the other place. If I were a betting man, I would probably put a couple of units on 'defeated' to make it a quinella for the Telecommunications (Interception) Amendment Bill 2004. I understand that on 3 March the Senate referred the provisions of the bill to the Senate Legal and Constitutional Legislation Committee, and I welcome this. In summary, as it stands, this bill is an attack on the privacy of individual Australians and, as such, I cannot support it.

Mr RUDDOCK (Berowra—Attorney-General) (12.13 p.m.)—in reply—I would like to thank the honourable members for

Barton and Fairfax for their contributions to the debate on the **Telecommunications (Interception) Amendment Bill 2004** and note also that the member for Cunningham has now made some observations as well. Can I first reaffirm that there are two important purposes of the Telecommunications (Interception) Act which we are now seeking to amend. They include protecting the privacy of people using the Australian telecommunications system by making it illegal to intercept a telecommunication passing over that system without the knowledge of parties to the communication. In order to ensure that law enforcement and other agencies can properly fulfil their roles, the act also establishes a regime for lawful interception of communications in particular circumstances. This tool has been—I will deal with this in a moment—consistently able to demonstrate that it is valuable in investigating serious crime and gathering security intelligence. I do welcome the in-principle support that has been offered to the bill from the opposition. Of course, Senate committees are appropriate to undertake examination of bills; but I would also say that I think at times work by House of Representatives committees can be equally valuable and helpful.

I certainly want to endorse the comments of the member for Cunningham, who acknowledged that we are in an increased security environment. He asserts that that is well understood and I am glad he does, because I think September 11 has demonstrated that we are in a very different security environment from any that we have experienced before, where innocent civilians are targeted and where rules of engagement that are often used for conducting war are not observed. I think we would be severely judged if we were seen to leave systems exposed in terms of weakness if, when we had addressed matters that enabled us to ascertain information that would have prevented a terrorist act, we

had failed to act. Equally, I think people are very conscious of the importance of law enforcement agencies being able to properly investigate crimes, and individuals should not be able to use privacy laws in order to prevent a proper and adequate investigation of those crimes.

I am not sure the debate is helped by security officers being described as 'trench-coated Big Brother'. I am not sure the debate is helped by reference to some increased paranoia in the environment in which we are operating. I do not think the debate is helped by reference to doublespeak or Orwellian principles. I must say I find reference to slogans of that sort a failure to come to grips with the actual issues and to ask what are the supposed evils that are involved in the legislation that is proposed.

I would like to acknowledge that there were proposals in 2002; there was a Senate Legal and Constitutional Legislation Committee review. It gave consideration to the legislation as it was then introduced. At the time, the committee recommended that the issue of access to stored communications be considered further by the government, with a view to developing a revised approach. This bill arises out of that revision. This recommendation was founded on the committee's concern about the ease with which access to stored communications could be obtained without the need for an interception warrant. We have addressed those concerns in the amendments that are before us. They specify more clearly the point at which a communication has ceased its passage over the communications system. In practical terms the amendments now proposed will ensure that a telecommunications interception warrant is required to access emails stored at premises of an Internet service provider where the email has not previously been accessed by the intended recipient. The amendment also overcomes concerns in relation to potential

ambiguity by specifically excluding voice-over Internet protocol, or VOIP, services from the definition of 'delayed access message service'.

The member for Barton mentioned that telecommunications interception had proved to be important in securing more criminal convictions. I would just like to note that an annual report under the Telecommunications (Interception) Act 1979, tabled yesterday, shows that the number of prosecutions commenced on the basis of information obtained through telecommunications interceptions warrants increased by 59 per cent in 2002-03; that, in addition, 31 per cent more convictions were obtained by law enforcement agencies using lawfully obtained information; and that the information in the report clearly does demonstrate the usefulness of telecommunications interception in investigating and prosecuting serious criminal activity. That was against a background where there had been only a 22 per cent rise in the number of warrants obtained in the reporting period.

I would simply note that I think the perpetrators of serious criminal offences are becoming more and more sophisticated in their use of telecommunications technology. The number of interception warrants of course reflects the increased use of targets of multiple services, telephones and prepaid services. They are important matters in the ongoing investigation of serious crime, and telecommunications interception is playing a significant role in relation to those matters. But what we have ascertained of course is that, as time and communication move on, the technology fundamentally changes. It is in the interests of all Australians for the government to ensure that the act continues to be effective in protecting privacy and aiding law enforcement despite these changes. There is an amended definition to include 'reading or viewing' a communication. It would be fine

if communications were only oral, but with the growth of texting it becomes quite obvious that you need to be able to read or view a communication and that includes emails and images passing over multimedia messaging services. The government also believes it is important to clarify the way in which the act applies to delayed access message services such as email and SMS.

The amendments make it clear when it is necessary to obtain a telecommunications interception warrant to access these communications and when it is necessary to rely on some other form of lawful access, such as a search warrant. I would not want to see a prosecution fail—with these amendments, you are entitled to two forms of a warrant: a search warrant and a telecommunications warrant—or somebody avoiding a successful prosecution not because a crime had not been committed but merely because of a technical point, a gap in the way in which the coverage of these matters could be effectively addressed. These amendments are designed to address that issue.

As a result of other amendments contained in this bill, law enforcement agencies will be able to apply for a telecommunications interception warrant to assist in the investigation of all terrorist related offences in the Criminal Code, as well as offences involving dealings in firearms and state and territory cyber-crime. If an offence is seen to be sufficiently heinous to be included as a terrorist related offence in the Criminal Code, it seems to me that it is appropriate that the investigatory tools that you have ought to be able to cover the field. I do not regard that as being inappropriate, any more than I regard offences involving dealings in firearms and cyber-crime as being in some way of insufficient importance to be covered by legislation of this sort. These are all serious offences which law enforcement agencies must be fully

equipped to investigate in the interests of national security and the community.

The amendments allowing ASIO to record calls to its publicly listed phone lines without a warrant, to allow it to keep accurate records of information received from the public and to act quickly in the case of specific threats to Australians and Australian interests or institutions should seem self-evident, but I note that the honourable member for Barton in his comments observed that these are the sorts of arrangements that we give to all emergency numbers, for other service agencies to be able to use. ASIO is playing perhaps an even greater service role in the task of identifying potential terrorist risks. I am not concerned that we have a large intrusive group of people involved in these tasks. I think the organisation, with a relatively small number of personnel, is highly professional in the way in which it undertakes its tasks. It is an organisation that could well be better served if it had an even greater capacity to undertake the tasks that it has. As I look at the organisation, the concern I have is not so much with what the organisation in fact knows but with what it does not know about potential harms that might be caused to the Australian community, because of the difficulties in obtaining information, the way in which people seek to cover their tracks in relation to these matters and the limitations that we often impose on an organisation in terms of the perceived need to address privacy issues, even where important issues such as national security are involved.

Of course, telecommunications interception is an intrusive method of investigation, and it is for that reason that we seek to obtain an appropriate balance between protecting individual privacy and the legitimate needs of those organisations and other agencies whose work is essential to protecting the national security, as well as looking after community safety. The act will continue to

limit the availability of telecommunications interception warrants to circumstances in which the seriousness of the matters under investigation outweigh the need to protect the privacy of those persons whose communications are to be intercepted. I commend the bill to the House and thank the opposition, in particular, for the foreshadowed support, subject to committee review, of this legislation.

Question agreed to.

Bill read a second time.

Third Reading

Mr RUDDOCK (Berowra—Attorney-General) (12.27 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

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

Second Reading

Debate resumed from 9 March, on motion by **Mr Williams**:

That this bill be now read a second time.

Mr TUCKEY (O'Connor) (12.28 p.m.)—In continuing my remarks from last night on the *Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]*, I want to briefly touch on the myth that Telstra was such a good organisation in the good old days. I had a call to that effect from one of my constituents on one occasion, and I said: 'What do you mean, "the old days"? You did not have a phone in the old days.' After my election in 1980, I in fact assisted in getting a connection for which we had to fight to reduce the connection charge of \$6,000. I am reminded of the period when, at my election in 1980, one shire in my electorate had 160 outstanding applications for telephone connections. Now I get people occasionally sending

me complaints via email about the quality of the service in the bush, which is a bit surprising when you think they have got BigPond and other things. In the 1950s, the cost of a trunk call in rural Western Australia equalled a third of the then basic wage.

I want to summarise the remarks that I made last night. I pointed out to the parliament that when the member for Melbourne carries on about his interventionist approach and how he as the majority shareholder is going to tell the board of Telstra how they will operate, frequently at a cost to their profits—which of course will pass to institutions like union super funds. Company law, and more particularly sections 232 and 233 of the Corporations Law, specifically forbid majority shareholders instructing or influencing the board in a manner detrimental to other shareholders. So, unless the member for Melbourne as the shadow spokesman has some means of improving Telstra's profits, maybe by reducing the staff even further, any other intervention could be in breach of the very laws of this parliament. That should be understood very clearly.

While I am talking about jobs, it is my recollection, which I mentioned last night, that the major job reductions in Telstra occurred during its period of corporatisation under the Hawke and Keating Labor governments. I think those figures can be proved. That is a message for the member for Throsby, who will follow me in this debate and who probably has in her notes that if we sell the other half of Telstra there will be massive job losses. We cannot influence how many people Telstra employ now. It is an interesting point, because these very arguments were promoted when the previous Labor government decided to rat on all their promises regarding the sale of the Commonwealth Bank. They went out and said, 'Well, we know we've promised everyone including the unions that we will not priva-

tise the other half of the Commonwealth Bank, but we've now discovered that it can't operate as a hybrid entity.' What is more, behind the back of their hand, they needed the money. They wanted to spend it while they continued to borrow more money to finance their processes, and that issue of course is now on the agenda in this House again.

But the public need to understand something else. We stick by our philosophy, as a coalition government or in opposition. When we were in opposition, we supported the Labor government's privatisation processes because we believed they would improve things—and they certainly improved the share value of the Commonwealth Bank. But Labor has form in these areas. Nobody could suggest that, were Labor to form the next government and be looking for the \$8 billion of overexpenditure they currently have, they would not suddenly decide to sell the other half of Telstra. Nobody can stand up in this parliament and say, 'Trust us, the Labor Party.' Why? Because they have made promise after promise in the past not to sell things. They called privatisation an obscenity until they ran out of money, and then they sold things and spent the money. The public must know that, whatever Labor tells them at the next election, their form record says, 'Don't trust them.' It's another l-a-w tax cut argument. What is more, the public must know that we will support this legislation in government or in opposition. We do not intend to be in opposition and we want this legislation passed, but all the rhetoric from the Labor Party about their commitment on this issue is not supported by history. *(Time expired)*

Ms GEORGE (Throsby) (12.33 p.m.)—The member for O'Connor has rightly predicted what I am about to say, which is that I am personally and my party is totally opposed to this [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#), which

would lead to the inevitable privatisation and selling off of Telstra. I think the member for O'Connor is totally out of sync with community opinion. Every poll that is taken shows an overwhelming view among ordinary Australians in opposition to the selling off of Telstra. The reason that we and public sentiment are so strongly in support of retaining Telstra in majority public ownership is that we believe very firmly that telecommunications services are essential services and that the provision of these services ought not to be left to the market but really must involve governments in ensuring that, through telecommunications, we continue nation building and policies of social inclusion.

I think the member for O'Connor would be advised to do what other members on the other side of the chamber have done and actually find out what his constituents think on the issue. I know the member for Hume recently did that. It was no surprise that in Hume the constituents answered as they did. In a recent survey that I conducted, in answer to the question 'Do you support the full privatisation of Telstra?' the no response in my electorate, on a sample survey of 2,000, was quite overwhelming: 89 per cent of the people whom I am here to represent indicated very firmly that they were against selling off Telstra. As I say, I think the member for O'Connor and others on the government benches will find, come the election, that this will be a major issue.

Australians know that it is only through a majority publicly owned Telstra that we can effectively guarantee universal telecommunications access for all Australians. People know that, once it is flogged off, the prime objective of a privatised Telstra will be the making of profit. Its accountability will be to its private shareholders and not to the national interest and all Australian citizens. They do not believe the argument advanced

by the government that somehow, by way of regulation, you can impose certain conditions on a privatised monopoly. I do not believe you can. You cannot future-proof Telstra services under a privatised model and I do not believe there is any way that you could guarantee an ongoing presence of Telstra throughout urban, regional and rural Australia, even if it were a precondition of a licence. You only have to look at the behaviour of the banks—and people know exactly what the banks did—to appreciate that Telstra would be fleeing from a lot of rural and regional areas as quickly as the banks did. People know from the banking experience that a privatised Telstra would focus more on the lucrative markets and neglect the interests of those on low incomes, the pensioners and those in rural and regional Australia.

The government tries to persuade the opposition benches that it is not going to sell Telstra until the price is right. In response to that, there is a very strong argument that the price is never right, because, for the one-off, short-term gain you get, you continue for years and generations to lose the dividend stream that comes from Telstra. I do not buy the argument that Telstra would be more responsive to its private shareholders and that that is a good way to go, because at the moment every Australian, by virtue of the government majority control, is a shareholder in Telstra. Telstra as an institution has been built up through generations of Australians making the commitment to a very effective telecommunications provider.

The government argues that it is not going to flog off Telstra—and I quote from the second reading speech—until it is ‘fully satisfied that arrangements are in place to deliver adequate telecommunications services to all Australians, including maintaining the improvements to existing services’. That is what it says, but the average Australian knows that is a furphy. We have seen the

whitewash that occurred with the Estens inquiry, when hundreds of submissions from people in rural and regional Australia pointed out that the services were far from up to scratch. In the submissions, poor mobile phone coverage, faulty telephone lines that took ages to repair, poor broadband coverage, inadequate dial-up Internet data speeds and constant Internet line drop-outs were among the common problems identified. Let me say that the problems that were identified by the Estens inquiry are not confined just to remote and rural areas. They are exactly the same as the problems that have been reported in my recent survey of my electorate.

My electorate is but 15 minutes south of a major regional city—namely, Wollongong. Wollongong itself is just over an hour’s drive from Sydney, so it is not as if I am talking about the boondocks; I am talking about an electorate that is an hour and quarter drive from Sydney and 15 minutes south of Wollongong. What did my survey find? It found exactly the same problems. Frequent faults and delays in service were identified. There continued to be poor mobile phone reception in a number of suburbs. Inadequate Internet speed and regular Internet drop-outs were common, and across the electorate people complained about the unsatisfactory service they were receiving from directory assistance.

A week or so ago I brought these concerns to the attention of Telstra management locally. I must say that I welcome the fact that Telstra Country Wide committed funds to the Illawarra, following an ongoing campaign that my office, together with the union, ran over several months. The campaign highlighted the problems of our cables, particularly the outages that came in times of heavy rain. But this recent survey shows that even after Telstra committed funds to upgrade the cable—which was greatly welcomed—30 per cent of respondents are still experiencing

faults during times of heavy rain. So the government is really only kidding itself if it believes that all Australians are receiving a level of service that could in any way be defined as adequate. I again make the point: let us not pretend it is just people in outlying areas of Australia who are facing these service difficulties; it is people in my own electorate.

I think people outside the capital cities know instinctively that, if Telstra is sold, things will only get worse. Take the responses to a few of the questions that I asked in my survey. In response to the question, 'Do you think that the full sale of Telstra will lead to longer delays in fixing faults with your phones?' 84 per cent responded yes and 15 per cent responded no. To the question, 'Do you think that the full sale of Telstra will lead to more job losses for Australian workers?' very perceptively, the response was 90 per cent yes and nine per cent no.

There is a very strong view in my electorate and across the board when one hears of plans to outsource jobs in Telstra, and other major Australian companies, to companies overseas. It does ring alarm bells. I think that came through very clearly in response to that question. In answer to the question, 'Do you think that the full sale of Telstra will lead to high telephone rental charges and Internet costs and cuts to services, maintenance and investments?' the response was 89 per cent yes and nine per cent no. I think that really does tap into the mood that is out there in the community. It is members like the member for O'Connor and others who are not hearing the message from Australians. In every opinion poll that I read, at least two-thirds of Australians continue to voice their opposition to the privatisation of Telstra.

Despite government assurances that you can regulate and write into licence conditions some preconditions to ensure availability and

accessibility for all, under a privatised model how would you be able to get attention to the kinds of local issues that I was involved with, with the union? We identified that, in the Illawarra, in at least 56 of 144 cables the air pressure was far below minimum acceptable standards. So it was no wonder that every time we got rain, and not necessarily heavy rain, the phones went out. As I say, thanks to that campaign, the local Telstra management have invested in the upgrade of the cable. But you have to ask yourself: under a privatised model, where would you apply the political pressure to ensure that my constituent grievances were acted upon? There would be no specific obligation to service the needs of local communities. I have already witnessed the inadequacy of the customer service obligation when I have tried to use it to get Telstra to respond to the problem of lost income at times of very lengthy outages caused by the run-down in the cables locally.

As a result of this survey, I have now brought to the attention of Telstra management a second major issue which has been identified—namely, the lack of access to ADSL broadband in many parts of my electorate, in suburbs like Shellharbour, Shell Cove, Horsley and Farmborough Heights. I have had many constituent complaints about the lack of access to ADSL, particularly in the burgeoning new housing estates in my electorate, where often people who have moved in require broadband access at home for their work. One such constituent, who moved from Canberra recently, actually checked to see if ADSL was available before moving to Horsley. The Telstra Internet site said that ADSL was available in the 2530 postcode area, but of course it did not say it was only available in specific locations. My constituent's housing estate, like a lot of the new ones in my electorate, is still on the

RIMs system and access to broadband is not available.

I take the opportunity in this debate to reinforce my view that Telstra needs to concentrate on the basics—not get into empire building and ventures overseas that have cost billions of dollars but concentrate on the core issues that are of concern to ordinary people. This recurring problem about access to ADSL requires an urgent response from Illawarra Telstra management. In relation to the recently announced broadband package priced at \$29.95 per month which has now got Telstra into difficulty with the ACCC, while it might be a good thing for Telstra to be able to provide competitive packages, it is cold comfort to many in my electorate who cannot even get access to ADSL, let alone take advantage of the cheaper rates that are now applying.

The current ADSL network is patchy. It needs to be said very clearly that it is not just a problem of nonavailability in regional and rural areas; ADSL is not available in many regional cities and metropolitan areas either. I understand that only around 1,000 of the 5,000-plus exchanges are currently ADSL enabled. So it is clear to me that the broadband divide is widening, and no amount of rhetoric on the part of the government to try to argue that services are adequate will convince the people I represent that Telstra cannot do better than it currently does.

A recent survey showed that only 20 per cent of non-metropolitan small businesses had broadband access, compared to 55 per cent of small businesses in the metropolitan area. I think it is very worrying that, by international standards, Australia is a long way behind. We have now fallen to 20th out of 30 OECD nations, with a very low penetration rate of 2.65 per 100 inhabitants. If we are talking about the future of Australia as a knowledge nation and how we need to en-

sure that we are competitive in a global economic environment, one of the preconditions for governments is to ensure that all our citizens have access to the latest broadband technologies. It is an issue of concern not just to people in the capital cities. Many businesses and local residents have identified that this is an area that Telstra should get moving on.

The reason that in opinion polls the Australian people consistently express their view against the privatisation of Telstra is that they have already had a taste of what a fully privatised company would look like. The report card on this government's privatisation drive is very bleak. They know that all the problems they are experiencing at the moment will only be exacerbated under a fully privatised Telstra. What have we seen? We have seen a deterioration in the network, which has been crippled by major investment reductions—I think the last time I looked it was about \$1 billion in reductions—and huge staffing cutbacks.

In my own region, for example, the number of staff servicing the network has been reduced from 150 when the government was elected to just 48. We have the absurd situation when we do have outages and when we do need work done on the cable that Telstra is importing contractors from interstate and paying overnight expenses and accommodation allowances because it has foolishly reduced the number of local people servicing that network. People understand that, when the profit motive is the driver, services and staffing come a poor second.

I have constant complaints, particularly from pensioners, about the rapid escalation in line rental fees. For many people, particularly pensioners and those on low incomes, the prospect of paying \$30 a month on a standard package, which is not far away, means that the home telephone is becoming

more of a luxury item than a necessity which should be affordable for all our citizens. With the recent Fairfax debacle and the purchase of the *Trading Post*, our national telecommunications company seems more interested in expanding its empire. It is making unprofitable investments and losing money at the same time that basic services are in decline. Australians want our Telstra to provide fault-free, reasonably priced services rather than it going on a media empire building spree with taxpayers' money at stake.

In conclusion, I want to reiterate the point I started with—that is, Labor have a very strong view that Telstra should remain in public ownership, because telecommunications services are essential services. We believe that it is only through a majority publicly owned Telstra that we can ensure the delivery of high-quality, affordable telecommunications services to all our citizens. We will continue to campaign against the privatisation of Telstra. Not only is this in the national interest but it is also in the interest of the people we represent locally, because they know very well that the only way we can ensure the delivery of adequate and affordable telecommunications services to all Australians, regardless of where they live, is by maintaining the majority public stake that we have in Telstra at the moment.

I am opposed to this bill. I believe that I reflect the views that have been expressed to me in the survey that I have undertaken of local opinion on this issue. I think that, if the government members were to seek out the views of the people they purport to represent, their views would be consistent with the commonly expressed national surveys that show on a consistent basis that at least two-thirds of Australians are opposed to the privatisation of Telstra.

Mr SECKER (Barker) (12.53 p.m.)—I rise today to give my support to the [Telstra](#)

[\(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#). It never ceases to amaze me that members opposite get up here and complain about the services of Telstra and their cost. Of course, they do not accept that the cost of making a call has actually gone down. I can recall that, not that long ago, it took quite a considerable amount of money to ring out of a particular zone to somewhere which might have been 50 kilometres away. Certainly, those calls are now local calls. In fact, I can ring Western Australia from South Australia as a local call. So this suggestion that costs have gone up is just preposterous. They come in here with this litany of complaints about Telstra and how bad it is, but they want to keep it. They complain about the cost and the services, but they want to keep it as it is. Isn't that a very strange sort of logic for anyone to have!

I note that the member for Throsby talked about polls. If people looked at the polling back in the days when Labor privatised the Commonwealth Bank—the people's bank—I am sure they would see that the polls then said that they should not privatise the Commonwealth Bank. If you took polls on whether they should have privatised Qantas, the polls would have said that they should not have privatised Qantas. But, of course, the Labor Party did. They actually went to an election on the promise that they would not privatise either of those two companies, yet, of course, they did—they privatised them. So they have great form on privatisation and they are simply opposing this for the sake of opposing it, as they seem to have done for the past eight years.

For the last couple of years or, in fact, for several years, we in this House have actively debated the merits of selling part of Telstra. This legislation gives rise to this becoming a reality at some time in the future. Of course, we are not saying that we are going to sell it tomorrow. We would as a government sell it

when we judged it to be the best opportunity, to give the greatest return to the taxpayer. A lot of what has been said and will be said in the chamber today I make no apology for. Unfortunately, it would appear that, while those of us on this side of the House continually explain the benefits of this legislation, those opposite continually resist what is good for Australia and engage in mere party politics in the hope that their actions may allude to the possibility of them being an alternative government. It would appear that they have no policy of their own and their best bet is to block the policy put forward by the coalition government.

Whilst this could be the case, after listening to those opposite rattling off some gobbledegook, one after another—a litany of complaints—I begin to wonder what their hidden policy is. Perhaps what is underlying the comments is that the Labor Party is using the comments of these speakers to test the water with the Australian voters, so to speak. Let us consider some of the things being mentioned in these speeches. The Labor Party is arguing that 50 per cent of Telstra ownership should be retained by the government. If 50 per cent should be retained by the government, why not 100 per cent? Does this mean that Labor wants to actually buy back all of Telstra and put Australia into further debt? Given that it campaigned at the last election to retain Telstra ownership, is this really what it is saying?

I think it should be remembered that at least we had the gumption, truth and honesty to go to the electorate and say, 'This is what we want to do,' because Labor certainly did not do that with Qantas or the Commonwealth Bank. I have to ask myself whether the ALP will be happy with a 50 per cent ownership of Telstra—or will they, if they end up on this side of the House and given their previous reluctance to sell any of Telstra, actually instigate proceedings to waste

millions of dollars of taxpayers' money to try and buy Telstra back and have full government ownership, as they previously argued for? Is this the one policy that they are softening up the Australian voter for, with their comments in the chamber?

Alternatively, are they voting against the sale of Telstra here today so that, if they do form government after the next election, they can then sell it, as they did with the Commonwealth Bank and Qantas—and it seems that many of those opposite have conveniently forgotten that fact in this debate? Would they then direct the funds from the sale to projects which they deem of benefit, such as Centenary House—perhaps they might build another one? Is that their aim? Is that why they are trying to block a piece of legislation that would be of great benefit not only to the Australian taxpayer but also to telecommunications consumers? I remind those opposite that, from the proceeds of the previous Telstra sale, some good things have eventuated.

I will go back to Federation. I think people may not realise that, from when this country formed as a federation in 1901 and over the next 90 years, the federal government accumulated a net debt of some \$16 billion. In that time we had the First World War, the Second World War and a depression. We even built this house at a cost of \$1 billion. But it took us 90 years to accumulate that \$16 billion worth of debt. What happened over the next five years—the last five years of the Hawke-Keating government? They accumulated what it took us, as a country, 90 years to accumulate: \$16 billion worth of debt. They actually did that every year for the next five years. So we went from \$16 billion of net federal government debt up to \$96 billion in a mere five years. They increased their debt fivefold. What took us 90 years to accumulate they did over the next five years. What an amazing record!

Through good fiscal management, this government has reduced that debt from \$96 billion to less than \$30 billion. What effect does this have? One might ask: what is so good about reducing debt? The fact is that, as a result of reducing that debt, through such things as selling part of Telstra and making sure that we have surplus budgets, we will have \$5 billion every year, for ever, which we can spend on services like health. That means we can increase funding to the states for health by 17 per cent and increase our funding for roads by \$1.6 billion through the Roads to Recovery program. It means that we can actually spend money on our services. As a result of this reduction of debt, we can now spend \$5 billion a year, for ever and ever, instead of spending it on interest repayments. Those opposite do not seem to realise the benefits of paying off debt; they only seem to have the ability to run up debt. With the strong fiscal management of this government, instead of wasting money on colossal interest payments we are now in a position to use that money, and we have used it quite wisely. For example, we have used it to make sure that we have better telecommunications services in rural and metropolitan areas.

In simple terms, there are some very legitimate reasons why Telstra should be sold. We live in a dynamic world. When it was decided that Telstra should be government owned, the company held a monopoly over telecommunications in Australia. Therefore, to protect the consumer, it was much better that the provider be government owned and regulated. However, in a dynamic world, things change. I think this is the part that the Labor Party get stuck on. When things change, a good government will revisit and change its policy to incorporate those changes. If it is so important to retain 50 per cent government ownership of Telstra then why did Cuba, for example—one of the most

heavily socialist countries of the world—sell its telecommunications services? We have the socialist Republic of Cuba saying that it is not sensible to have telecommunications services owned by the government—they have sold them off—yet we still have a Labor Party here with 1950s thinking; they are way behind the times.

The Howard coalition government have noted that things have changed in the telecommunications industry. Where once Australia was served by Telstra in a monopoly situation, change has occurred and we now have over 90 service providers here in Australia. With this in mind, this government have reconsidered the policy and have attempted to amend this policy so that the telecommunications industry remains dynamic and up-to-date in the modern world. Unlike those opposite, we are not clinging to the past—to what they might call ‘the good old days’. We are actually moving with the times and trying to offer practical solutions to issues as they arise, and trying to maintain modern governance over modern issues.

With this in mind, I ask those opposite: in the dynamic communications world that we live in, why would we want to restrict the operations of the largest telecommunications provider in this country by maintaining government ownership? Why would we risk conflicts of interest whereby the largest telecommunications provider in the country is owned by the very people who regulate the industry? It is like having policemen regulating the police force. Why not cut the ties and allow the company that is best placed to provide services to the consumer to do so at the best possible price and in the best possible manner? That is not say that we should cut all ties and let Telstra run loose in the industry; in fact, the very opposite should occur. Already we have had an inquiry into regional telecommunications, with all 39 recommendations being accepted and procedures to

redress these recommendations being adopted.

Coming from rural Australia, I am very aware of the service issues that rural Australians have, not just with Telstra but with any service provider. When I grew up we had a party line; when you heard the ring and picked the telephone up it was just as likely to be picked up by the house down the road. We have moved on from there. We no longer have party lines. We no longer have dial-up telephones. We now have the Internet, push-button phones, speaker phones, phone faxes, email and a very good mobile telephone service. But that is not to say that we have a perfect service. Whilst we do service 98 per cent of Australians, which happens to be the best service of any country in the world, we know that we still have to do more, and we are still working on providing better coverage wherever we can. Issues such as service provision, connection and repair times, mobile phone coverage and Internet connection speeds, amongst other things, are high on the list of things to be addressed, not only for Telstra but for rural consumers—as they should be.

With the implementation of procedures to address these matters—the consumer service guarantees and the obligations on Telstra—we are far better placed to legislate for a fully privatised Telstra with which we will not have a conflict of interest. Now that we are implementing these procedures to redress the other important telecommunications issues in regional Australia, as indicated in the Estens inquiry, regional telecommunications are improving—and they are doing so very quickly.

When I had the honour of being elected to parliament and came to this House some 5½ years ago, the mobile service—for example, from Mount Gambier to Adelaide, which is about 450 kilometres—had a lot of blackouts

along the main highway. You can now drive along that whole highway from Mount Gambier through Penola, Naracoorte, Keith, Coonalpyn, Tintinara, Ki Ki, Coomandook, Yumali—all those very small towns right through to Murray Bridge and Adelaide—and you can get uninterrupted mobile service while driving along in the car, of course with a hands-free phone so that you are not breaking the law. We did not have that. If you went from Kingston through to Tailem Bend, for example, basically the service cut out about five kilometres out of Kingston and did not come in again until about 10 kilometres out of Tailem Bend, a distance of about 150 kilometres. That no longer happens. Apart from the odd little blackout, you have got perfect coverage all the way now. That is certainly something we have delivered through the money that we have provided and can continue to provide to improve rural services in relation to mobile phone coverage.

The government have also provided an extra \$15.9 million to extend terrestrial mobile phone coverage to small population centres and key highways, and \$4 million to extend the satellite phone handset subsidy of \$1,100. If you have not got a CDMA or GSM service, we provide a \$1,100 subsidy so that you can have a satellite mobile phone service. We are also providing \$10.1 million to support information technology training and support for rural and remote areas. This funding began from January this year and will go a long way over the next four years to give consumers the services they require, regardless of the ownership of Telstra.

In addition, the government will develop a National Broadband Strategy, with funding over four years of \$142.8 million. This strategy will consist of \$2.9 million for a National Broadband Strategy Implementation Group; a contribution of \$8.4 million towards the establishment of a network of

broadband demand aggregation brokers; \$23.7 million in funding, to be matched by states and territories, for investment in broadband in regional areas to provide connectivity for health, education and local government sectors as well as to the broader community, along the lines of the National Communications Fund; and \$107.8 million for a Higher Bandwidth Incentive Scheme.

None of this would have been possible if we had not been able to reduce the debt left to us by Labor of \$96 billion, so we have now got \$5 billion more each year to spend on services such as telecommunications services. We could not do that if we bought back Telstra or if we had not sold half of Telstra in the first place. If we can sell Telstra we will be the first government since Federation, over 100 years ago, to actually have an account in the black. We will have a surplus, not a debt. I can remember when Telstra was fully owned by the government. It was not that great a service. Those opposite have been trying to tell us how bad it is now but they want to keep it as it is. I fail to see the logic of that.

I come back to the point I made about conflict of interest, Mr Deputy Speaker. I wholeheartedly believe that it is extremely difficult, and requires much effort, to regulate an industry where you are the majority owner of the largest telecommunications company in the game. Regardless of how careful we are, and regardless of how impartial the rules we make are, there is always the possibility that one of the other service providers could assert that as a part owner we are regulating to look after our own interests—which, while I am sure that Telstra shareholders would be happy to hear it at dividend time, does not make for free and fair competition. In fact, to anyone who complains about the price of Telstra shares and says that they would like to see them rise—as any owner of Telstra shares would,

and I hasten to add that I do not have any shares in Telstra—I say that you do not have to be a brain surgeon to realise that if Telstra was fully owned by non-government owners the price of Telstra shares would rise.

The point I make to those opposite is that their position will allow for these potential conflicts to carry on and will continue to prevent Telstra from operating as a true commercial entity, responsible not only to its shareholders but also for making sure that its actions meet the regulations that a government not bound by being the part owner of Telstra is free to make for the benefit of all telecommunications consumers. I hear the comments of those opposite that a Telstra not partially owned by the government poses a risk to such regulations, as the company is so big that it is hard to regulate. That is utter rubbish. (*Time expired*)

Mr KATTER (Kennedy) (1.13 p.m.)—In rising to speak on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#), I am really surprised at the government bringing this back. If ever there is a case of more pain for no gain, it is this bill. I am deeply disappointed in the political party that I belonged to once upon a time—that they did not have the strength and backbone to take a position on this.

I asked the person who has worked hardest in Queensland to form the New Country Party why he left the old party. He was a state vice-president and had No. 2 ranking, if you like, among the six vice-presidents in the party. He said that at the central council meeting in Longreach the party voted overwhelmingly—I think the vote was about 90 to eight, with every single one of the state members, amongst others—to oppose the sale of Telstra and really the only people who voted for it were the federal members of parliament, their wives and a few odd friends they had sitting with them who did not want

to embarrass them by deserting them, I presume. So the vote was almost unanimous. Within two weeks, to quote this gentleman, a senator from Queensland—I do not like personalising attacks, so I will just say it was a National Party senator for Queensland; there were two of them at the time—was out there advocating the sale of Telstra and dangling in front of us a whole range of carrots for the sale of Telstra. You can dangle all the carrots you like, but the loss of an essential service of this nature goes to the essence of whether we can survive in the modern day and age.

We are told that the sale of Telstra is inevitable, and I suppose if everyone starts to believe it is inevitable then this will become a self-fulfilling aspiration. But when we are told this we are not told the situation in the rest of the world. For those who are not familiar with the global situation, I will tell you. Australia, at this stage, has not privatised Telstra. Austria has not privatised its telecommunications service; the Czech Republic has not; France has not; and Finland has half privatised it—there are two divisions, and one is state owned and one is not, so it is fifty-fifty. The telecommunications service is state owned in Germany, Greece and Iceland. In Italy it is half state owned; they have a golden share arrangement. The telecommunications services in Japan and Korea are state owned.

Let me repeat four of those, which are not lightweight countries economically but heavyweight countries economically. I refer to Korea, Japan, France and Germany. These are amongst the world's most successful economies. Japan, of course, is easily the most successful economy on earth, with a seven per cent growth rate this year on top of what is already the richest country on earth. The last income figures I saw had Japan on \$32,000 per person and America on \$30,000 per person. Australia was on \$19,000. But let me return to the list. The telecommunications

service is state owned in Luxembourg, Norway, Sweden, Switzerland and Turkey. Of the telecommunications services in OECD countries, 14 are state owned and only 11 are privately owned, and there are four sitting in the middle which are a bit of one and a bit of the other. So, overwhelmingly, the international position is one of state ownership, not private ownership.

Whilst people say that this is a rural versus city issue, it is not. Those who seriously sit there and tell us that if this huge corporation is privatised it will not be sold off to foreign ownership should take a look at what has happened in other countries. Of course it will be sold off to foreign ownership. If you open the door to overseas buyers, the value of the shares goes up, and this puts enormous pressure on political parties or governments, whatever their political persuasion. In each of those countries that have privatised, a very large section of the telecommunications system is now foreign owned. The telecommunications system in Poland, for example, is owned by France.

For people in outer suburbs, for ordinary people whose telephone breaks down—and this is true whether they are in the city or the country; I really do not see the country-city divide here—a universal service obligation exists now. There is a customer guarantee in the legislation and there are universal service obligations already in the existing legislation. But there is a hell of a difference between what is in legislation and what, in reality, happens on the ground. The outgoing head of the ACCC has said on numerous occasions that it would be very difficult for the ACCC to police and enforce rules against a corporation the size of Telstra.

You have to climb down to the coalface and look at the reality. As I have asked on many occasions before and ask again today because I may be away attending a funeral

tomorrow: do you seriously think that, when the telephone of Mary Smith, living in Julia Creek, breaks down, Telstra are going to fly a person out from Townsville or Brisbane to fix it? Of course they are not going to do that. A number of things have been proposed, such as handing out mobile telephones in the interim. But the simple fact of the matter is that universal service obligations are only as good as the will of the government to enforce them, and I am sure the government has more important things to do with its time than look after Mary Smith's telephone in Julia Creek—or in the outer suburbs of Sydney, for that matter.

But things will be much more difficult for the person in Julia Creek because almost certainly the nearest people who can repair her telephone or do something about it will be based in a big coastal city some 1,000 kilometres away. The Democrats senator from Queensland, John Cherry; the One Nation senator from Queensland, Len Harris; and I were very surprised when we went to Toowoomba for hearings on Telstra recently to find out that a large amount of the work that was formerly done in Toowoomba is now being done by contractors working out of Brisbane. So even Toowoomba, as handy as it is to Brisbane and as big a city as it is, is feeling the brunt of the deregulatory cyclone that is already blowing out there. Finally, I say again that I will vote against this bill.

No-one in this place should need to be told—well-informed people in this place would already know—about the COT cases, the 'casualties of Telstra' cases. I think there are very few well-informed people in this country who do not know about those cases. Here was a universal service obligation; here was a customer service guarantee; and here, ultimately, was a settlement by Telstra for some \$25 million. This was scant satisfaction to those people who had given up 12 years of their life fighting to get justice because ser-

vices simply were not being delivered. In that case, Telstra claimed that the services were being delivered; these people claimed that the services were not being delivered. After two years of wrangling, the issue went to the ombudsman who said that, in his opinion, services were not being delivered. But he had no ability to adequately punish Telstra or to force them to make up the damages that these people had suffered.

This matter went to arbitration, which was not a very wise thing to do. The arbitrator was an expert in this field who was hired regularly by the major money financier in this field—Telstra. I tell this story to indicate that if you are dealing with a monster the size of Telstra and think that the universal service obligation will be enforced, you are really kidding yourself. You really do not understand how the real world works.

Sadly—and every person in this place realises this—justice is available for the rich. It is available most of the time for ordinary people; but, for the poor, it is available only on a very limited basis. Imagine putting Goliath into the legal arena against David and taking David's slingshot away—which is probably what happened in this case. Clearly it is not available for anyone to come into this place and argue—and, in fairness to the members of the government, I have not heard too many of them arguing this—that the universal service obligation can be enforced, because most of them are well aware of the notorious COT cases which took 13 years before settlement. The settlement was extremely inadequate and those people are still fighting in the courts.

What happens when you privatise services is clearly demonstrated by a small case that got nationwide attention. Brian Kruske had a Commander Telephone system which he used to link his office with the various departments of his supermarket and his various

businesses in the little town of Karumba in the Gulf of Carpentaria. The system broke down and he rang Telstra, as he always has done, and asked for it to be fixed. Telstra fixed it, and he got a bill for \$2,700. The last time it was fixed it cost him \$360. The reason for this was that the technicians that used to be there were Telstra technicians, but Telstra does not handle this service any more. The service has been hived off to somebody else. This person is based in Townsville or Cairns and has to fly out to do the job and fly back to the coast. We have these situations now, even with partially privatised Telstra, but they will get infinitely worse.

The government are putting forward a most amazing proposition. They are saying that, when all the services are adequate and in good order for rural Australia and for other parts of Australia, then we will proceed to privatise. 'If we can prove conclusively that it ain't broke, we will fix it. On the other hand, if it is broke, we won't fix it.' The basic proposition put forward by the government is quite extraordinary.

I want to deal with another idea that is constantly put forward—namely, that Telstra is being restrained. My view is that Telstra is anything but restrained from growth. The initiative in Asia, which reportedly costs thousands of millions of dollars, indicates that Telstra is anything but restrained. If it can find thousands of millions of dollars for some overseas adventure which went so bad that it lost all of that money, I suggest to the House that it is nothing other than a monster on the leash.

Members of the House should familiarise themselves with the Enron case in the United States. I may be oversimplifying, but a government utility was privatised, the utility then became an oligopoly in the marketplace and rapidly came to dominate the electricity purchase and sale throughout the United

States as wholesalers. Enron became one of the biggest companies in the United States, but they went bust, and the lights went out in a fair proportion of California—a state of about 50 million people. A similar sort of scenario was played out in New York through various other utilities that were also privatised.

Having been a minister in the Queensland government—I was a very senior minister in my latter years—and having had the responsibility of government, I know the enormous temptation when you are in government. ALP governments started all of this off. These governments were in very desperate financial trouble, and one of the ways of getting out of financial trouble—this is what the Queensland government have been doing to date—is by asking for advanced payments on their profits from the electricity supplier in Queensland.

The proposition that Telstra's growth is restricted and restrained is completely destroyed by the initiatives taken by Telstra in Asia. The proposition put forward that the universal service obligation will guarantee delivery of services is clearly a lie. Apart from any other consideration, the lie is put to it by the COT cases.

In fairness to Telstra, I find that the people in Telstra try to do a good job. Whenever I have rung up and asked for something to be fixed, and the request has been reasonable, we have had it fixed in a very short time. If anyone thinks that that is going to be the case in a privatised corporation, I wish them luck. Put up your hands all those who have rung Woolworths—or any other big corporation, for that matter—and complained about something or other and got satisfaction.

Geoffrey Blainey referred in one of his books—which became part of the lexicon of Australia—to 'a land half won'. Would to heaven that were true. If you take out the

golden boomerang from Brisbane down through Sydney and Melbourne and across to Adelaide, incorporating Canberra, the population of Australia is much the same as when Captain Cook arrived here. Some 90 per cent of the surface area of Australia is occupied by a population which is not much more than was here when Captain Cook arrived. So it is a land maybe 10 per cent won or maybe five per cent won. Telecommunications in that land that has not been won—that is not occupied by this nation and this race of people—is in a very serious situation indeed. This is a statement that we are abandoning those areas. To abandon telecommunications in those areas is to abandon those areas.

I became very vociferous on the national stage on this issue when I heard Mayor Corey Pickering—an excellent lady—and the Mayor of Burke Shire Council, Annie Clarke, on the air during the cyclone talking about how many of the station properties did not have an operating telephone and how desperately dangerous a situation that was. Mark Vaile, the relevant minister at the time, and I visited Normanton and spoke to Ashley Gallagher, who is from a very prominent grazier family in the area. Ashley was very outspoken on these issues, and so he should have been. In the 1975 floods, his parents' homestead went under water and his family was ferried by helicopter off the roof. There was a Flying Doctor radio in those days. We do not have those things any more in the bush; we have telephones.

During the cyclone, the telephones throughout all the gulf area had gone on the blink, and there were only two Telstra officers there to service an area the size of Victoria. Telstra have now given us six, and the situation has improved. Those officers were not able to fix all of the telephones that had gone on the blink. If it had been an event like that of 1974, the situation would have been much worse than it was in 1975. They would

not have been able to advise anyone that their homestead was going under water. It is quite literally a matter of life and death for us in the bush. (*Time expired*)

Mr KING (Wentworth) (1.33 p.m.)—It is an accepted notion that ownership of itself is no guarantee of standards. I think that proposition would be made good with respect to any industry that government attempts, has attempted, or may attempt at any time in the future, to regulate. Standards are guaranteed by proper regulation and by governments elected by due process and accountable to the people. That is the best guarantee of standards, whether it is in communications—such as the matter presently before the House, the **Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]**—or any other service industry in this country.

I spoke on this issue in August last year when this bill was first before the House, and I do not wish to recap the arguments that I put on that occasion in support of the proposed legislation. I do, however, wish to draw attention to the second reading speech of the Minister for Communications, Information Technology and the Arts on 4 March, when he repeated something that was said by the former minister for communications in his second reading speech on the first occasion on 26 June 2003 to make a point regarding the future administration of the telecommunications industry by this government when re-elected and to address an argument that has been strenuously put by the opposition in this debate—an argument which, it seems to me, has no sound basis. On 4 March 2003, the Minister for Communications, Information Technology and the Arts said:

While the government is moving to establish the legislation immediately, it has undertaken not to proceed with any further sale of Telstra until it is fully satisfied that arrangements are in place to deliver adequate telecommunications services to

all Australians, including maintaining the improvements to existing services.

On 26 June 2003, the then minister for communications spoke in very similar terms but added that the 'independent Regional Telecommunications Inquiry report, released in 2002, found that the government had addressed consumer concerns' in relation to the period prior to that time.

It is in that context that I wish to raise for debate in this House three issues of concern which, it seems to me, would need to be addressed by the minister and the government prior to the final sale of Telstra. These issues require some further consideration as to how those standards and those services will be imposed.

The first issue concerns the misadventure of the Telstra board in relation to PCCW through Reach, the Hong Kong subsidiary, in particular the notorious Richard Li. As a result of that episode the Telstra board has lost several billion dollars of shareholder funds in what can only be described as a most unfortunate investment. It seems as if, as a result of that investment, the shares in Telstra have fallen significantly, that the underlying capital base of the company has been adversely affected and that there has been a loss of confidence in the direction that the board has taken.

I mention this also because I appreciate that at the moment there is some further consideration being given to a \$3 billion investment in a telecommunications business in Indonesia. But the more important aspect of it from the point of view of standards and services is that it is not clear from the public record whether the Telstra board ever seriously examined the basis upon which it went into that unfortunate transaction in relation to PCCW and Reach, on whose advice it did so, and whether the mistakes that were made in relation to PCCW have been corrected for

the future good administration of the company. The fact that line rental fees since that time have more than doubled perhaps gives rise to concern that other areas of the business have been used to correct the problem. Of course, line rental fees are a fundamental part of Telstra's service to the community.

The second issue that I want to raise concerns the recent purchase of the Trading Post Group. On the one hand it might be said that a post mortem is senseless, but on the other hand it is fair to say, as the investment community has commented, that Telstra is a telco, and not a media asset, and what has been purchased is clearly a media asset. It does not appear, from an investment point of view—and I am talking now from the point of view of a funds manager—that it is an entirely sensible decision, particularly if Telstra is proposing to focus on continuing profitability and returns to shareholders and investors, and of course I include funds managers and those superannuants who benefit from the proper administration and management of such businesses. But what are those core businesses? They are fixed line telephony, mobile telephones, Internet and broadband. It is a fair way to move from those core businesses into a media group, and to pay 13 times the EBITDA—although it is suggested by the board it is really only 10 times after you take into account the improved asset position of the purchased business—seems to me to give rise to a real question as to whether any lessons have been learnt from the PCCW disaster. At the end of the day, it also gives rise to an issue about standards, which I will come back to.

The third example I want to give concerns the broadband roll-out. The issue here, as the minister has correctly identified, is that the Internet drop-out rate—or 'problem', as it has been called—is a real issue. In terms of addressing faults and other difficulties in relation to connections, it seems to me at

least that an area of significant concern in terms of future investment must be to ensure that the services provided by Telstra are and remain at a very high standard and include ensuring an adequate broadband roll-out so that Australia does not fall further behind on the OECD ladder in that regard, which it unfortunately has over the last couple of years.

The issue of standards was recently addressed by the new Chairman of the Australian Competition and Consumer Commission, Mr Graeme Samuel, who gave a speech on this matter last week in which he said, amongst other things:

... preliminary indications for 2002-03 suggest that prices paid by bigger businesses are reducing while prices paid by small business and consumers are going up.

The reason for this is ... clear—many aspects of the telecommunications markets are still far from truly competitive ...

He then referred to the continuing dominance of Telstra in virtually all aspects of the industry as being inhibitive of effective competition. That gives rise to a real issue as to how we proceed from here if we want to ensure, as we do—and the minister has made this absolutely clear—that the Australian people as well as the investors in Telstra will benefit from the full privatisation of Telstra. One of the proposals that has been put forward by Mr Samuel and the ACCC is that it is necessary to examine the capital base of the business differently from the retail side of the business. The retail side of the business needs to be measured against the competitive requirements that the ACCC administer, whereas the capital base, which holds the infrastructure in a sense for the benefit of the broader community, needs to be maintained, if not separately, at least in trust for the people.

Those issues have arisen from the present debate. I fully support the minister's state-

ment in relation to the guarantee to the Australian people, coming as I do from a rural background, knowing how important it is for country folk to have a guaranteed service and knowing how important their telephone is, both in times of crisis and for doing business. It cannot be stressed too much that the issue of standards to which I have referred should be adequately addressed. That is the undertaking of the government.

The flaw in the opposition argument is to suggest that the whole issue will be addressed by ownership. As I said at the outset of the debate, ownership is no guarantee of standards. The best guarantee of standards is a government that has in place a fair, adequate and reasonable administrative program to address those standards, and in the current circumstances that of course involves the re-election of the government. The best guarantee of good services and good service standards for country Australia and for people across the city, whether they are concerned with their broadband access or with their mobile access, is to ensure that Australia has in place an administration determined to have the best standards for telecommunications delivery—and that means the Howard government.

Mr MURPHY (Lowe) (1.44 p.m.)—I would like to start by congratulating the member for Wentworth for highlighting a couple of important points which I thoroughly agree with in this debate on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#). First, he made the point that the purchase by Telstra of the Trading Post Group is an acquisition of a media asset, and that should be of grave concern to all of us. I will go into that in some detail in a moment. Second, like the member for Wentworth, I am someone who comes from a country background. I was born and raised in a little country town called Dunedoo.

Mr King—I know it well.

Mr MURPHY—The member for Wentworth says he knows it well. It is a lovely town, and I know that the people who live around my old town do not get the best mobile service. In terms of this universal service obligation of Telstra, which I am holding here, I am sure they have reservations about the full privatisation of Telstra. Although the member for Wentworth will support the full privatisation—and I respect his position, as a member of the government, for so doing—he is certainly on the money with regard to expressing his concerns about a telco purchasing a media asset like the Trading Post Group. After all, what is Telstra's game? As a telco, in line with the universal service obligation policy statement that they issued, their job is to ensure that all people in Australia—whether they live in Dunedoo, Vacluse or Five Dock—have reasonable access, on an equitable basis, to standard telephone services, pay phones and prescribed carriage services. That effectively means your home phone, your mobile phone, Internet and broadband access. That is what we would all expect to have.

Even within my own electorate—I live in Wareemba—when I make calls on my Telstra mobile phone, the success rate for making or receiving a call without the call dropping out is only about 75 per cent. So 25 per cent of the time when I am on my mobile phone at home, the call drops out. When I drive to Canada Bay, which is only about a kilometre from where I live near Hen and Chicken Bay by road, and pass Barnwell Park Golf Club, I cannot get a service on my Telstra phone. It drops out nearly every time. If I go over to Concord it drops out. That is within my own electorate, in Sydney, with Telstra. I know this is less of a concern for people who live in Sydney, but in terms of their universal service obligation I question whether Telstra are actually meeting their

obligations. Yet they are hell-bent on privatising this media giant.

A lot is being made of the implications for the shareholders if we do not fully privatise Telstra. I stand here in the House of Representatives today and say that we are all shareholders in Telstra. We all benefit from the hundreds of millions of dollars generated by the services that Telstra provides, year in and year out, and I do not believe that selling Telstra for a reputed \$30 billion one-off payment is going to solve the problems of the government. It is tragic that some members of the government—certainly members of the National Party—have been trumpeting where some of this money could go, when the government's own policy is to use the sale proceeds to reduce government debt. We have had members in this House talking about where some of this money could go. I just heard *inter alia* yesterday the member for Flinders, in his contribution in this debate, saying that he would like \$3 billion—10 per cent of the \$30 billion—to be ploughed into aged care and the like. I point out to him and others that the Department of Finance and Administration has confirmed that spending the proceeds from the Telstra sale would worsen the budget balance and would be against government policy.

I am very concerned about this when someone has an interest in the media, and I have spoken many times in this House about my concerns with the Broadcasting Services (Media Ownership) Bill. If I had any worries about our two biggest media moguls in Australia getting their hands on more of the commercial media, I have got grave reservations regarding the possibility of Telstra buying Fairfax, PBL or News Ltd, and the implications that would have for our democracy. This House of Representatives, the people's house, is crucial to not only the public interest but also the future of our democracy. The House of Representatives is, in my view, just

as critical as the people who sit up here to my right and scrutinise everything that we do—

Mr Baldwin interjecting—

Mr MURPHY—For the member for Paterson, the media report on what goes on in this chamber and they scrutinise everything we do. In my view, their role is equally vital in a healthy democracy. That is why I feel so passionate about the [Broadcasting Services Amendment \(Media Ownership\) Bill 2002 \[No. 2\]](#) which is currently being frustrated in the Senate. As you know, that bill will potentially allow News Ltd—Mr Murdoch's News Corporation company—to buy a free-to-air television network and retain all his media interests. That bill would also allow Mr Packer's PBL company to buy Fairfax, for example. I think everyone, irrespective of their politics, should be very concerned about that.

Mr King—Hear, hear!

Mr MURPHY—I am pleased to hear that the member for Wentworth supports me on this because I am keenly awaiting the time when that bill will go back to the Senate for a second vote. That bill has the potential to become a double dissolution trigger for the federal election to be held later this year or early next year. I think that, in the public interest, the government should be doing something to abandon that bill. I have nothing against our two biggest media moguls but it is frightening to think that they could own even more of Australia's commercial media than they presently own. You also have this giant Telstra that we are debating today, which potentially could, if it wanted to become a media player, buy out Mr Murdoch or Mr Packer. It does not matter how you vote; everyone must be concerned about the implications for our democracy if that bill is allowed to go through, otherwise Telstra is going to become a very large media player

and be able to buy more of the commercial media.

I have said time and again in this House that, on most days, most of us turn on a radio station, open up a newspaper and watch a free-to-air news bulletin on television. Yes, we also look at the Internet and, yes, we get news and information from other sources but, in the main, it is the traditional media that we listen to, observe and read every day. That influences the way we think and vote.

Mr King—It is 101.7.

Mr MURPHY—Yes, 101.7. Even more disturbing in this debate on Telstra is that there are reports in the media—I put a question on the *Notice Paper* yesterday to this effect—that ABC management are contemplating axing ABC Radio National so they can save some money. That should be of grave concern to us because, as I keep saying, the media is crucial to a healthy democracy.

In relation to the concerns of the member for Wentworth about the purchase of the Trading Post Group by Telstra, experts have said that the amount of \$636 million paid by Telstra for the Trading Post Group represents something like 13 times the company's EBITDA figure and is way beyond the expected price of such an acquisition. Telstra's trading price closed yesterday at \$4.71. If you applied to Telstra the arithmetic as has been applied in the acquisition of the *Trading Post*, you would have to ask yourself, 'Why isn't Telstra's price more than \$9 today?'

I think all of us, as shareholders in Telstra, ought to be very concerned that Telstra, which is supposed to be ensuring that we all have reasonable access to home phones, mobile phones, the Internet and broadband, is now becoming a media player.

Mr King—Buy Telstra shares!

Mr MURPHY—I am not going to recommend that people go out and buy Telstra shares because we are all Telstra shareholders. Why should we be sold down the river, especially people in the country—where the member for Wentworth and I grew up; I grew up in Dunedoo—who do not get a good service? As I said, in my electorate I certainly get an imperfect service on my Telstra mobile phone. Telstra seems to want to become an even bigger player than our two biggest media companies in Australia. That is of very grave concern to me and I believe it should be of grave concern to all of us, because the media is vital in a healthy democracy. I am glad that the Deputy Prime Minister has walked in because I think his electorate takes in Dunedoo, my old home town.

Mr Anderson—Oh really? It does.

Mr MURPHY—My understanding is that the people of Dunedoo do not get the best services and that they have not been looked after in terms of the universal service obligation policy statement of Telstra. I hope you do something for the people of Dunedoo because, as I was saying before you came into the chamber, in my electorate of Lowe, I get a very imperfect service on my Telstra mobile phone. In Five Dock, Canada Bay and Concord the service is fairly ordinary.

Mr Anderson—Try the competition!

Mr MURPHY—I am glad you raise the idea of competition because your government is quite prepared, under the media ownership bill, to allow our two biggest media moguls to get even more control of the traditional media, and the commercial media is vital to our democracy.

Government members interjecting—

Mr MURPHY—I am glad the members of the government are listening to what I am saying. We should all be concerned at the possibility of further media concentration

and the implications that has for our democracy. As I said, if people are worried about either Mr Murdoch or Mr Packer getting even more control of the traditional media in Australia, we should all be paralysed at the thought that Telstra might buy Fairfax, PBL or News Ltd because that would have diabolical consequences for our democracy.

I hope that members of the government and you, Prime Minister, do not pursue the media ownership bill in the Senate. As a person with a passionate interest in democracy, that really concerns me. I know what they do and you would know the way the media are behaving at the moment in relation to your own position as Prime Minister and a potential challenge from Mr Costello.

The SPEAKER—Order! The member for Lowe should make his remarks relevant to the bill.

Mr MURPHY—It is very relevant. The media play a vital role in providing news and information to all Australians and that has a big bearing on our democracy.

The SPEAKER—Order! The member for Lowe.

Mr MURPHY—Just remember that those who carry your coffin—

The SPEAKER—Order! The member for Lowe must not argue with the chair or he will find himself out of the chamber. I point out to the member for Lowe that my interruption was because it is well after 2.00 p.m. and I am therefore proposing that the debate be adjourned. The debate may be resumed at a later hour and the member for Lowe will have leave to continue speaking when the debate is resumed.

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that the Minister for Science will be absent from question time today and for the remainder of

the week. He is attending the 4th APEC Ministers Meeting on Regional Science and Technology Cooperation in New Zealand. The Minister for Education, Science and Training will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

National Office for the Information Economy

Mr LATHAM (2.01 p.m.)—My question is to the Prime Minister. Can the Prime Minister confirm that the government has today adopted yet another of Labor's policies—this time the abolition of the National Office for the Information Economy, something I advocated in question time last Wednesday? Does the Prime Minister recall his response just a week ago, when he said that support for NOIE and information technology was of enormous long-term benefit to Australia? Now that the government has adopted this proposal, will the Prime Minister implement the other part of my policy: to use savings from NOIE to establish a national reading program for the literacy and development of Australia's infant children?

Mr HOWARD—The answer is no. I point out that the proposal advanced by the Leader of the Opposition was to abolish NOIE and use the \$140 million savings for other purposes. The Leader of the Opposition suggested the spending on NOIE, the National Office for the Information Economy, be used for his Read Aloud project. I had that proposal analysed and it would have meant the immediate scrapping of 160 jobs, Australia's global efforts to combat spam, the coordination of the National Broadband Strategy and the Information Technology Online program to drive e-business uptake. In other words, if you were going to realise the savings immediately, as he suggested, these would be the consequences. So it was a pretty ill-conceived and ill-thought-out proposal. It would also have meant the end of

research into the impact of ICT on the Australian economy, the development and support of government services online, the government online tendering system—AusTender—and government coordination of Australia's domain name policies.

The opposition spokesman has denied that any jobs are in jeopardy. The functions previously carried out by NOIE will be split, under our proposal, between a new Australian government information management office and the Office for the Information Economy within DCITA. All of those functions—including combating spam and maintaining government online services—will, unlike what was proposed by the Leader of the Opposition, be maintained. There is no semblance between his proposal and what we intend to do.

Medicare: Reform

Mr SECKER (2.04 p.m.)—My question is addressed to the Minister for Health and Ageing. Would the minister advise the House what the government is doing to strengthen and protect Medicare?

Mr ABBOTT—I thank the member for Barker for his question. I know how concerned he is to ensure that the best possible health care services are delivered to the people of his electorate. I can inform the House that the government has today reached agreement with the Independent and minor party senators on a series of enhancements to the MedicarePlus package. It was a very good package as proposed by the government but it is now even better, thanks to the insights and diligence of the senators. The government will be proceeding with the MedicarePlus legislation in the Senate this afternoon and I would urge members opposite to give it swift, speedy passage so that people with high health care costs can get the help that they need.

The government's MedicarePlus safety net is necessary because in the real world not everyone is going to get bulk-billed. I can inform the House that the latest figures show that 33,000 individuals and families have already incurred MBS gap expenses exceeding \$300 since the start of this year. Under the agreement reached with the Independent senators, the safety net threshold has been reduced to \$300 for concession card holders and people on family tax benefits and \$700 for others. I can inform the House that, by 2007, 490,000 individuals and families will benefit from the safety net, but 20 million Australians will have the security and reassurance of knowing that the safety net is there if they get into trouble with their health care costs.

In addition, there will be a \$7.50 incentive payment for bulk-billed GP consultations for cardholders and children in non-metropolitan areas and in Tasmania, which has very low bulk-billing rates. Further, there will be a new MBS item for allied health services delivered for and on behalf of a doctor as part of an enhanced care plan to treat chronic and complex medical conditions. This is a very important innovation, which should mean less prescription medicine and a more holistic health care system. And, yes, there is provision for dental treatment, but only where this is necessary to treat a chronic and complex medical condition. As a result of the changes announced today, the government will be spending an additional \$426 million over the forward estimate period. That brings the MedicarePlus package to a \$2.85 billion enhancement to our Medicare system.

The Howard government has always been prepared to invest what is necessary—

Ms King interjecting—

The SPEAKER—I warn the member for Ballarat!

Mr ABBOTT—to give the Australian people the health care system that they need. This is a great day for Medicare—a brand new safety net based on actual charges, not on a schedule fee, and, for the first time, allied health services can be delivered under the Medicare system.

I would like to thank the Independent and minor party senators for their constructive engagement with the government. I have to say that in my view what has happened illustrates Australian democracy at its best. Because they are so often forgotten—those unseen pillars of our great democracy—I would also like to thank the departmental officers who have invested countless hours of professionalism and diligence in bringing us a much better health care system.

Medicare: Reform

Ms GILLARD (2.08 p.m.)—My question is to the Minister for Health and Ageing and refers to today's announcement. Minister, isn't it a fact that the package you have announced today will assist only 23,000 Australians with dental care, at \$220 per treatment—an expenditure of no more than \$5 million? When will the government abandon this political fix and adopt Labor's plan for Australian dental care, which will provide \$120 million per annum to get 500,000 Australians off dental waiting lists and into dentists' chairs?

Mr ABBOTT—Let me stress that what I have announced today is an allied health program; it is not a dental scheme. Dental treatment will be available—

Ms Gillard interjecting—

The SPEAKER—The member for Lalor has asked her question.

Mr ABBOTT—where it is necessary to address complex chronic medical conditions.

Ms King interjecting—

The SPEAKER—Clearly the member for Ballarat does not intend to remain in the parliament.

Mr ABBOTT—The government has a plan for Medicare; all members opposite have is a plan for bulk-billing, and they can never deliver it. They can never deliver 100 per cent bulk-billing. They just cannot do it.

Education: Teachers

Mr BARTLETT (2.10 p.m.)—My question is addressed to the Prime Minister. Is the Prime Minister aware of problems with the teacher recruitment base? Would the Prime Minister provide information to the House about the government's specific proposals to address these problems?

Mr HOWARD—In reply to the member for Macquarie: yes, I am aware of problems facing the teacher recruitment base in Australia. There is little argument that this country faces a chronic shortage of male teachers in all of its schools, particularly its primary schools. The worst example of that is to be found in the Catholic education system in New South Wales, where the number of male teachers has fallen to an alarming level of only 14 per cent. Throughout the nation altogether, only one in five teachers in primary schools is a man. Undoubtedly, this represents a very serious challenge to policy makers at both a state and federal level.

I am certainly aware of this, and until last night I also thought that the Leader of the Opposition was aware of this. I did a little research and I found that, writing in the *Herald Sun* on 30 August 2002, the Leader of the Opposition had this to say:

Unfortunately, there has also been a decrease in the number of male teachers in our schools. I can visit primary schools in my electorate and barely find a man in the place—someone who can offer guidance to the boys at school.

He went on to say:

Boys without role models and mentors can easily go off the rails. We see this in the formation of gangs—one of the most worrying threats to community safety.

He was right then—just as the Deputy Prime Minister, who, first of anybody in this place, raised this issue years ago, was right—to indicate the lack of male role models for young boys growing up in single-parent households with no father, no older brothers and no close male relatives and with the one hope of a viable male role model in their early years being a male teacher at their school. If they happen to be one of the boys attending the 250 primary schools in the state of New South Wales run by the New South Wales government in which there is not one male teacher, they are going to miss out.

I thought until last night that the Leader of the Opposition and I were together on this issue. I thought this might have been one of those issues about which the Leader of the Opposition said, when he assumed his position, that he would put aside the negative politics of the past and adopt the new politics of not being opposed for opposition's sake. But I was wrong. Last night, when the Deputy Leader of the Opposition and the shadow Attorney-General put out a statement which represented the triumph of narrow ideology over commonsense, I found that I was wrong.

What we have proposed is a sensible response to a request from the Catholic Education Commission of Australia. What we are proposing is opposed by the Leader of the Opposition, not on any grounds of commonsense and not out of an overriding longer term interest in finding a practical solution to this problem but as a demonstration that the old politics still dominate the Australian Labor Party. It is one thing to talk the talk. It is one thing to run around the country for three months and profess your concern for the fatherless boys of Australia. But it is another

thing, when you have got an opportunity to put your hand up and do something for them, to not do so.

This is a classic demonstration of what the Treasurer said always typifies the Australian Labor Party: never listen to what they say; have a look at what they do. On this occasion, the Leader of the Opposition has failed his own rhetoric. For three months he has regaled the Australian nation with his concern about the need for male role models but, when he gets an opportunity to actually do something, he fails the test. He comes bottom of the class.

DISTINGUISHED VISITORS

The SPEAKER (2.15 p.m.)—I inform the House that we have present in the gallery this afternoon members of the New Zealand parliament's Law and Order Select Committee. I am also pleased to inform the House that we have present in the gallery Mr Ray Hollis, the Speaker of the Queensland parliament. On behalf of all parliamentarians, I extend to our guests a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Health: Enhanced Primary Care Program

Ms GILLARD (2.15 p.m.)—My question is to the Minister for Health and Ageing and refers to today's announcement that adds limited access to allied health for the chronically ill to the Enhanced Primary Care Program. Minister, isn't it a fact that the Enhanced Primary Care Program only reaches 17 per cent of the eligible population and that the Productivity Commission has found that more than 60 per cent of the money is spent on administration costs? Isn't it also a fact that the Australian Medical Association has said about the Enhanced Primary Care Program that it works 'against the basic principles of general practice and should either be scrapped or scaled down'? Isn't the gov-

ernment's new health announcement just tacking a bribe onto a failure?

Mr ABBOTT—It is true that the AMA has been critical of some aspects of the Enhanced Primary Care Program as a whole, but I can assure the member for Lalor that the Australian Medical Association is extremely pleased with today's announcement.

Education: Teachers

Ms LEY (2.17 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Is the Deputy Prime Minister aware of a crisis of masculinity in regional education? What action can the government take to address this problem, and are there any alternative policies?

Mr ANDERSON—I thank the honourable member for her question. I can tell the House that we have had some long car trips visiting remote parts of her electorate where we have talked about these sorts of issues. We have commented on what an excellent job all of those women schoolteachers do but also how many of them would actually like some more men in the classrooms and schools to help them with that gender imbalance problem. I have talked about this issue many times—since noticing very early on no real interest in this on the other side—as a federal member, because I represent a number of country towns which I think are a microcosm of some of the social whirlwind issues that we are now having to address. And that is particularly the case in Indigenous communities.

There are problems with boys unable to relate properly to others because they have not had an effective relational model at home, boys with little or no respect for women because they have not had a male role model or a father to show them how to treat people of the opposite sex with respect and decency, and boys with little capacity to

handle emotions like anger—a common male problem—because they have not seen a disciplined male role model at home. As I commented in this place a while ago, that sort of essential emotional security is critically important to subsequent academic and career capacity development.

The stats—and I am indebted to the Minister for Education, Science and Training for them—show the problems: the underachievement of boys at school, boys in trouble with the law and youth suicide rates. This has long been a social issue that has concerned me. It is an issue that deserves and needs a bipartisan approach from us all. It was in that context that I congratulated the Leader of the Opposition on raising the matter in the public arena. I actually made the point of saying, ‘He has been able to do a little more than I could because he comes from the side of the social progressives who don’t normally like to hear it, whereas if you hear it from an old conservative like me they say, “He’s just rabbiting on.”’ He thinks it is important, and I think that is a good thing.

Mr Howard—A young conservative.

Mr ANDERSON—Yes, a young conservative rabbiting on. I took it as a signal that we could achieve a bit of bipartisanship here. An obvious avenue for society to explore, if it wants to help, is to find substitute male role models where there are not any at home or where the ones at home are inadequate or inappropriate. If society cares about this, there is a good avenue to take: get some more male teachers into our schools. That is not to insult lady teachers at all. My wife happens to be one of them. She will tell me that one of the things we need is more men in the classroom and in the school ground. Nobody can pretend that they can be an adequate substitute for a father doing their job, but they can be a great example of a guiding hand, as the Leader of the Opposition would

apparently have had us believe until very recently.

We have trouble attracting male teachers and we have trouble retaining them. So many of them are frustrated with the lack of support they get when they are trying to do their bit in the classroom. The Prime Minister has just referred to the numbers. So, when the Catholic schools came up with a modest plan which seemed like a good idea to enable them to draw in teachers, I for one really had every expectation that the Leader of the Opposition would join us and that he would match his rhetoric with some action—and the rhetoric has been pretty strong. We thought he would try and match it with some action. After all, he had declared himself to be a male role model for fatherhood and a champion for young males. That is how he set himself up, but he has not been. He has failed at the high bar. It was not a very high bar, I have to say, but he has failed at it. The father figure himself has turned his back on the very qualities of conviction, determination and integrity that we all believe we need to instil in our boys. I am afraid that it is very much a case of Mark the Mentor, Mark the Lionheart out there in the political jungle fighting for the boys, but the union movement must be very relieved to notice that, yet again, one little tug from the union messenger—in this case the member for Jagajaga—and suddenly it is Mark the Mouse.

Howard Government: Ministerial Code of Conduct

Mr McMULLAN (2.22 p.m.)—My question is to the Treasurer. I refer to his obligation to comply with the Prime Minister’s code of conduct, and specifically the code’s statement:

It is vital that ministers ... do not by their conduct undermine public confidence in ... the government.

Given recent leadership speculation, reinforced this morning by comments from the member for Hume, who described the continuing speculation as ‘destabilising’ for the government, will the Treasurer now rule out a leadership challenge against the Prime Minister?

The SPEAKER—The code of conduct to which the member for Fraser refers is the responsibility of the Prime Minister, not the responsibility of the Treasurer. I therefore find it difficult to see how I could call the Treasurer to respond to a question about something over which he has no control—in this case, the code of conduct.

Mr McMullan—Mr Speaker, I rise on a point of order. The standing orders do say that questions can be asked of ministers about matters for which they are administratively responsible, but they also say, ‘public affairs with which the Minister is officially connected’. There is no public affair in Australia with which the Treasurer is more connected than the matter about which I asked. Every minister has a ministerial obligation to comply with the code of conduct. Many very fundamental questions which ministers have been asked in this House in the eight years that I have been here could not have been asked if ministers were not able to be asked whether they were complying with the code of conduct.

The SPEAKER—I reassure the member for Fraser that clearly I have been following this matter up in *House of Representatives Practice*, and I still find it difficult to find any way in which the matter he has raised is the public responsibility of the Treasurer. The code of conduct, which was the framework to which he attached the question, is distinctly the responsibility of the Prime Minister.

Mr McMullan—Mr Speaker, I raise another point of order, on a different matter. I

refer to House of Representatives *Hansard* page 2521 for a precedent. This is a precedent from the House of Representatives under Speaker Snedden in May 1981, when a question was asked by the then Leader of the Opposition and ruled out of order. The then Prime Minister got up and said, ‘I think when a question such as this is asked and then is ruled out of order it leaves something hanging in the air and it would be preferable if people were allowed to answer the question.’ He then volunteered to answer the question and was allowed to do so by the Speaker. Might I suggest you invite the Treasurer to do the same.

The SPEAKER—Of course the member for Fraser may make such a suggestion but, as the occupier of the chair, I am always much relieved when the member for Fraser quotes *Hansard* and not *House of Representatives Practice* as a matter for precedent. I noted to my amusement that at least one columnist in the *Canberra Times* also found that *Hansard* was in some way supposed to provide a precedent for the chair. If that were the case, the chair would find itself making a number of astonishing rulings. The precedent is only ever determined by *House of Representatives Practice*, and in this case I will uphold the decision of my predecessor who ruled the question, cited by the member for Fraser, out of order.

Mr Beazley—Mr Speaker, I raise a further point of order on these matters, for your consideration. Regarding this particular question—and I doubt whether the precedent cited by the member dealt with a question relating to the operation of the ministerial code of conduct per se—the first point of responsibility for the operation of a ministerial code of conduct is in fact the minister. It is the minister’s obligation to place himself or herself in a situation where they comprehend that code and ensure that their behaviour is in accordance with it. The Prime Min-

ister may from time to time make a judgment about whether or not the minister is conforming, but the obligation of conforming to the code lies entirely, in the first instance, with the minister.

Mr Cadman interjecting—

Mr Beazley—In those circumstances, I would suggest that, given that the question related to that area of the minister's responsibility, to ensure that he, in this case—

The SPEAKER—The member for Mitchell is warned!

Mr Beazley—upholds the code, it is an entirely proper approach to take.

The SPEAKER—I thank the member for Brand for his assistance. He has, however, drawn a very long bow. I have allowed questions like this to stand, where they were appropriately framed, over the last week. This question refers to the code of conduct and is therefore not appropriately addressed to the Treasurer.

Taxation: Policy

Mr HUNT (2.28 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House how tax levels have varied in recent years? Has the Treasurer seen comments indicating that taxes could rise after the next election?

Mr COSTELLO—I thank the honourable member for Flinders for his question. I can inform him and the House that, as the budget papers show, since the government was elected, the tax to GDP ratio has fallen from 23.5 per cent in 1996-97 to 21 per cent in 2003-04.

Mr McMullan interjecting—

The SPEAKER—The member for Fraser is a persistent interjector.

Mr COSTELLO—So the ratio of taxation to GDP has fallen during the course of this government. As I have also pointed out,

even if one were to add the GST back in as a Commonwealth tax and net out the state taxes which it replaced, one would still get a falling ratio. The Labor Party in their efforts to try and rewrite the figures say, 'Oh, GST should be counted as a Commonwealth tax, but the gambling tax it replaced, the financial institutions duty it replaced, the bed tax it replaced and the stamp duty on gaming should be counted as state taxes.' Therefore, we got a unilateral cut in state taxation with the introduction of the GST. The states cut their taxes, and the Commonwealth increased its taxes—a translation between the two levels of government. No, I am afraid that when one nets out the state taxes that it replaced—including, I should say, the business franchise fees, which were called revenue replacements—one gets a falling tax to GDP ratio. And that has occurred under this government.

If this government were running the same tax to GDP ratios today as were being run under the Labor Party when it came to office, the taxation in this country could be as much as \$10 billion to \$20 billion higher. I was reminded of this as I saw an extraordinary performance on *Lateline* last night from none other than the member for Fraser. I was sitting up in bed, and there were a number of points at which I was so struck by what he said that I fell out of bed.

Mr Fitzgibbon—Too much information!

Mr COSTELLO—Oh, no, it is very boring in my bed, member for Hunter. The most exciting thing in my bed last night was watching the member for Fraser.

The SPEAKER—The Treasurer will address his remarks through the chair and come to the question.

Mr COSTELLO—Those of us who lead abstemious lives in Canberra have to get our kicks somewhere: we watch the member for Fraser on *Lateline*. I was actually quite

amazed as to why the shadow minister for finance would be out talking about tax policy, because the Labor Party does actually have a shadow Treasurer. Rumours that he is being hidden are grossly exaggerated.

When he was asked about the Access Economics paper that the Labor Party had commissioned, the member for Fraser said:

Well, I'm not very much involved with that project, so I can't give you much detail.

Well, I can, because I have got the project. The project is being done by Geoff Carmody, Chris Richardson, John Sutton, Rob Raether and Russ Campbell; it costs \$150,000; and it is working on a tax policy for the Labor Party—to increase capital gains tax and introduce new levies. I will just table that for the member for Fraser, and I suggest that he acquaint himself with it before he goes on *Lateline*.

We have now had the member for Reid, who has disclosed the Labor Party's plan to increase taxes; we have had the member for Sydney, who has disclosed the Labor Party's plan to increase taxes; and we have had the member for Fraser himself, who disclosed yesterday that Labor would not rule out increasing taxes. But, as I have always said in this parliament—and the Prime Minister mentioned it before—look at what they do, not what they say. If you want a guide to what Labor's tax policy after an election would be, have a look at what they did after the last time they were elected in 1993. As I recall, in 1993 the Labor Party promise was:
... what I am promising is not to put up tax.

What that meant was that income tax cuts were abolished, wholesale sales taxes were hiked, wine tax was introduced and the whole of the Commonwealth account was pushed up in tax.

If you want the Labor Party speaking honestly about their taxation views, you need to

go to those confidential surveys that are conducted on the condition of anonymity. One such was a survey of the candidates in the Australian election for 2001, which included all of the Labor candidates, on the condition of anonymity. All candidates were invited to take part.

Ms O'Byrne—Did they?

Honourable members—How many responded?

Mr COSTELLO—Yes, I am coming to it. The answer is 88. That is a small sample, isn't it? How many members does the Labor Party have in the House?

The SPEAKER—Order! The Treasurer will address his remarks through the chair.

Mr COSTELLO—Anyway, the question was: if the government had a choice between reducing taxes or spending more on social services, which do you think it should do? Eighty-four Liberal Party and National Party members confidentially responded to that question. The number out of 84 that said that they would strongly or mildly favour reducing taxes was 65. Eighty-eight members of the Labor Party in a confidential survey were asked this question: if the government had a choice between reducing taxes or spending more on social services, which do you think it should do? Of the 88 Labor Party respondents, the number that strongly or mildly favoured reducing taxes was three.

Mr Hockey—Name them!

Mr COSTELLO—We can name them, because we know one of them.

The SPEAKER—Order! The Treasurer will address his remarks through the chair.

Mr COSTELLO—We know that senators could also be included in this, but I must say it would be odds-on that the remaining two did not include the member for Hotham and the member for Fraser.

Telstra: Services

Mr TANNER (2.36 p.m.)—My question is to the Prime Minister. I refer to the Prime Minister's statement on Sky TV on 13 August 2003 where he described telecommunications services in regional Australia as 'more or less up to scratch'. Does the Prime Minister still stand by this statement?

Mr HOWARD—Yes.

Taxation: Small Business

Mr BAIRD (2.37 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister inform the House how insidious payroll taxes are a burden on small business and how increased taxes hinder growth and employment in this vital sector of Australia's economy? Is the minister aware of any alternative policies? What would be the impact on Australia's 1.1 million small businesses if they were implemented?

Mr HOCKEY—I thank the member for Cook, who agrees with me that payroll tax is an insidious tax. I think it was actually created by the Labor Party back in 1941. How ironic it is that the party that pretends to be the party for workers introduced a tax on jobs! It is also ironic that since 1996 we have helped to create more than a million new jobs and helped to bring unemployment down to 5.7 per cent, and, amazingly, the beneficiaries of those initiatives are the Labor states. For example, the member for Cook's electorate is in New South Wales, and in New South Wales we have helped to create nearly 400,000 new jobs and Bob Carr collects an extra \$2 billion in payroll tax. Some of the small businesses in Australia, such as those in the member for Cook's electorate, could be paying up to \$5,000 a year to state Labor governments in payroll tax. Of course, payroll tax is not a profit tax and it is not a turnover tax; it is a tax on jobs. It does not matter whether the company or the busi-

ness is making money or not, employers still have to pay this tax on jobs.

I found some support for this from the member for Werriwa, the current Leader of the Opposition. He criticised the states and territories for slugging small business. In this place he said:

... it is absurd for state governments throughout Australia to be taxing labour inputs with payroll taxes.

I imagine he agrees with his own view. Does he agree?

The SPEAKER—The minister will address his remarks through the chair.

Mr HOCKEY—He could be like Harpo Marx: one honk on the horn for yes and two for no. Mr Speaker, does he agree with his own view? It is not hard. He went on to point out that payroll taxes 'encourage employers to minimise labour inputs'. That is, they are an employment tax that discourages job creation. Unfortunately now the Labor Party wants to introduce a federal payroll tax. Labor's own policy document 'A better way of life for working families'—how ironic—states:

Under Labor's approach, there would be a national insurance system for employee entitlements. All employers would be expected to contribute 0.1 per cent of payroll.

This a federal Labor policy to introduce a new federal Labor payroll tax. We know it starts small—

Dr Emerson—Unlike you, Joe!

Mr HOCKEY—but understand this: wholesale sales tax—

Dr Emerson interjecting—

The SPEAKER—The member for Rankin!

Mr HOCKEY—which was introduced by the Labor Party, started at 2.5 per cent. We abolished it when it was 42 per cent on some goods at the highest level, and 32 per cent at

a range of other levels. The Labor Party knows that once you introduce a new federal payroll tax it means that every business has to create the infrastructure to pay that tax. That means quarterly returns, additional red tape and a new bureaucracy to police the new federal Labor payroll tax. The Labor Party in the ACT is introducing a 2½ per cent payroll tax on every employee—no threshold.

Dr Emerson—That's not true and you know it.

Mr HOCKEY—It is absolutely true, and it was backed up by the member for Lyons yesterday when he interjected—

Dr Emerson—That is untrue—

The SPEAKER—Order! Since clearly no other language is understood by the member for Rankin, I warn him!

Mr HOCKEY—It was backed up by the member for Lyons in this place yesterday when he said it is Labor Party policy to have a payroll tax 'to pay for the portability of long service leave'. The Labor Party believes in a federal payroll tax, it believes in taxes on jobs and it believes in higher taxes. We are the parties that believe in lower taxes.

Telstra: Services

Mr LATHAM (2.42 p.m.)—My question is to the Prime Minister. I refer to confidential documents from Telstra's infrastructure services division, dated December 2003, which state that faults in Telstra's network are at a six-year peak. They state:

The customer access network fault rate has been increasing since June 2001 and has accelerated in the last nine months. This acceleration can be attributed to reduced rehabilitation activity in the recent past.

Prime Minister, don't these leaked documents prove that telecommunications services are nowhere near up to scratch in re-

gional Australia and, based on this evidence, they are actually getting worse?

Mr HOWARD—I am obviously not in a position to comment on a document I have not seen, but I stand by the statement I made, which was referred to by the member for Melbourne. I stand by it completely.

Immigration: Border Protection

Mr HAASE (2.43 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on co-operation with Indonesia to return the 15 illegal arrivals currently aboard the HMAS *Warramunga*? Is the minister aware of alternative views to the government's tough approach to border protection?

Mr DOWNER—First, I thank the honourable member for Kalgoorlie for his question. It is a very relevant question for him because people have attempted to arrive illegally on the coast which forms part of his own electorate. In relation to the 15 people who tried to illegally enter Australia the other day and who were taken on board HMAS *Warramunga*, the Indonesians are now to send a consular official to Christmas Island to assist with processing. These people, consistent with the government's policy on illegal migrants, will be sent back to Indonesia because we understand that they are all Indonesian citizens. The fact that the Indonesians are yet again cooperating with Australia on this issue demonstrates the success of the joint commitment that we have to dealing with this problem, and that is one of the reasons why we have been so successful in doing so over the last 2½ years.

The honourable member for Kalgoorlie asked if there were any alternatives. There has of course been the alternative of the Labor Party's policy—the so-called 'coast guide' policy. Honourable members may have forgotten, but the Labor policy was to scrap the Navy from the role of making sure

that people are not illegally able to come to Australia—just get rid of the Navy and replace its role with three motorboats which are called ‘coast guides’—not coast guards, coast guides. Labor’s policy, very importantly, is to make sure they do not turn anybody back. These people have all to be allowed to arrive in Australia. So they have the three coast guide boats and they were going to set up—I had not realised this—a seabed radar system. What that was to do was to detect the boats when they were actually going across the top of the radar system. Fair enough. The defence department does not think this would be very effective.

I read today in the *Sydney Morning Herald*, in an article under the very aggressive headline ‘Snipers and choppers bolster ALP coastguard’, that the seabed radar system is now to be scrapped. The member for Barton told the *Sydney Morning Herald* that Labor had to rework its coast guide policy. I thought this policy was a great policy, then all of a sudden I read today that it has to be reworked—more than that—to ‘really give it grunt in terms of its interdiction capacity’. In other words it did not have grunt in terms of interdiction capacity before—is that right? It is obviously right, because they had three motorboats—no Navy—which were going to guide the illegal migrants into Australia. That is not a tough policy.

So there is a new policy now. The new policy is to take the money which was to be used for the seabed radar—that is, \$32 million—and with that \$32 million buy 10 more boats and crew them. That is \$3.2 million a boat, not just for purchase but also for crew, and these boats are only to move within Australia’s territorial waters. These are not going to be coastguard boats. These are going to be water taxis—that is all they will be. So you have got three motorboats out there—the coast guide—and you have 10 water taxis now and, what is more, you are going to

have helicopters with snipers in them. What in the Lord’s name are helicopters and snipers going to do, when your policy is to bring all these people to Australia?

The SPEAKER—The minister will direct his remarks through the chair.

Mr DOWNER—That is their policy. The Labor Party’s policy is not to keep people out. The bottom line here is that the Labor Party has made it clear it will not turn people back. So, with three motorboats—called coast guide boats—10 water taxis and a couple of helicopters with snipers in them, what are these people supposed to be doing? That is \$612 million wasted in just guiding people into Australia. I have a suggestion for the Labor Party as an alternative policy: bearing in mind it is going to allow everybody to land in Australia, it should scrap its new policy, which it has just launched today in the *Sydney Morning Herald*, and just go out and propose to purchase a dozen or two dozen phone booths and put them on the beach so when the illegal migrants land they can just ring up and say, ‘We’re here; come and get us.’ There is absolutely no point in wasting money on water taxis and motorboats and helicopters with snipers in them. What are these people going to be doing—other than guiding the illegal migrants in?

At the end of the day, this policy is nothing more than a trick, because the fundamentals of the Labor policy—the serious points about it—are that anybody who wants to come to Australia illegally is welcome to come. Yes, sure, they will be processed when they get here, but they are welcome to come. Actually, our policy is quite different: we turn them around and send them back, and that has been a pretty effective policy. There would not be a person in Australia who would argue that—sure, it has been tough, they will argue about that—our policy was

not effective. Yes, we are tough. And in stark contrast, the Labor Party is weak.

Telstra: Services

Mr TANNER (2.49 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services and it follows the question from the Leader of the Opposition to the Prime Minister. I refer to the decline in Telstra capital investment since 1999-2000 of over \$1 billion per annum and to the statement in the leaked Telstra documents that:

Customer access network fault rate growth is increasing steadily across both metro and regional service areas.

And:

Proactive investment in customer access network rehabilitation has declined over the past four years.

Further:

Without adequate investment in rehabilitation, the customer access network fault rate will continue to increase.

Don't these leaked documents comprehensively refute the Deputy Prime Minister's previous statements regarding the state of Telstra's network and services in regional Australia?

Mr ANDERSON—I thank the honourable member for his question. The first point I have to make is: I have not seen the so-called leaked documents so I am not in a position to comment on them. But there are some other comments I would like to make. The first is that I have yet to meet anybody in rural, regional or remote Australia who believes that the Labor Party could give a tuppenny damn about what sorts of services they have. The second comment I would make is that I am rarely asked questions by the opposition about Telstra and rural telecommunications services. The last time I was asked I issued a simple challenge: is there anyone on that side who does not believe

that the government of the day has all the heads of power it needs to insist on adequate services for rural, regional and remote Australians regardless of ownership? Because the government does have the power, and those opposite know it. The shadow minister for communications knows it. What I would like my friends up in the gallery to do—

The SPEAKER—The Deputy Prime Minister will address his remarks through the chair.

Mr ANDERSON—Mr Speaker, through you, if I may, to the gallery—

Opposition members interjecting—

Mr ANDERSON—There are not many there—what a pity. They have not stayed behind for the shadow minister's questions. What I would love them to do is to publish every press release of the shadow minister for communications—every single one of them. I have never seen such undiluted tripe of the sort that you get from the shadow minister. It is just extraordinary. But there is only one take beyond the obvious, which is that he is a political opportunist, and that is this: if he had his way, he would completely and absolutely reregulate Telstra so we could not tell the difference between Telstra and the old PMG. I tell you what, if ever we had lousy services in the country it was when we had the PMG.

Mr Tanner—I seek leave to table the document headed 'Business and commercial operations infrastructure services: Telstra in-confidence'.

Leave granted.

Trade: Free Trade Agreement

Mr FARMER (2.52 p.m.)—My question is addressed to the Minister for Trade. Would the minister please inform the House of how the Australia-United States free trade agreement will create jobs for Western Sydney, especially in areas like Campbelltown and

Camden in Macarthur, and what specific tariff reductions will benefit Western Sydney?

Mr VAILE—I would like to thank the honourable member for Macarthur for his question. The member for Macarthur well and truly recognises the importance of this agreement to the Australian economy, linking Australia's economy to the largest economy in the world and, of course, the opportunities that that will present to all the small business people and manufacturing industries in Western Sydney. In fact, it was interesting to read an article in *Time* magazine—I think it came out this morning—which said:

But here's a rare instance where doors on opposite sides of the globe soon could open to profit-hungry, dynamic, brave and creative Australians ...

I am sure there are lots of them in the seat of Macarthur in Western Sydney, and they are well represented by another brave and creative Australian. The member for Macarthur knows only too well—and the Leader of the Opposition, also being a member from Western Sydney, should also know only too well—the importance of the manufacturing exporting industries in Western Sydney. The Leader of the Opposition would be well aware that manufacturing is the biggest single employer in Western Sydney, particularly in Camden and Campbelltown, employing around 14,000 people and generating about \$1.2 billion worth of turnover. I am sure the Leader of the Opposition has also recognised by now—or would have been advised by Senator Conroy—that, as result of the free trade agreement negotiated with the United States, 97 per cent of manufactured products will gain tariff-free access into the United States, meaning job creation and job growth in those areas where the manufacturing industries are.

One classic example of this is the removal of the tariff on vehicle inspection systems. I

know that there is a business in the seat of Macarthur that is well known to the member for Macarthur called Vehicle Inspection Systems Pty Ltd, which designs, manufactures, sells and services a range of specialist heavy vehicle testing equipment for the road transport industry world wide. Guess what, Mr Speaker? Guess where its largest market is? Its largest market is in North America. The company says that the elimination of the duty paid on its exports to the United States will give it a competitive advantage and lead to a further expansion of its already 50-strong work force.

So no wonder the member for Macarthur is a strong supporter of the Australia-US free trade agreement. He knows that it will benefit not only the Australian economy but also particularly his constituents in the seat of Macarthur. We all know one of the more famous constituents in the seat of Macarthur. The challenge still rests before the Labor Party to stop opposing this, to stop trawling and digging around to find the negatives in this agreement, and to be like the member for Macarthur and recognise the importance of this agreement to the small business manufacturers of Western Sydney.

Telstra: Services

Mr TANNER (2.56 p.m.)—My question is again to the Prime Minister. I refer to statements in Senate estimates hearings on 16 February this year by the Head of Service Advantage at Telstra, Mr Anthony Rix, that recent fault increases have been caused by bad weather and, specifically, to his statement:

The claim that faults rise due to network neglect and the decline in staff numbers is a myth ...

I refer again to the leaked Telstra documents which state the complete opposite. They said:

Fault rate growth appears to be due to general network deterioration rather than a specific exceptional cause.

Did Mr Rix tell the truth in the Senate estimates hearing? Does the government believe that recent fault increases are due to network neglect or does the Prime Minister, like the Head of Service Advantage at Telstra, continue to blame the weather?

The SPEAKER—Before I recognise the Prime Minister, I point out to the member for Melbourne that his question, although I will allow it to stand, contained an implication relative to Mr Rix—if I have the pronunciation right—which was inappropriate.

Mr HOWARD—I am truly flattered that the member for Melbourne should imagine that I have such a complete mastery of that detail and have powers of mental telepathy, and also that I would be the fastest reader in the parliament. As I should do—and as he ought to know—I will take the question on notice, and if there is anything I can usefully tell him I will.

Foreign Affairs: Iran

Mr BRUCE SCOTT (2.58 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the effect international pressure has had on Iran's attempts to gain access to sensitive nuclear technologies?

Mr DOWNER—I thank the honourable member for Maranoa. These are important issues, and I appreciate him raising them in the House today. As the honourable member knows, Australia has been in the forefront of efforts to deal with the threat of weapons of mass destruction proliferation. This, of course, has been in the case of Iraq, but we have taken firm action in the International Atomic Energy Agency and in other forums to ensure that states comply with their obligations under various international instruments, including the nuclear nonproliferation

treaty. I visited Iran in May 2003. My officials and I have a lot of contact with the Iranians, and we have delivered strong messages to them about the pursuit of sensitive nuclear technologies.

The Iraq war no doubt had an impact, and also other elements of international pressure did lead Iran to reveal its pursuit of sensitive nuclear activities. We have welcomed their greater engagement with the International Atomic Energy Agency, but the nuclear program in Iran has turned out to be more extensive and more advanced than had previously been thought. This will be a matter discussed at the International Atomic Energy Agency Board of Governors meeting this week, and honourable members will know that Australia is one of the members of that board.

Amongst the revelations that the IAEA has brought forward is the fact that Iran have breached strict export conditions on the use of an Australian supplied mass spectrometer. A mass spectrometer measures in fine detail the composition of materials and has a wide range of applications. This export was intended to support agricultural and medical research, including cancer diagnosis, but the IAEA has discovered that this export was used to test enriched uranium samples, and Iran have admitted to this happening on at least one occasion. We have explained to the Iranian government that they have breached their export conditions and have sought a full explanation from them and asked Iran to return the instrument if we cannot be confident that they will adhere to the strict conditions governing the instrument's use. Iran have provided details of their activities, and they assisted our ambassador in making an inspection of the mass spectrometer on 7 March. The government values its relationship with Iran. We are engaging constructively with them on the nuclear issue. We welcome Iran's cooperation and hope that the fact that the conditions of the export

permit were breached on this occasion and the fact that we have now made this public will ensure that such activities do not occur again in the future.

DISTINGUISHED VISITORS

The SPEAKER (3.01 p.m.)—I inform the House that we have present in the gallery this afternoon the Hon. Ralph Willis, former Treasurer and cabinet minister. On behalf of the House, I extend to him a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Telstra: Services

Mr TANNER (3.01 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. How can the Deputy Prime Minister support Telstra spending \$636 million buying the Trading Post Group and attempting to buy Fairfax when, as these leaked Telstra documents show comprehensively, Telstra's network continues to crumble, its capital investment continues to decline and its fault rates continue to grow?

Mr ANDERSON—I thank the honourable member for his question. It is not for me to defend or not defend Telstra.

Opposition members interjecting—

Mr ANDERSON—No, it is not. The shadow minister, as I say, wants to completely smother the outfit—

Mr Howard—And renationalise it.

Mr ANDERSON—He basically wants to renationalise it. I remember what we had when we had the PMG. I will tell you what it is our job, as the government, to do and you do not deny we know how to do it—that is, to insist that Telstra meet the universal service obligations and the customer guarantees that we have outlined, which you never bothered putting up and which we have put in place. If they meet those obligations, then

quite frankly, if they generate through their business activities the money to do a better job, so much the better. But not only does this come from the side of politics that never showed any interest whatsoever in what sorts of services we had in rural, regional and remote Australia but this is the side of politics that has opposed every initiative we put in place: 900 mobile phone towers in rural areas rolled out with our assistance to replace what—the old mobile system that you closed down because you did not give a damn about country Australians.

The SPEAKER—Order! I just remind the Deputy Prime Minister of his obligation to address his remarks through the chair.

Australian Labor Party: Centenary House

Mr ANTHONY SMITH (3.04 p.m.)—My question is addressed to the Minister representing the Special Minister of State. What were the key conclusions of the 1994 inquiry into Centenary House? Have subsequent events justified those conclusions? What implications does this have for an organisation registered under the Commonwealth Electoral Act? And how does the Centenary House deal compare to other leasing arrangements?

Mr ABBOTT—I have to say that, amidst the MedicarePlus negotiations, I had almost forgotten about Centenary House, so I thank the member for Casey for reminding me of the Centenary House rent rort rip-off. We know what happened under the rent rort rip-off: the Labor Party gets the goldmine; the taxpayers get the shaft. We have the Leader of the Opposition running around here saying that the Centenary House deal is okay because it was cleared by a judicial inquiry. Let us examine precisely what this inquiry said. The key conclusion of the report said:

... it is likely that the economic position of the Commonwealth under the terms of the present lease will prove to be little different from what its

position would have been had the rent been reviewed to market rates every two years over the full term of the lease.

So the Commonwealth was no worse off under the Centenary House deal. That is the key conclusion of the inquiry.

Let us consider the reality as we now know it. The Commonwealth are paying \$290 a square metre at Barton in the Edmund Barton Building. We are paying \$295 a square metre at 3 National Circuit. We are paying \$295 a square metre in the Robert Garran Offices. We are paying \$395 a square metre—yes, and well may the Minister for Foreign Affairs squirm—in, admittedly, the prestigious R.G. Casey Building. So that is what the Commonwealth are paying. But what are the Commonwealth paying at Centenary House? We are paying \$871 per square metre—almost three times as much as we would be paying under a reasonable deal. Let me make it very clear to the Leader of the Opposition: you cannot rely on a report that says the Commonwealth will be no worse off when manifestly we are worse off—very much worse off. It is like relying on yesterday's weather forecast when you know it is wrong.

The Leader of the Opposition likes to explain his flip-flops by saying, with Lord Keynes, 'When circumstances change, I change my opinion.' The circumstances have changed with Centenary House, and it is high time he changed his opinion. But he does not want to do it because he is too conscious of the \$6,721 a day, every single day, that the Labor Party trousers as a result of the rent rort rip-off. The rent rort rip-off is \$36 million over the term of the current lease. Because the Leader of the Opposition thinks it is such a good deal, we can be confident that if any future Labor government has the chance the rent rort rip-off will be extended to \$74 million by the time a future Labor government has renewed the lease.

What do you think a warm and cuddly, sensitive New-Age opposition leader might think about something like this? We know what he thinks, because on 11 December last year, just into his glorious reign as the Leader of the Opposition, he told innocent schoolchildren:

Be true to the things you believe in ...

... ..

You've got to go to bed at night thinking, "I'm being true to the reasons I got into this in the first place," ...

That is what he said to schoolchildren. I really do not know, and I hate to speculate on, what goes through the mind of the Leader of the Opposition at night, but I am sure that one thing is the \$6,721 a day he is pocketing every day that the rent rort rip-off goes on. As long as this deal persists, what are the things that the Leader of the Opposition believes in? He believes in ripping off the taxpayer, defending the indefensible and refusing to accept that circumstances have changed. There is a word for the Leader of the Opposition: he is a fake. And he stays a fake until he renegotiates that lease.

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

QUESTIONS TO THE SPEAKER

Question Time

The SPEAKER (3.09 p.m.)—Yesterday the member for Perth asked me to make inquiries as to whether the *Hansard* record of Monday, 8 March had been changed by the Minister for Foreign Affairs. Hansard managers have confirmed that the minister did not seek to change the record. Hansard made an error by not omitting from the quotation words which the minister had excluded. I should indicate that in conversation with Hansard it would seem that the Hansard recorder at the time, in an effort to be diligent about this, had gone back to the *Insiders* program and quoted the remarks from the

member in full, and it was not the remarks in full that the minister had used in his quote in the House.

Hansard editors take extreme care in ensuring that extracts from interviews et cetera are recorded accurately when they are quoted by members. In this case, too much emphasis was placed on reflecting the accuracy of the transcript of the interview rather than recording only the words used by the minister. As I said yesterday, all members are grateful to Hansard for the changes that they make. Errors of this kind, although regrettable, are rare. As one would expect, the record of the parliament as recorded in the greens will be amended in future editions.

PERSONAL EXPLANATIONS

Dr EMERSON (Rankin) (3.11 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Dr EMERSON—I do, persistently, over the last few days.

The SPEAKER—The member for Rankin may proceed.

Dr EMERSON—The Minister for Small Business and Tourism has claimed on several occasions that as shadow workplace relations minister I have a secret plan to introduce a 2½ per cent payroll tax to fund a national portable long service leave scheme. The minister bases his claim on the assertion that the ACT government is introducing such a 2½ per cent payroll tax. The minister has failed to mention that this is a private member's bill not supported by the ACT government. The minister's claim is completely false.

QUESTIONS TO THE SPEAKER

Parliament: Procedure

Mr QUICK (3.12 p.m.)—Mr Speaker, before I ask my question, can I compliment you on your initiative to introduce changes to

the 20-minute second reading speech. In light of the Procedure Committee report on the implementation of that, could you inform the House when the 15-minute plus five-minute second reading speeches will be implemented?

The SPEAKER—I cannot give a specific date to the member for Franklin. As the member for Franklin would be aware, the chair does not determine what the regulations determining the House will be. The House makes that determination. I believe the Procedure Committee's recommendation has been passed on to the Leader of the House, but I am not certain of that, and I can follow it up.

PERSONAL EXPLANATIONS

Mr ORGAN (Cunningham) (3.13 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ORGAN—Yes, most grievously so.

The SPEAKER—The member for Cunningham may proceed.

Mr ORGAN—Yesterday, during the MPI, the rather excited member for Dunkley stated:

In regards to the member representing the Greens in this place, at my last look he had not even asked a question on the environment in this parliament since being elected.

My first question without notice in this place, on 4 March 2003, related to the transport of nuclear waste and its environmental impacts. I have also placed four questions on notice relating to environmental issues such as the use of ethanol, airport noise levels, dangerous chemicals and Australian Greenhouse Office investments.

The SPEAKER—The member for Cunningham has indicated where he was misrepresented and will resume his seat.

Mr KING (Wentworth) (3.14 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr KING—Yes.

The SPEAKER—The honourable member may proceed.

Mr KING—Ms Janet Albrechtsen in the *Australian* on 4 March and Mr Christopher Pearson in the *Australian* on 6 March said words to the effect that I had taken a negative, cringing approach to the Kyoto protocol at a recent meeting of the Liberal Party. These assertions are false. What I said was that the Kyoto protocol was a flawed mechanism in relation to climate change because the major polluting economies in Asia—China and India—were outside its requirement and that it was penal in its impact on Australian industrial equipment owners.

The SPEAKER—The member for Wentworth may proceed but must conclude his remarks, as he has indicated where he has been misrepresented.

Mr KING—I am about to do so. I said that the Australian government had and should have an alternative for climate change issues and that I had prepared a 20-year plan, which I had detailed to the Prime Minister, to address those questions in our region and to ensure better climate change outcomes from our region's point of view.

PAPERS

Mr ABBOTT (Warringah—Minister for Health and Ageing) (3.15 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings*.

MATTERS OF PUBLIC IMPORTANCE

Telecommunications: Regional Services

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

The state of telecommunications services in regional Australia.

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 TANNER (Melbourne) (3.16 p.m.)—For some years now, the theme of telecommunications services in regional Australia has been a constant drumbeat in Australian politics. In debate between both sides of the parliament, the focus has been on the state of services in the bush. In its relentless ideological pursuit of privatising Telstra, the government has had one giant fig leaf with which it has sought to protect itself, to disguise the reality of what it was doing—that it would not privatise Telstra until services in the bush are up to scratch, that regional Australia would not have to suffer the consequences of privatisation of Telstra until such time as telecommunications services in the country are up to scratch. This has been used as a fig leaf by Liberal and National members who represent rural electorates all around Australia.

Today the fig leaf has been torn off. It has been torn up and thrown into the wind—and let me tell you that what is underneath is not a very pretty sight at all. We saw it in all its glory in question time. When asked to respond to the state of telecommunications services in regional Australia and the leaked Telstra documents which show that they are getting worse, not better, the Deputy Prime

Minister responded, 'It is not up to me to defend Telstra.' In other words, it is none of his business. He is only the Deputy Prime Minister. He is only the leader of The Nationals. He is only the minister for regional services. But the state of telecommunications services in regional Australia, the performance of Telstra and criticisms of that performance are none of his business.

For years, both with me in the shadow ministry and with my predecessors, Labor has argued that services are not up to scratch in regional Australia. Shadow ministers have been deluged with complaints and continue to be deluged with complaints from people all around the country about the state of Telstra's network, the level of faults, the quality of service, the number of staff that are there to do all the tasks required to maintain the network, the extent of mobile phone coverage and the roll-out of broadband—and the list goes on.

Labor established a Senate inquiry in order to pursue the issue of the state of Telstra's network and its prolonged neglect of that network. In Tasmania, with Senator Sue Mackay we exposed photographic evidence of the neglect of the network and the use of bandaied solutions like plastic bags being put around joins of Telstra cables because Telstra staff were not able to properly fix them. We pursued questions in this House and in Senate estimates. We have exposed the misleading use of figures about fault levels by the Australian Communications Authority and we have exposed the waste and pork-barrelling of the Networking the Nation program. On top of all this, we have continually drawn attention to the fact that, since about 1999, Telstra's capital investment has dropped by over \$1 billion. From almost \$4½ billion a year four or five years ago, Telstra's investment in its network, its capital and its infrastructure in Australia has dropped to a little over \$3 billion a year, and

over that time it has cut 20,000 staff. Over that time, the number of Telstra workers who are actively engaged in delivering services to people in metropolitan and regional Australia has dropped by 20,000.

The government, the Prime Minister and the Deputy Prime Minister have blithely waved away this evidence: 'Nope, it doesn't exist. Services are fine; Telstra can proceed to be privatised.' They had a tame inquiry by a personal friend of the Deputy Prime Minister and member of The Nationals, Dick Estens, they ignored the evidence and then they came forward with a mickey mouse program of \$45 million a year to improve telecommunications services in the bush and pronounced them up to scratch. The Prime Minister pronounced in August last year that, yes, they are more or less up to scratch; things are fine.

Today that argument ends. That argument is now over. The leaked presentation from within Telstra's infrastructure services division shows absolutely clearly that not only are things not up to scratch but they are actually getting worse. They also incidentally show that Telstra has misled the parliament and the Prime Minister has misled the Australian people. The contrast between the claims of the Prime Minister, the Deputy Prime Minister, the minister and Telstra and the reality that is exposed by these documents could not be starker. I want to spend some time today going through some of the examples of the statements. They are six relatively short pages, with some graphs and some statements about the state of play with respect to Telstra's network and faults, but they could not be starker. They could not be clearer. The document states that faults around Australia in Telstra's network are at a six-year peak and, conceivably, even a 10-year peak. So much for services being up to scratch. The document states:

The customer access network fault rate has been increasing since June 2001—

it is not static; it is increasing—

and has accelerated in the last nine months.

The document also states:

The customer access network fault rate growth is increasing steadily—

so not only are faults increasing but also the rate of increase is going up—

across both metropolitan and regional service areas.

But, according to the government, everything is fine. According to the government, Telstra is dealing with the problems. And of course, according to the Deputy Prime Minister today, even if it is not, it is not his business. He does not have to worry about it. The government says, 'Things are fine; things are improving; Telstra can be privatised.' Remember, that is the bottom line. That is what this is all about—selling Telstra. That is what this debate is ultimately all about. The document states:

The current accelerating fault rate can be attributed to reduced rehabilitation activity in the recent past coupled with an intense focus on providing quick fault restoration.

A slight translation is required. What that means is: 'We no longer do maintenance or preventive work to ensure that faults do not occur. We put on bandaids as an emergency solution when faults happen.' That is what that statement means. There is less routine maintenance and less preventative activity to ensure that the network has integrity and is functional, and there are more bandaids and temporary fixes. The document continues:

Proactive investment in the customer access network rehabilitation has declined over the past four years ... recent investment in proactive rehabilitation has not constrained the fault rate increase.

In other words, even the bit that they have managed to do is not holding back the tide.

But, according to the government, the former and current minister, the Deputy Prime Minister and the Prime Minister, the government is future-proofing Telstra and its network and services in regional Australia so that it can sell it. According to the government, what it is doing is future-proofing or providing an effective, ironclad guarantee for country Australians so that it does not matter that Telstra is privately owned; it will continue to deliver decent services of a high standard in country Australia. The facts are absolutely the opposite of that claim and this document proves it irrefutably. The document goes on to say:

Without adequate investment in rehabilitation, the customer access network fault rate will continue to increase.

It says:

Since 2002-03 a prime objective has been to keep the fault rate constant. Funding levels have not supported this.

So their objective is not to improve things; it is just to hold things where they are, but they cannot achieve that because they do not have the money. The document also predicts that faults will continue to increase between now—or from December of last year, when the document was made available—and June 2005. In other words, not only is the situation worse than it was a little while ago; it is going to get even worse.

What has Telstra been saying about this? Telstra, with an army of PR people and lawyers and a giant bureaucracy, has the capacity to put out the real picture to the public. What has it been doing? In a Senate estimates hearing on 16 February of this year, Senator Mackay asked a pretty forensic set of questions about recent reports of increased faults in Telstra's network. Mr Bill Scales and Mr Anthony Rix were there representing Telstra. Their answer was to blame the weather. There had been a few storms re-

cently, in Brisbane in particular. Brisbane had a bit of weather and so did Sydney. They could not quite explain why Melbourne had these problems because Melbourne had not had much weather recently. Nonetheless, it was the fault of the weather. Blame the weather!

Dr Emerson interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Rankin is in a parlous position!

Mr TANNER—I almost thought I heard one of them say, ‘We’ll all be ruined.’ They did not quite get that far, but I almost thought somebody in the background said, ‘We’ll all be ruined.’ But the crucial statement came from Anthony Rix. He said:

The claim that faults rise due to network neglect and the decline in staff numbers is a myth ...

In other words, our argument and Labor’s position on this issue is simply wrong—it is a myth. Fair enough—he is entitled to put that point of view. Unfortunately for Telstra, this internal Telstra document from the people who actually run the network says the opposite. It says:

Fault rate growth appears to be due to general network deterioration rather than a specific exceptional cause.

I think the senators have some cause to have a bit of a chat to the people from Telstra who were giving evidence before them. I look forward to them pursuing initiatives in their own way.

The conclusion could not be clearer. The government’s case for privatising Telstra is based on the giant, outrageous lie that services are up to scratch in regional Australia. Telstra has misled the Australian parliament, the Prime Minister has misled the Australian people and the government’s own precondition for selling Telstra, on the day that this issue is being debated in the parliament, is exposed as a total fraud. The real position is

that Telstra’s network is stuttering and bumbling along like an old Leyland P76, held together by bandaids and string and barely able to do the job that is being asked of it.

Mr Crean—Weathering the storm!

Mr TANNER—Yes, it is weathering the storm, but only just. It is declining in quality and faults are increasing. We have cables over front lawns, plastic bags on joins and cables running over hay bales and down creek beds—you name it. It is everything but a decent high-quality telecommunications service for people in country Australia.

While this continues, Telstra continues to cut investment and cut staff. Is it cutting back because Telstra does not have any money? It is quite the contrary. Telstra is literally awash with cash. It tried to buy Fairfax and that proved to be a bit of a difficulty. But it found a consolation prize. If it could not read the *Age* it would get the *Trading Post*. At least it can get a decent second-hand fridge! It might have been overpriced, it might have little to do with delivering telecommunications services to Australians and it might have been based on a dreamed-up version of a profit multiple as the basis for calculating the price, but who knows how it will benefit consumers in telecommunications services, be it in regional Australia or in metropolitan Australia? The reality in the bush is simple: the network is crumbling, faults are soaring, dial-up Internet drop-outs are an everyday matter of life, mobile phone coverage is still ordinary, most of them do not have broadband and there is no realistic prospect of getting it.

My old friends, The Nationals, the alleged representatives of country Australia, have cravenly capitulated to the investment bankers and lawyers in the Liberal Party who stand to benefit by hundreds of millions of dollars of fees as a result of Telstra being privatised. If Telstra management are not

interested in tackling these issues, if the nutty professor and the rest of Telstra management are not interested in tackling the problems of telecommunications in Australia, if they want to run Disneyland, movie studios, theme parks and media, perhaps that is what they should go and do. The telecommunications company that we have in this country is still majority owned by the Australian government because it delivers essential services. It is still primarily a public utility and it is critical to the future economic health of this nation. If the people who are in charge of it do not want to run a telecommunications company maybe they should be looking at the classified ads of some of those papers they wanted to buy.

I challenge the Prime Minister to come into the parliament at the end of the debate on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#) and to push aside his docile, facile, servile minister, from whom we have not heard a squeak, and tell the truth on this issue. Once and for all, tell the truth about services in regional Australia. Labor will not privatise Telstra; we will ensure that Telstra gets back on the job.

Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (3.31 p.m.)—This is the second time the opposition has raised as a matter of public importance regional telecommunications services. Once again, I thank the member for Melbourne for giving the government the opportunity to remind the Australian people of the commitment this government has made, and continues to make, to improving telecommunications services in regional Australia.

The regional Australia that the member for Melbourne sought to describe does not exist. He relies upon a document, the origin of which is not yet established. I do not propose to comment on that document, but I point out

that it does not purport to relate just to regional services; if it is a genuine document, it relates to services across Australia. One in three Australians lives and works outside the major population centres. This is a significant proportion of the Australian population and is a constituency that cannot be ignored—despite it having been ignored until five minutes ago by the Labor Party. Even if it were possible to ignore the interests and aspirations of regional Australians, it would not be in the national interest to do so. Ensuring that modern, sophisticated and affordable communications are available to all Australians can no longer be regarded as a luxury; it is a prerequisite of our national membership of the information economy.

The Howard government has a proud record when it comes to regional telecommunications services. It continues to work to improve telecommunications services for Australians in regional and remote areas. By contrast, Labor has no record whatever in regional Australia. It has shown precious little interest in the needs and concerns of regional Australia and it can only dream of the record that this government has established in improving telecommunications services. The government recognises that reducing fault rates is an important issue. This is why the government has implemented regulatory safeguards, such as the customer service guarantee and the network reliability framework, aimed at boosting the reliability of Telstra's network.

The Australian Communications Authority monitors Telstra's performance under the CSG and the NRF closely and reports on it quarterly. Faults will occur. They may sometimes receive adverse media coverage, but it is important to remember that Telstra operates over 10 million fixed services and that the vast majority of these operate reliably. To improve reliability on the fixed phone network, the network reliability framework im-

poses a new level of monitoring on Telstra, requiring it to report on recurrent faults in the network and, more importantly, to take action to prevent multiple faults from occurring for services with up to five lines. The framework sets individual and network performance levels in relation to recurring faults, enabling the Communications Authority to investigate and, if necessary, direct the remediation for poorly performing parts of Telstra's network. If Telstra does not comply with its obligations under the framework it may face penalties of up to \$10 million.

Telstra's most recent public report under the framework showed that the national average availability of phone services in December 2003 was 99.92 per cent and the national percentage of services with no faults for the same period was 99.07 per cent. Service availability remained at 99.9 per cent for the first 12 months of reporting under the framework. For the government, the central issue is not how many people Telstra employs but that Telstra adheres to the stringent customer service standards that the government has set. Telstra's customer service guarantee compliance is solid, with particularly strong results recorded in regional areas. In the most recent *Telecommunications Performance Monitoring Bulletin*, for the September 2003 quarter, Telstra's fault repair performance was high, with 91 per cent of faults in urban areas cleared within CSG time frames. In rural areas, compliance with CSG timeframes was at 95 per cent and, in remote areas, compliance was recorded at 94 per cent.

The member for Melbourne scoffs at the recent increase in faults and their attribution by Telstra staff to the weather. In fact, Telstra advised the government in February that the then current fault volumes across Australia were well above normal. The majority of the faults, some 70 per cent, were directly attributable to the then recent storm activity across

the eastern seaboard, particularly in Brisbane. At that time, Telstra was clearing over 1,000 faults a day in metropolitan areas, and reports were that the incoming volume of faults had decreased and that fault levels were expected to return to normal levels within a few weeks. It is notable that the Bureau of Meteorology was reporting at the time that the frequency or proximity of the recent storms had not occurred since the 1950s. Telstra also made provision by offering customers with a fault a diversion from their faulty service, normalised call rates and temporary telephones to customers affected by the storms.

To date, telecommunications improvements in regional Australia have been delivered through a combination of government funded initiatives as well as the improved regulatory arrangements I mentioned for consumer safeguarding and improved regulation to increase competition. Full and open competition was introduced by the government in 1997, and it led to an explosion in the number of companies installing infrastructure and offering telecommunications services in Australia. The ACA has now issued well over 90 carrier licences, and there are hundreds of telephone and Internet service providers offering services. Many of these companies operate in regional Australia, and a number operate specifically in regional Australia, delivering services designed to meet the particular needs of regional Australia. The Bendigo Community Telecommunications Company, Neighborhood Cable, and the Southern Phone Company are all examples of companies that have been set up to operate outside the major capital cities.

The benefits of competition are quite remarkable. The communications sector now directly employs more than one-quarter of a million Australians and contributes more than \$20 billion to our GDP each year. That is an increase in value added output of ap-

proximately 40 per cent since 1997. Perhaps the most telling statistic is that in December 2003 there were more than 14 million mobile phones in Australia, compared with about 10 million fixed phones. Allen Consulting reported in September last year that the gross product of the mobile phone industry had grown by more than 60 per cent in the four years to 2001-02 to reach more than \$5 billion a year. In terms of prices, telecommunications consumers have enjoyed overall real price decreases of nearly 21 per cent since 1997.

These—and there are more—are impressive numbers. Much of this prosperity comes down to the basic reforms of the telecommunications market made by the Howard government. We have worked hard to put in place a regulatory framework that simultaneously protects consumers and encourages healthy competition. The government understands that competition itself is not enough and has therefore put in place some of the world's toughest telecommunications safeguards. I have mentioned the customer service guarantee. The Deputy Prime Minister mentioned the universal service obligation. There is also the right to untimed local calls and the digital data service obligation. I have already mentioned the network reliability framework and the priority assistance arrangements.

The introduction of the CSG meant that for the first time companies had to comply with strict time frames for the installation and repair of phone services or pay compensation. Before then, most remote customers in Australia used to wait up to 27 months for a phone to be installed—something that was highlighted by the Deputy Prime Minister. Under the CSG, if it is not installed within 30 days customers must be offered an interim service. It is important to note that the customer service guarantee applies to all tele-

communications companies and not just Telstra.

Ms O'Byrne interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Bass will have her opportunity.

Mr WILLIAMS—The fact that this fundamental safeguard can be imposed across the board surely demonstrates the capacity of the government to protect consumers, regardless of ownership arrangements. The government continues to look for ways of improving these regulatory arrangements to make sure they maximise the opportunities for the introduction of innovative new services, specifically in regional Australia.

Enough time has elapsed since the introduction of competition for the government to conclude that the blanket application of the CSG may actually be a barrier to entry into the fixed phone market. The result could be a reduction in the potential consumer benefits that competition brings, including lower prices, higher quality, greater choice and innovation—the very things, of course, that the government wants delivered. The government therefore amended the CSG so that phone companies are now able to seek a temporary exemption from CSG obligations while they establish themselves in the market. This will cover all their future customers for the duration of the exemption. This change will make it easier for innovative companies such as Neighborhood Cable in Ballarat to introduce new services such as Chatphone in specific geographic markets in regional Australia, like Geelong, Mildura and Ballarat.

The opposition fears that a fully privatised Telstra will be beyond regulatory control. It shows little faith in the power of the government and the parliament to regulate the telecommunications industry. That the opposition takes this position is somewhat dis-

turbing; it shows Labor has little faith in its own ability to govern or to govern responsibly should it achieve government. The opposition fears—and the member for Melbourne has said this—that Telstra would lobby for an end to the price control regime following its privatisation. Interestingly, the opposition also tries to make something from the fact that Telstra has refused to rule out providing political donations to political parties. The member for Melbourne seems to be trying to tell the Australian public that a future Labor government would be too weak to resist the lobbying of Telstra, regardless of the merit of the subject of the lobbying. The member for Melbourne is telling us that, if the Australian Labor Party were to receive a political donation from Telstra, an elected Labor government would abandon its responsibilities to safeguard the interests of the Australian community. If this is what the opposition thinks, then all telecommunications users should be extremely concerned.

There are a number of great improvements that have been made to regional telecommunications under the Howard government. Mobile phone coverage has been a major issue in regional Australia and serves as an excellent example of how the government has improved regional telecommunications services and how Labor's record is of destroying them. In government, Labor made the extraordinary decision, as mentioned by the Deputy Prime Minister, to close down the most extensive mobile phone network in Australia at that time—the old analog network. This network provided the majority of mobile phone services for regional Australia. The remarkable aspect of this decision was that Labor had no plans to give regional mobile phone users a replacement service. In contrast, the Howard government recognised the importance of mobile phone services to regional Australia and immediately put in

arrangements for the analog network to be replaced with a new digital CDMA network.

We have not stopped at simply correcting the mistakes of Labor; we have continued to expand and improve mobile phone services in regional Australia. The government has committed more than \$140 million in funding for expanding mobile phone coverage to cover 98 per cent of the population. This has led to 187 towns receiving mobile phone coverage. In conjunction with local communities, government funding through Networking the Nation has led to 284 mobile phone base stations or repeaters being installed in regional Australia.

Obviously, in a country as vast as Australia, terrestrial mobile phone coverage cannot be provided all over the land mass, but people living and working outside areas with terrestrial coverage also deserve access to the benefits provided by mobile communications. So the government introduced and has recently extended the satellite phone subsidy scheme. On top of this expansion in mobile telephony services, Telstra has announced that it will roll out wireless data services across the CDMA network in regional Australia. This gives regional Australia access to the same advanced mobile data services enjoyed by their city cousins.

As a result of \$150 million committed by government, the 40,000 customers living in the most remote parts of Australia known as extended zones now have access to local phone calls. All people in regional Australia can get dial-up access to the Internet for the cost of a local phone call. The cost of long-distance phone calls is particularly relevant to people in regional and remote Australia. An analysis by the ACCC shows that prices for national long-distance calls have fallen significantly. They fell 22.1 per cent between 1997 and 2001 and a further 8.5 per cent between 2001 and 2002.

The government appreciates that there are some situations where the benefits of innovation and telecommunications services do not reach all parts of the community at the same time. An example of this is broadband. Broadband service availability is already very extensive in regional Australia. Telstra's ADSL network has expanded to cover up to 80 per cent of the population. Satellite services are available throughout the country and competition in the provision of satellite services is set to increase. Companies like Neighborhood Cable are installing broadband cable infrastructure in regional towns. The issue with broadband is not so much about availability of services but about access to these services at prices similar to those in metropolitan areas. (*Time expired*)

Ms O'BYRNE (Bass) (3.46 p.m.)—If you believe the Minister for Communications, Information Technology and the Arts at the table, then you would think that Telstra is maintaining an excellent service and an excellent network. He even referred to what he called 'impressive numbers'. We have some impressive numbers too. We have the report. We have the information from Telstra on how unimpressive its job has been and how much it has neglected the system.

What a tangled web this government weave when first they practise to deceive. It is a tangled web of corroded, patched-up and faulty telecommunications. It is a web so tangled, so corroded and so bad that even Telstra has to admit it now. It seems that the web of deceit woven over the state of telecommunications services in regional Australia has become even more complicated than a Liberal leadership spill. Of course, the Deputy Prime Minister and the Prime Minister today in question time squibbed the answers about the standard of Telstra's services and the appalling state of the network. The Prime Minister stood by his previous comments, even though the reports obviously show that

they cannot possibly be true, and the Deputy Prime Minister, the Minister for Transport and Regional Services—whom I believe has some relationship to The Nationals that members should be aware of—said: 'It's not up to me. It's not my fault. It's not my job to make sure Telstra does its job.' Whose job is it except for the minister for regional services and the minister for communications?

Can we blame the government for the state of Telstra when it claims that nobody told it that the Australian Communications Authority as the regulator for Telstra has been bodgying up the fault figures? Can we blame the government for the fact that Telstra has internally acknowledged that the current accelerating fault rate can be attributed to reduced rehabilitation activity in the recent past coupled with an intense focus on providing quick fault restoration driven by performance imperatives and OPEC's budget constraints? Can we blame the government for the fact that Telstra is aware that the fault rate growth appears to be due to general network deterioration rather than a specific exceptional cause? Can we blame any of this on the government? Yes, we can. We can blame the government for its neglect of our telecommunications services and we can blame the government for its continued deceit about the standard. Do we have to remind the government that Telstra, and thereby the government, has a legislated obligation to provide essential communications services to all Australians regardless of where they live?

I am so glad that the minister raised community service obligations and customer service guarantees. These are the ones he spoke about in glowing terms that were put in place to ensure that Telstra acts in the national interest. Obviously, the minister does not know an awful lot about it. I do not think that the customer service guarantee, whether real or perceived, actually includes selling off the

remainder of Australia's telecommunications infrastructure in the national interest. I have previously spoken about this guarantee, and I am happy to raise it in the parliament again. It is the same guarantee that has a loophole that allows Telstra to self-declare an exemption from the regulatory regime, a loophole that allows Telstra to renege on its responsibility to fix faulty phones or install new services within a prescribed time frame without, despite what the minister said, being required to provide compensation to customers. The loophole is called the mass service disruption notice. The Telstra regulator, the Australian Communications Authority, is supposed to oversee this, but it is another one of those federal government toothless tigers. Telstra is able to get away with this because there is no transparency in the complaint process, allowing for the fact that the regulator, the ACA, reports to the same minister that Telstra does. And, as we have heard, he thinks it is all working beautifully. It is part of an ever-growing web of deceit.

These documents show that Telstra has misled parliament and they show that the government has misled Australia. They show that the faults in the network are at a six-year high and have been increasing since June 2001, with an accelerated increase in the last nine months of 2003. Things are not getting better, things are not staying the same; they are getting worse. The documents talk about a low impact on fault volumes due to a minor rural focus. These documents attribute the increasing fault rate to declining investment and an excessive focus on quick fix, bandaid solutions at the expense of preventative maintenance. They show that Telstra is unable to prevent the fault rate from continuing to rise any further. So we now have the evidence that the current accelerating fault rate can be attributed to reduced rehabilitation activity in the recent past coupled with an intense focus on providing quick fault resto-

ration driven by performance imperatives and OPEC's budget constraints.

We have the evidence that the fault rate growth appears to be due to network deterioration. It is not storms, it is not weather, it is not a bit of mist—it is not anything that the minister previously at the table would have liked it to have been. The problem is that Telstra is sacking people, so people cannot fix the problems. If you do not have the staff, you cannot fix the problems. This is evidence of Telstra's intent to deceive and it is even more evidence of this government standing by and letting it happen—this government's complete neglect of regional communications services. Telstra's infrastructure is in a very poor state. In my electorate of Bass, five exchanges use the apparently non-existent line-splitting technology. This is something that Telstra likes to pretend it does not do, and it was forced to admit it last year. It is called remote integrated multiplexes, or RIMs.

Dr Emerson—RIMs?

Ms O'BYRNE—RIM technology—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Rankin had better not test the chair.

Ms O'BYRNE—I believe that the member for Rankin, like most members, is very interested in RIM technology.

Dr Emerson—I am.

Ms O'BYRNE—For the benefit of the member for Rankin, it is where you run copper connections from a cable over a large area. In Bass, these exchanges are peppered throughout the entire central business district of Launceston and surrounds. Telstra customers who get RIM technology have a severely dilapidated infrastructure. Telstra admitted itself that its network is incapable of delivering broadband services to its customers using RIM technology, and that is more

proof that Telstra is not capable of meeting its obligations. Telstra executives admitted that the copper access network was at five minutes to midnight in its useful life and that ADSL was Telstra's last sweat of revenue from the asset. Telstra said it needed to replace the entire copper network with new access technology that could use wireless, extended optic fibre or any number of emerging technologies, but it would not invest in these technologies unless it could ensure sole use of the network. Instead of using really good sophisticated technical measures that it knows about, it goes to the very technical process of using plastic bags to make repairs to this second-rate copper network!

Dr Emerson—They are not as good as RIMs.

The DEPUTY SPEAKER—The member for Rankin will remove himself, under standing order 304A. He was warned during question time and he has been warned since.

The member for Rankin then left the chamber.

Ms O'BYRNE—What sort of organisation uses plastic bags as a bandaid to patch up what is one of our most important pieces of public infrastructure? What sort of organisation silences things in this way?

There is prolific use of pair gains in Tasmania. If the member for Rankin were still allowed to be in the House, I know that he would be interested to know that this was supposed to be an interim measure to provide additional telephone services while further lines were installed. Of course, further lines have never been installed and the use of pair gains has basically become a permanent fixture for Telstra. The pair gains system allows the provision of more than one phone service over a single or, in some cases, several pairs of wires. In some areas in my electorate there are up to six homes or businesses running all

their services—phone, fax and Internet—off one phone line.

Access to broadband technology should be readily available by now, but in many regional areas there is still no access at all. In fact, if you live around four kilometres from an enabled exchange that does not operate with any type of RIM or any type of pair gain technology, then you cannot access ADSL services. That means that if you live 4.2 kilometres from an enabled exchange that does not have RIM and does not have pair gain technology you cannot get broadband Internet. The much-touted Estens report, which cost \$181 million and was stacked with Nationals members and government supporters, highlighted the fact that many of the problems with the Telstra infrastructure were the result of underinvestment by Telstra in network maintenance and repair—the result of a massive number of job cuts in the attempt to cut costs, increase profits and get the share price up. Do you know what, Mr Deputy Speaker Causley? Regional Australians could have told the government all that for far less money and had a significantly more transparent process. The problems in the network are major problems. They will cost hundreds of millions of dollars to fix over many years. A privatised monopoly is not going to spend this type of money and the infrastructure will further deteriorate.

The government continue to maintain that they will not sell Telstra until they are fully satisfied that arrangements are in place. If these are the sorts of arrangements that they are satisfied with, then they deserve to hang their heads in shame. But we know that they have been deceitful. We remember when we were sold the first tranche of Telstra and the Prime Minister promised that we would not have to sell the rest. Once again, we have a pattern of deceit from the government, and regional Australians want to know whether

this is the centre of the government's web of deceit. They spend their time and money playing the Asian markets and planning media takeovers; they do not spend their time and money doing their job. Their job is to provide services to regional communities. Their job is to provide basic communication services. The government's attempts to perform an act of feaguing on Telstra have failed. They stand exposed and they stand condemned.

Mr FORREST (Mallee) (3.56 p.m.)—I think members of this place know me to be a fair-minded person. I am happy to engage in debate and listen to both sides, but I have to say that I am extremely disappointed in the contributions made thus far by the member for Melbourne and the member for Bass, making reference to a document of which we do not know the authoritative source and making out that the current situation with Telstra is that it is in fact a basket case. I think it is a dreadful thing for someone who pretends to want to be the minister for telecommunications to speak so disparagingly about a company of which we are enormously proud here in Australia. Shame on the member for Melbourne for a flippant contribution.

If we want to focus on rural Australia, let us do just that. I have been sitting here listening to the contributions and remembering what my part of the world was like when I entered the parliament in 1983, and I am now trying to imagine that the Labor Party suddenly has a new-found interest in rural Australia. I am unconvinced. In 1993 when I entered this place, we were struggling to maintain a small analog mobile telephony service out of Swan Hill, and there was another circle around Mildura and another one around Horsham—three major provincial centres in my constituency. It so frustrated me that this was going on while the big cities were getting access to telecommunications

that I submitted to the parliament a private member's bill on the matter—from opposition. It got no further, and it certainly got no interest from the Australian Labor Party, who were in government then. There were enormous complaints about analog exchanges that would not do the things that can be done today. In addition to that, in 2000 we suffered the indignity of having that analog service switched off. So I am unconvinced that the Australian Labor Party has discovered the interests of the important part of Victoria that I represent—which is currently a third of the state.

Currently, I am very busy launching mobile telephony towers across the north-west of Victoria, and I am just so encouraged by the enormous achievements since 1996, while this government has had the power to manage the Treasury and provide good macroeconomic policy, particularly with regard to telecommunications. Ten years later, there are mobile telephone towers with technology that is so much better than the old technology; ADSL is being rolled out across the whole of north-west Victoria; and a telecommunications company called Neighborhood Cable, which is licensed by this government—and which the minister mentioned during his contribution—has tremendous facilities in Mildura and Ballarat. That company is rolling out not only a broadband service but also telephony, securing major clients, including the Mildura Rural City Council. All of this is achieving enormous cost efficiencies across the north-west of Victoria.

If the report that has been referred to by the opposition is one that describes the discovery, all of a sudden, that the copper systems are going to give us problems in the future, then that is a perfectly understandable situation; that is no news to anybody. The new era of telecommunications is going to move away from copper—we all know that. Telstra's roll-out of CDMA is the largest roll-

out of a telecommunications network anywhere in the world—a billion dollar program—and it is a great credit to the organisation that they have been able to achieve this, driven by the policy demands of this government in the interests of the people in rural Australia.

As to the CDMA service out of Mildura—and anyone can check this; it is confirmed by Telstra's information—Mildura is the busiest CDMA station in the whole of Australia. But it is not only the locals who are creating the enterprise there in that great region of Sunraysia; it is at the crossroads between Sydney and Adelaide. Swan Hill is the fifth busiest CDMA station in Australia. It is a tremendous service, providing a very important economic link to plumbers, businesses, members of parliament and everybody else who demands this mobile access—and it is being delivered out there.

So I am unconvinced by the contributions from the opposition when they say that rural Australia is being left out of the telecommunications revolution. I judge what is happening by what is happening in the part of Australia that I represent—for example, the number of things that this government has focused on putting into place. Firstly, there is the issue of competition. Back in 1996 there were three licensed telecommunications providers in the whole of Australia: Telstra, our icon company; Optus, which in those days was a fledgling; and Vodafone. Members in the chamber might not be aware that there are now 89 licensed—

Mr Lloyd—How many?

Mr FORREST—There are 89 licensed telephone companies, of which 40 per cent are providing services in rural Australia—and they certainly are in my part of Australia. One of them is a company of which I am extremely proud—Neighborhood Cable, which had its origins in Mildura and is now

rolling out its services, with Australian investment, to major provincial centres like Ballarat, with a plan to connect all the townships across the whole north-west of Victoria.

Mr Lloyd interjecting—

Mr FORREST—I thank the member for Robertson very much for this contribution. It is not about me; it is about the people out there who are determined to take advantage of the new policies that this government is putting in place. We have a good investment environment and there is certainly a market, and they are making things happen. Contrary to what the member for Melbourne said—that is, that Telstra ought to get on with the job—in my part of the world, Telstra are getting on with the job. Rather than talk Telstra down, I would like to talk them up. It is a tremendous achievement by one of Australia's largest companies to roll out a network with new technology—the largest of any telephone network in the world. We should be congratulating Telstra rather than tearing them down. What the introduction of competition is doing for the consumers out there—which is the most important thing—is introducing lower prices.

Mr Martin Ferguson—What are you going to sell it for then?

Mr FORREST—The honourable member at the table, the member for Batman, is the only Labor member I know of who has visited Mildura. He commented to some of my constituents about how impressed he was.

According to the most recent figures available from the Australian Competition and Consumer Commission, competition has been of particular benefit to consumers and small business by reducing prices for all call types—local, long distance, international and mobile—and, bundled together, this created a price fall of 24.8 per cent between 1996 and

now. International call costs have been reduced by 61.2 per cent—and the hardworking exporters in my part of the world certainly make a lot of international calls. Also, importantly for regional Australia, long distance call costs have been reduced by 29.6 per cent. These cost reductions have reduced what is one of the biggest costs for small businesses in rural Australia.

That is what the government's policy position has been all about: to drive that competition and to now have those principal telecommunications providers actually competing for business in rural Australia. Optus are now so busy out there trying to catch up with what Telstra have done that mobile telephone towers are being constructed right across north-west Victoria. They want their business, and Telstra are going to be working extremely hard to keep it, having had to sacrifice nearly half of their market share in mobile telephony. That is just one example.

This matter of public importance from the opposition is really about the future ownership of Telstra. I am quite comfortable with the fact that future ownership has nothing whatsoever to do with getting services to the people I represent, who deserve the best telecommunications system because they are so hardworking and they contribute much to our GDP. It is not about who owns Telstra; it is about a government in this place with the courage to provide regulation, monitoring and big sticks to ensure that these new licensed telecommunications providers provide the service my people deserve. Today's matter of public importance about the quality of service to rural and regional Australia certainly is a matter of public importance to me and my constituents—but it is just a ruse from the Australian Labor Party.

Mr WINDSOR (New England) (4.05 p.m.)—In this matter of public importance debate, I listened very intently to the member

for Mallee talking about how good the telecommunications services were in his electorate—and it makes one wonder why he wants to sell Telstra. Why does he want to sell the remaining part of Telstra when for many years his party argued that it would not sell it and, when it sold part of it, it argued that it would not sell all of it? Now it has adopted a position that is in favour of the total sale. I do not think anyone doubts that there have been some improvements. I would hope that there had been improvements in all government agencies over the years. I would suggest that, in the electorate of New England and in most other country electorates, including your own, Mr Deputy Speaker Scott, there have been improvements in mobile service provision—and that is a positive. Those improvements have been carried out under a set of circumstances where the government has been involved in the ownership of Telstra.

The government seem to rely on the particular basis that they can control the delivery of services through various regulations within the parliament and that any government would be foolish not to do that. I will give you an example of where that has been done in the past. When Sydney (Kingsford Smith) Airport was being privatised, certain commitments were given by the Deputy Prime Minister—the same person who stood up today and said he really did not have anything to do with Telstra and service delivery. The Deputy Prime Minister said at the time that the caps and curfews in relation to Kingsford Smith airport would not be changed and were locked in legislation: 'Don't be concerned about it. It can't happen. It won't change.' The minister for finance, who I think was in charge of the operation, said at the time that those caps and curfews were locked in legislation and that the regulations would take care of the various concerns that people had about noise

levels, noise restrictions and the various arrangements. But within two days of the sale the minister for finance made the point, which has been verified by the Prime Minister in this place, that one government cannot bind a future government to anything. That is within our Constitution. One government cannot bind a future government to the delivery of any service. In fact, they did not wait for a change of government with Kingsford Smith airport; they moved in with a report to look at the caps and curfews after a 747 had some difficulty with its brakes, which the opposition member at the table, the member for Batman, would remember.

So it is ridiculous to say to country people: 'Trust us. Trust the parliament. Trust the government, the next government and the government after that to deliver these services, some of which have not been invented yet, under an arrangement that is going to be put in place this year or next year.' How ridiculous is that? No wonder people are very concerned about the arrangements that are being argued in this place. The debate is not about whether we are getting a better mobile service now than we were 50 years ago. Of course we are, and so we should. The debate is about equity of delivery of the services that are there now. It is about the underground infrastructure, which is rotten. It is rotten in all our electorates, and we know that. The member for Melbourne was showing a report about infrastructure decline. To see this decline, the Prime Minister would only have to go out into any electorate and get some of the underground infrastructure dug up and have a look at it. If he does not want to go into an Independent's electorate or an opposition member's electorate, I suggest he goes to the member for Hume's electorate, because the member for Hume said to me only yesterday—and he will not mind me saying this in the parliament, as he is a friend of mine—that he is very concerned about the

delivery of services to his constituents in relation to Telstra. I suggest the Prime Minister go to the member for Hume's electorate, because he is a supporter of the Prime Minister; he is not here to play some political game in terms of the future of the Prime Minister.

I was very disappointed by the Prime Minister's answer today. I have always had regard for the Prime Minister's sensitivity to country issues. He has been prepared to go out there. He recently went out to have a look at the sugar problems, and I believe the government will attempt to make some significant changes. I am not suggesting that the Prime Minister can spend money he has not got, but to hear him stand up today and say that he believed that the regional network of Telstra was up to scratch was very disappointing. He obviously has not been listening to his own backbench. He obviously has not been listening to the people in country Australia through the various surveys that have been done over the last 12 months. For instance, in my electorate 97 per cent of the people said no to the sale of Telstra. I think in the electorate of the member for Dawson—a Nationals stalwart of some note—it was 83 per cent, and she said in the parliament, in the hearing of the Prime Minister, that 83 per cent of her constituents did not want Telstra sold. I think in the member for McMillan's electorate it was 86 per cent. In the member for Calare's electorate it was 90 per cent. The member for Kennedy had a similar figure, and the member for Hume, Alby Schultz, a Liberal member of parliament whom I mentioned before, also had a similar figure. If ever there was a need for the country voice to be heard in this place in relation to an issue of massive importance to all of us in the country, it is on this issue.

Telecommunications is the very thing that can remove the disadvantage of distance from country people. It is ridiculous to sug-

gest that a series of regulations that this government, as well meaning as it might be, would put in place can bind the future delivery, in an equitable sense, of services to people in the country into the future. This is a massive sell-out occurring here, and it should not take place. If people are serious about being interested in the future of their kids and grandkids in country Australia, they need to maintain some control over the telecommunications services that exist there. There is an enormous amount of room for improvement, and that has to be looked at. For the Prime Minister to say today that he believed everything was fine and that it is all up to scratch was just not right, and he should be out there having a closer look.

The other day, Telstra paid \$638 million for the Trading Post Group. That is tremendous. Do you know what the government paid after the Estens inquiry to fix up some of the problems within regional Australia? Forty-five million dollars a year, some of that to go into the future. That was touted as being one of the greatest financial contributions that a government could ever make to country people. I think that works out to about \$9 a person. That is the sale price—\$9 a person. We give \$7,000 per person for first home owners grants, then we protect them from interest rate increases to stop a housing blow-out. We heard some of the nonsense that the Treasurer was on about yesterday in terms of interest rates. A lot of that was done to protect a certain section of our community. That is fair enough, but let us be honest about what we are doing. The government is spending \$9 a person to pay out on country people in relation to the full privatisation of this instrumentality. If it were not serious, it would actually be a joke.

The various polls that I alluded to earlier are very significant. If this parliament is ever going to start to listen to its people on an issue, it has to be on this particular issue. I

am terribly disappointed with The Nationals in relation to their handling of this issue, and today there was just a pathetic response to it from the Deputy Prime Minister. Maybe he was being led by the Liberals again—I do not know. The Prime Minister's response was not very good either. But it was a pathetic response from the Deputy Prime Minister. He is purported to lead the charge in terms of an improvement in country services, but he is almost proud that \$45 million was the payout figure. I do not find that to be satisfactory at all.

At the press conference when the announcement about the full privatisation took place last year, the Deputy Prime Minister admitted that he did not know what it would all mean in terms of outcomes for country people. In fact, he said that it could be 10 or 15 years before we would know the result of what we were doing. What an absurd suggestion to put to country people and then expect them to trust a few regulatory processes that can be bound into some form of legislation and a sale document which would have absolutely no effect on technology that has not been invented at this stage. I am very much opposed to the sale of Telstra, and I would suggest that all country members listen to their constituencies, irrespective of their political views, and side with their constituents against the sale of this instrumentality.

Mr CAUSLEY (Page) (4.16 p.m.)—I have listened to a few contributions by the member for New England over the years, and I have lived in hope that I might hear a positive contribution for once. But never have I heard that. I think that the member for New England has spent a lifetime in politics achieving nothing, because he has always been in opposition and unable to achieve anything.

Listening to this matter of public importance debate on telecommunications, I won-

der whether we are living in Narnia. I really do. Where are the solutions? We are hearing about all the negatives. We are hearing about all the faults—although I have to say that, in my electorate, I do not have them. I might have a few from time to time, but Telstra Country Wide soon steps in and fixes those problems. The member for New England went into a lot of detail saying, ‘You cannot tie a future government.’ I would have thought he had been around politics long enough to know that that is what parliaments are about: they can change legislation. I think that if the member for New England were to sit and think for a while, he would thank God that that is the way—that governments of the day can change legislation.

What the people of Australia have to think about is: can they trust a future government to keep the checks and balances and the assurances that this government has put in place for regional and rural Australia? Can anyone tell me how the situation would change if we did not sell Telstra? It would not change the situation one iota, because the conditions are already in place for these protections so that we do get the faults rectified, we do get the mobile phone services, we do get the ADSL. They have all been put in place. The only people who might be thinking about removing them are the Labor Party. Obviously they would not be having this debate if they were not thinking about it. That is the only risk. The only risk is that there might be a change of government, and then you would have a change of legislation which would put country and regional people at risk. At the present time there is absolutely no risk.

I said yesterday that the only thing that regional and rural Australians have to worry about is that the government of the day will ensure that the unprofitable services are given to those who live in isolated and rural areas. You do that by putting services out to

contract. You do that by saying, ‘We want a service provided in this particular area.’ We might want extra speed in ADSL to some of these isolated areas. We might want better mobile telecommunications to certain areas. So we say to the providers out there, and there are many: ‘We are prepared to offer a price for you to provide these services for these areas.’ Surely that is a sensible way to go about it. You ask for bids. You go out to the marketplace and get the best possible price for the consumer.

I hear the Labor Party standing up here and saying: ‘Oh, it’s terrible. We don’t have any services and we’re going to have to do all this.’ Can’t you just imagine where the report that we have had today came from, Mr Deputy Speaker Scott? There would have been an SOS from the member for Melbourne to his union mates, saying: ‘Please, I want a document; I want something that I can stand up in parliament with so I can refute these figures. Surely the union mates can get me some of that!’ That is what it is all about: the re-regulation of Telstra so that they can get the unionists back in control and the prices will go up where they used to be. The cost of telecommunications at the present time is 25 per cent cheaper than it used to be. I suppose the member for New England, who spoke before me, would like his local consumers to go back to 35c calls. I suppose he would like to have those who were on STD to go back to that. I suppose he would, because that would cost them, wouldn’t it?

There is a small town called Bonalbo in my electorate which is only three-quarters of an hour’s drive from the main centre, Casino, and every call that came out of that town was STD. People are absolutely delighted with the services that they are getting now. Yes, there are some spots around that are still not up to scratch for mobile phones but, by gee, the service has improved out of sight since

this government has been in office. Can we remember—I do not think we do remember—that the previous government scrapped the mobile phone service, and we had nothing? It was this government that put services back in place. How many years ago was it that we got mobile phones? I think I saw one for the first time in 1992. It was a huge great thing that you could not even take out of a car. Now we complain about mobile phone services. How long is it since we have had broadband? And we are complaining because we cannot get broadband. Give us a break. Give it some time so that these services can be provided. Australia probably has some of the best services in the world—and probably some of the cheapest services in the world—and yet we have this carping, whining, whingeing opposition. All they want to do is bring up the idea that this country is somehow a Third World country. I have got news for you: it is not. It is a first-rate country and it has got first-rate services. Why? Because it has got a progressive government.

The only reason the member for New England would have contributed here today in this debate is: how else does he get any traction in an electorate when he is an Independent? Independents are just wasted time and wasted space. Here is an electorate that is being denied, because he goes back and tells them these stories that they are somehow being disadvantaged. They are not being disadvantaged; they are being advantaged by this particular government, because the services are there.

Let me make it very clear: what we need is a commitment from the Labor Party that they will guarantee that, as technology advances, they will keep the services to those isolated and rural areas of Australia. This government gives that guarantee but I have not heard it from the other side. The message I got from the speech of the member for Bass is that we are going to reregulate communi-

cations in Australia—I dare say that, on that reregulation there are going to be billions of dollars put into Telstra—and get more unionists employed because that will give more union fees to the Labor Party. That was the message I got from the speech of the member for Bass. It was nothing to do with telecommunications or rural Australia.

I have friends in the most isolated areas of New South Wales. The satellite service this government has provided is the best service they have ever had—they will testify to that—and it is getting better. I say to members opposite: let Telstra go out there and compete. This is a great Australian company; it has the potential and the technology to go to the world, but it cannot do that when it has the dead weight of the Labor Party hanging around its ankles.

That is what is happening at present. The Labor Party are slowly but surely dragging this great company into the dirt. If they do not let go of it, then they will inevitably destroy it. That is the message that must go out. I can guarantee to the people in my electorate and to those in isolated and rural Australia that they will have the services that are available. I predict that, when satellite services improve, they will have services as cheaply as anyone else in Australia as long as we have a company which has the ability to go out there and keep up with the technology.

People seem to think that government can tell Telstra what to do. That implication is coming across all the time. The government have one vote and the board runs Telstra. The Labor Party are again saying to us, 'Well, we're going to reregulate Telstra so we'll have complete control of it.' That is the message that is coming through. If they are going to have control of Telstra, then obviously they are going to reregulate telecommunications.

The board runs Telstra. If there are unprofitable areas, of course Telstra cannot provide the services and neither can Optus, AAPT or anyone else. If there is an identified problem in a particular area in Australia, the only way that can be reversed in the future is for the government of the day to guarantee to the people that they will give them equal service anywhere in this great country. Telstra is a company that we should be proud of and we should not be denigrating it in the disgraceful way it was denigrated by the member for Melbourne. That is an absolute disgrace.

The DEPUTY SPEAKER (Hon. B.C. Scott)—The discussion is concluded.

**CUSTOMS LEGISLATION
AMENDMENT (APPLICATION OF
INTERNATIONAL TRADE
MODERNISATION AND OTHER
MEASURES) BILL 2003**

Report from Main Committee

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

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Ms JULIE BISHOP (Curtin—Minister for Ageing) (4.26 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**IMPORT PROCESSING CHARGES
(AMENDMENT AND REPEAL)
AMENDMENT BILL 2003**

Report from Main Committee

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

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Ms JULIE BISHOP (Curtin—Minister for Ageing) (4.27 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

**AUSTRALIAN SPORTS DRUG
AGENCY AMENDMENT BILL 2004**

Report from Main Committee

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

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Ms JULIE BISHOP (Curtin—Minister for Ageing) (4.28 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMMITTEES

Public Works Committee

Report

Mrs MOYLAN (Pearce) (4.29 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works I present the 67th annual report of the committee.

Ordered that the report be printed.

Mrs MOYLAN—by leave—I thank the House. In accordance with section 16 of the Public Works Committee Act 1969, I present the 67th annual report of the Joint Statutory Committee on Public Works. This report gives an overview of the work undertaken by the committee during 2003. The reporting year was a very busy one for the committee,

with 17 reports being tabled, including the 66th annual report.

Works reported on by the committee in 2003 included the proposed fit-outs of new leased premises for the Bureau of Meteorology in Melbourne and the Australian Customs Service in Sydney; the development of off-base housing for Defence, at Adamstown and at Queanbeyan in New South Wales; the provision of facilities for the Australian Capital Territory multi-user depot, HMAS *Harman*, and the collocation and re-equipping of the 1st Aviation Regiment at Robertson Barracks in Darwin; the redevelopment of the Australian Institute of Sport in Canberra; the construction of new chancery buildings for the Australian high commissions in Colombo, Sri Lanka and New Delhi, India; the refurbishment of staff apartments at the Australian embassy complex in Paris, France; the construction of a perimeter security fence at RAAF Base Tindal in Katherine, Northern Territory and the RAAF Base Richmond Reinvestment Project in New South Wales; a new main entrance and the proposed redevelopment of Radiopharmaceutical Building No. 23 at the Lucas Heights Science and Technology Centre, New South Wales; and, finally, the proposed respecified immigration reception and processing centre and the proposed community recreation centre on Christmas Island. The value of the works inquired into by the committee during 2003 amounted to over \$547 million.

On 15 April 2003 the committee and secretariat participated in a Public Works Committee training day, organised by the Defence Infrastructure Asset Development Branch. The aim of the training day was to instruct officers of the branch in the role and functions of the committee and to assist them in understanding the inquiry process. The training day met with a very positive response both from Defence and from the

committee, and an undertaking was made to conduct a similar event in 2004.

Two committee members attended the annual conference of the parliamentary public works and environment committees, held in Perth and Karratha. The conference brought together parliamentarians and key staff from public works and environment committees throughout Australia and included delegates from the relevant New Zealand committees. The theme of the 2003 conference was 'The sustainability of regional development—addressing the triple bottom line'.

A number of significant issues arose out of the committee's deliberations in 2003. These issues included confidential proceedings; security measures; quality of evidence; the definition of a 'work'; and conduct of inquiries. In 2003, the committee found it necessary to reiterate that confidential briefings contain commercial-in-confidence information related to detailed project costings, as the presence of unauthorised attendees had the potential to jeopardise or cast doubt on the tendering processes and contractual arrangements conducted in relation to the project.

In response to the increased global threat environment, enhanced security provisions were an important focus of works brought before the committee in 2003. Two of the committee's inquiries dealt specifically with improved security arrangements, while most others included increased security elements to guarantee the safety of building occupants and Commonwealth property both within Australia and offshore. The committee was of the firm view that in the current global environment agencies should place a high importance on security issues in the construction and refurbishment of premises overseas in particular.

On a number of occasions in 2003, the evidence submitted to the committee by

some referring agencies was such that the committee needed to request additional documentation on building plans and costings in order to complete its deliberations. This does slow down the process somewhat. Other agencies, however, presented clear and comprehensive evidence and were commended by the committee on facilitating the inquiry process.

The problems surrounding the disaggregation of works projects which were reported in the committee's 66th annual report—namely, the omission of demountable buildings from works proposals—continued in 2003. In view of this, the committee wrote to the Minister for Finance and Administration, Senator the Hon. Nick Minchin, and expressed its view that the disaggregation of works projects impeded the committee's fulfilment of its primary function, which is to oversee and ensure value for money in the expenditure of public funds.

The committee's approach to the minister was successful. In April 2003 the Parliamentary Secretary to the Minister for Finance and Administration, the Hon. Peter Slipper MP, advised the committee that he believed it was appropriate for large construction projects making extensive use of demountable buildings to be referred to the committee, and proposed to make a regulation to the Public Works Act to this effect. In February 2004 a draft of the regulation was forwarded to the committee.

Throughout 2003 the committee continued its efforts to streamline its inquiry and reporting processes in order that agencies might not be delayed in the execution of capital works projects. The committee achieved this by condensing reports, reducing the time taken for report drafting and consideration and forming subcommittees so that hearings might proceed when a majority of members could not be present. Such

measures enabled the committee to complete 16 inquiries in one year.

In closing, I would like to extend my thanks to all of the members of the committee and my deputy chair for their continued hard work and support throughout what proved to be an extremely busy year. I would also like to express my gratitude to the secretariat for continuing to provide such a high level of support to the committee. The committee is also grateful to other staff in the parliament who provide services to the committee secretariat and those officers in the Department of Finance and Administration who play an integral role in facilitating references and expediency motions. I commend the report to the House.

Mr BRENDAN O'CONNOR (Burke) (4.36 p.m.)—by leave—I thank the House. Firstly, I echo the sentiments by the Chair of the Public Works Committee and thank the secretariat for the enormous amount of work they conducted over the 12-month period referred to in the report. It is true to say that there was an enormous amount of work undertaken by the committee, as you know, Mr Deputy Speaker Jenkins—17 major projects over the period—and I was certainly involved in much of that.

Secondly, I am also very happy to report that, in relation to the training day that was held by the Defence Infrastructure Asset Development Branch, I was the representative along with the secretariat on that day, and I think it provided the opportunity for departmental officers and staff to understand their role in and obligations to the committee, pursuant to the act. I would welcome other departments that play a significant role in reporting to the committee to consider undertaking the same. It is fair to say that perhaps not all of the departments fully understand the obligations that they have in considering expenditure of public moneys. There have

been occasions on which we have had to bring the provisions of the act to the attention of departments.

It is important to indicate that, above and beyond the major projects, the annual conference was held between the Public Works Committee, all state public works committees and the environment committees of state parliaments. I was in attendance at that annual conference. It really is an example of practical federalism to have those two tiers of government involved in matters of infrastructure and environment, and collaborating on important matters that affect Australia and cover both jurisdictions.

It is also important that the report notes the concerns we had about the efforts by departments to disaggregate the projects in order to come below the \$6 million threshold and thereby not come under the scrutiny of the Public Works Committee. The committee quite rightly sought the involvement of the minister to ensure that there were no efforts to pull apart projects so that they would escape scrutiny. The response by the minister was effective and I am hoping that we will not have any further examples, whether they are deliberate or not, of departments looking to obviate accountability by removing the need to come to the committee. That is a very important development and I concur with the chair that that has been resolved to a large extent.

There is one matter that perhaps has not been resolved and it may be a much trickier matter. It goes to the issue of the large leases that now occur between the Commonwealth and other parties. There was a time when the Public Works Committee—one of the oldest committees of this House and the other place—oversaw the major public expenditure of the bricks and mortar projects that developed not long after Federation. However, in the last 20 or more years, much of

the expenditure has gone to lease arrangements. For example, a bricks and mortar project worth \$7 million could be scrutinised by the Public Works Committee, but the same scrutiny is not afforded to a \$200 million lease arrangement between the Commonwealth and other parties. It is true that the Public Accounts Committee does indeed examine those matters but not in the way in which the Public Works Committee operates. I do not think that in all regards the Public Accounts Committee has the capacity to properly and vigorously examine the nature of some of those leases.

The committee, since the beginning of this term, has indicated to the minister the need to review the Public Works Committee Act 1969 to consider widening its scope to ensure that we have some capacity to look at those lease arrangements. Until now, that request has not been welcomed by the government. Indeed, it is something that this parliament and the minister responsible should consider because it is of concern to the committee that large sums of taxpayers' money may not be properly scrutinised. Other than that deficiency that is yet to be resolved, I concur entirely with the comments made by the member for Pearce and commend the 67th annual report to the House.

Electoral Matters Committee

Membership

Message received from the Senate acquainting the House that Senator Bartlett has been discharged from the Joint Standing Committee on Electoral Matters and Senator Faulkner has been appointed a member of the committee.

BILLS RETURNED FROM THE SENATE

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

Great Barrier Reef Marine Park Amendment Bill 2004

A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003

**SUPERANNUATION SAFETY
AMENDMENT BILL 2003**

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered at the next sitting.

**TELSTRA (TRANSITION TO FULL
PRIVATE OWNERSHIP) BILL 2003**

[No. 2]

Second Reading

Debate resumed from 9 March, on motion by **Mr Williams**:

That this bill be now read a second time.

Mr MURPHY (Lowe) (4.43 p.m.)—In resuming my remarks on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#) I ask: why is the government so desperate to sell Telstra? The answer is: self-interest. The Howard government wants Telstra sold so that it can spend some of this money in a cynical attempt to buy votes at the federal election later this year. Instead of ensuring a fair and competitive market in telecommunications, the Howard government wants to destroy it by guaranteeing private monopoly control, which is the ultimate power for a fully privatised Telstra.

In supporting the sale of Telstra, MPs from The Nationals and the Liberal Party representing country electorates have betrayed their constituents. The vast majority of Australians, whether they live in rural, regional or urban Australia, understand that a privatised Telstra will charge more, deliver less and behave in exactly the same arrogant way as the major banks, treating individual customers with contempt. Australians know that things like discount concession schemes

for pensioners will immediately be reviewed if Telstra is sold. They know that a privatised Telstra will put enormous and irresistible pressure on the government to introduce timed local calls.

Labor believes a privately owned Telstra would be a giant private monopoly too powerful for any government to effectively regulate. There would be an inevitable decline in regional service levels and in any other area in which Telstra believed its profits would be too low. Alarming, a fully privatised Telstra would use its muscle to crush effective competition and spread its monopoly power into other sectors like media and information. Telstra would exert enormous monopoly influence over Australia's economic, social and political landscapes. It would be one of Australia's largest private companies.

Recently we saw Telstra's chairman and CEO put to Telstra's board a proposal that would see Telstra effectively taking over the Fairfax newspaper group. The absurdity of a majority publicly owned company owning one of our largest commercial newspaper groups is obvious to everyone except those who insist on running Telstra as if it had already been fully privatised. This is exactly what Telstra would do if it were let off the leash and fully privatised. A fully privatised Telstra, taking advantage of the Howard government's wished-for changes to Australia's cross-media ownership laws—which I was talking about before question time—which were also appropriately defeated in the Senate last year, would be able to buy one or perhaps two media companies. This would slaughter media diversity in Australia and irreparably damage Australia's democracy.

Another nightmare scenario which is highly likely if the Howard government gets its way would be if Mr Kerry Packer could buy a controlling interest in Telstra. This

would have an absolutely diabolical consequence, with a giant media company executing media diversity in Australia—not to mention the consequences of fewer journalists, fewer newsrooms, fewer opinions and a fatal blow to Australia’s democracy. If this were to occur you might as well shut down the parliament today and allow the Prime Minister to issue his decrees through the new media giant he would be creating. If a privately owned Telstra’s line rental fees went through the roof, does anyone think that would be reported by this new media giant? Of course not. Do not expect to hear about it on any Telstra owned television station or read about it in any Telstra owned newspaper. The sale of Telstra has the potential to badly damage Australia’s democracy. This is a real threat.

Before question time I mentioned the fact that Telstra had bought the Trading Post Group. This is outrageous and evidence that Telstra is interested more in becoming a future media giant than in providing telecommunications services. Today I have asked the Minister for Communications, Information Technology and the Arts in question on notice No. 3305 to explain how Telstra, in paying an inflated \$636 million for the *Trading Post*, serves the public interest or Telstra’s customer service charter. You only have to look at the business news section in yesterday’s *Australian*, where you will see an article by Michael Sainsbury, which is written from the slant of business and Telstra becoming a real media player. I will read you, *inter alia*, what he reported:

Telstra will fork out \$636 million—much more than rival bidder Fairfax was prepared to pay—for a company that will not help its bottom line grow for two years. It was the move of a company which has promised growth but is struggling to find it in its traditional telco operations.

“What is interesting is that Telstra sees its growth in media rather than its traditional tele-

communications business,” Macquarie Bank analyst Tim Smart says.

That should be of grave concern to all Australians, because if Telstra buys the larger media companies in Australia—which it could do if this trend continues—there is potential for the public interest to be slaughtered and our democracy to be crippled. The media plays an invaluable role in a healthy democracy and we cannot allow Telstra to be sold and to go down this path. (*Time expired*)

Mr BALDWIN (Paterson) (4.48 p.m.)—I rise to speak on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#). In speaking to this bill I would like to point out to the House that before Telstra was sold, as we said, three specific areas would need to be addressed and they were: firstly, that we would introduce some safeguards—and these have been addressed through the customer service guarantee and the universal service obligations; secondly, that we would introduce untimed local calls; and, thirdly, that we would introduce a Telecommunications Industry Ombudsman.

People find it difficult to address privatisation of anything but, in reflecting on previous Labor governments, they seem to have had no compunction at all about privatising either the Commonwealth Bank or indeed Qantas. But what is important when you privatise a government instrument is what you do with the proceeds of that sale. The proceeds of Telstra 1 and Telstra 2 did four main things: firstly, they reduced our national debt; secondly, they reduced the call costs to people; thirdly, there was a large investment in improving our environment; and, fourthly, there was investment in improving communications and television. If we go back and look at the Estens report, it states that it:

... is confident that arrangements have been put in place over the past five years (including the TSI response), together with commercial developments, and the Inquiry’s further recommenda-

tions, will create an environment into the future where regional, rural and remote Australians will be able to benefit fully from advances in telecommunications technology and services.

Of course the report was referring to the 2000 Besley inquiry, which concluded that Australians generally have adequate access to a range of high-quality basic and advanced telecommunications services, comparable to leading information economies throughout the world. But the inquiry identified that there was more to be done and there were some 17 areas to be focused on—in particular, the areas of phone installations, repairs, mobile coverage and Internet access. We have worked on those and in fact we have extended the call zones, covering some 80 per cent of Australia's landmass, that now have access to untimed local calls, as well as subsidised two-way Internet communications services. The reality is that times move on; things progress. The industry is not like it was in the fifties, sixties, seventies, eighties or indeed the nineties. This is a new millennium and things do move on.

The government has committed an extra \$181 million to implement all of the 39 recommendations of the Regional Telecommunications Inquiry. That will mean, over time, a comprehensive national broadband strategy, improving Telstra's worst performing exchange services, continuing the Internet Assistance Program, upgrading old radio concentrator phone systems, and improving the quality of phone services and dial-up Internet systems on poor-speed systems. In addition to that, there was \$4 million to extend the subsidy for satellite services. Quite often we hear people in rural and regional areas say, 'There is no mobile phone coverage in my area.' I would say to those people that there is: it is called satellite telephone. The argument then would come back, 'The cost of satellite calls is too expensive.' The cost of phone calls has dropped dramatically

under this government. And that is because we have driven the competition and there are now more players in the telecommunications industry that have competed and assisted in bringing down the prices.

I refer to the ACCC report titled *Changes in the prices paid for telecommunications services in Australia* which found that, between 1997-98 and 2000-01, the price of residential or standard telephone services dropped 17.4 per cent; the price of business telephone services dropped by 22.6 per cent; the price of mobile telephony dropped by 24.8 per cent; the price of local phone calls dropped by 27 per cent; the price of national long-distance calls dropped by 22.1 per cent; the price of international calls dropped by some 54.9 per cent; and the price of fixed mobile services dropped by 18.1 per cent. It is hard to argue in any other direction: the fact is that the costs of calls are coming down and our community is benefiting.

As we have proceeded along this path, not only have we driven competition and provided better services but technologies have changed too. It is an impossible race at times to keep up with technologies outside the city areas where the greatest landmass is. I can remember the introduction of the Internet when I first came into this place in 1996. People were complaining that they could not get it and then, when they got it on their phone line, it was a bit archaic. Today the problem is not that they cannot get it on their telephone line; the problem that has been put to me is, 'We don't have high-speed Internet access.' All of these things take time, as there is a progressive roll-out of technology, and this will take time to catch up and be reflected in the bush. Another area where that is reflected is in the latest mobile phone sets, where we now have 3G, which has video transmission of mobile phone signals. That will roll out first in the areas with the greatest number of users so they can recoup some

of their capital costs, but over time it will progress and be achievable in the bush.

As I said, one of the four main issues that are important is what you do with your proceeds. I have said that part of the proceeds has driven call costs down, and we have used a large amount of that money to reduce debt. In fact, when we came to government, there was \$96 billion worth of debt left to us courtesy of the Labor government. This government have so far paid off over \$60 billion of that debt, and that has reduced our interest bill by some \$5 billion per annum. If we want to look at that in another form of words—because people do like to twist statistics and numbers around to make them work to their benefit—let us look at it as a percentage of our GDP. Under Labor, debt peaked at 20 per cent of our GDP; under the Howard government it is now five per cent. We have heard the Leader of the Opposition in recent days talk about his great interest in education. If that is so important, why is it that Labor in government spent more on interest payments on their debt than they did on education?

Another area where we have benefited in our community is through the investment in the environment. Last week, in fact, out of the \$2.7 billion Natural Heritage Trust package, New South Wales received some \$434 million, of which \$18.6 million was committed to my electorate of Paterson and the areas just beyond. There is not enough time available for me to list all of the projects that money from the sale of Telstra has gone into in and around my region to support the environment. At the moment I would rather concentrate on the benefits in communication and television that have been provided to my constituents through the investment of monies raised from the sale of Telstra so far.

Under Networking the Nation, there was \$542,000 to support the establishment of

four telecentres in my electorate—at Gloucester, Bulahdelah, Dungog and Raymond Terrace. There was another \$150,000 to establish a statewide community technology centre at Tea Gardens. Very shortly, there will be \$160,000 for Nabitac, in the northern part of my electorate. If we look at those six centres, that is an amount of some \$852,000. Those centres provide high-speed Internet access for people in the community, for people who perhaps do not have access to computers in their own home or do not have access to the technology or, indeed, to the training. These centres go a long way to provide that support and training. They are particularly important today where schools might have computers but when children come to do homework or research studies they need expanded opportunities, and this provides a benefit in that direction.

I also point out that Networking the Nation provided \$175,000 to put in a single mobile phone tower in the Dungog region. Many towers have been put into my region. In fact, so far, since 1996, we have installed towers in Dungog, as I said, Gresford, Vacy and Stroud. Currently we are putting towers in Pacific Palms, Smiths Lake, Medowie, Anna Bay, Fingal Bay, Williamstown, Karuah and Brandy Hill. You might ask: why the delay on those latter towers? The delay has not been because of this government or its financial contributions. The delay has been driven by local government councils that have not approved or have delayed these towers. Indeed, in some cases, they have been hamstrung by the state government under the new coastal planning policy, where all the submissions need to go to the state government to be approved. In fact, the delay in the area of Smiths Lake has been some 18 months; they have been waiting 18 months for the approval to come through. That approval has finally come through and we await the sign-off from the minister in the

next few days, not only for Pacific Palms and Smiths Lake but also for the television transmitters that will go up. That is another area where, through the television black spot funding, we have done extremely well in our community of Paterson. Out of the \$120 million package, we have installed new television transmitters in the black spot at Forster, and their TV project cost some \$83,000. But it goes on. We are currently constructing the tower in Stroud. We are waiting for approvals from the minister for towers at Booral, Pacific Palms and Smiths Lake, and at the moment there are discussions going on for one at Gan Gan in Port Stephens.

The one at Gan Gan has been very difficult to resolve because the complexity of the region's topography has meant that we have had a convergence of all the spectrum signals there, and it was not possible to put another analog transmitter up onto the site to beam a quality picture down to those people. So the government saw fit to develop the alternative solutions policy. Under that policy, they have found that they can take five signals and compress them into a digital signal which will then be beamed out. There is enough spectrum width there to beam the signal down to the people to the east of Gan Gan and around that area, and that means that very shortly, once the contract negotiations with Port Stephens Council and the television station proprietors are resolved, that should be able to go ahead. That has actually been going on for far too long. It was prior to the last election that we raised the issue and put in the funding application. It was largely delayed through the lack of technology available, but that has now been addressed and, hopefully, a positive announcement can be made shortly.

As I said, high-speed access to the Internet is important to people. ADSL is currently being rolled out through my electorate of Paterson and is now available in areas such

as Raymond Terrace, Nelson Bay, Medowie, Seaham, Soldiers Point and Tanilba Bay, and the roll-out continues. These things cannot occur everywhere overnight, not only because of the cost but also because of the manpower and infrastructure that is required in updating the exchanges. I have heard members opposite talk about the problem with pair gains. Yes, that is a huge problem, but that problem was not installed as a direction of this government. That is something that has evolved over time. As I said, technology has changed. When pair gains were first introduced into our telephone system, I doubt whether anyone was thinking about ADSL.

It is important that now about 80 per cent of the exchanges in Paterson also have ISDN, and that is something we can all embrace. But those who do not have high-speed Internet access today via copper lines or optic fibre do have the opportunity of satellite. That can be either one-way or two-way satellite for the transmission of their signals. If people are prepared to work into regional areas, then perhaps they need to look at those systems. There are subsidies available for the installation of those systems, and individuals need to explore that to see what it is possible for them to access.

In closing, I would like to spend a little more time on the mobile phone network. The mobile phone network in Australia requires perhaps more investment as time goes on. I remember well the loss of the analog system. What was frightening about that, when digital was introduced, was that there was no plan at all for the introduction of any other signal system in Australia. The Labor Party did a deal for the introduction of a digital signal when Michael Lee was the Minister for Communications and the Arts, and part of that deal was the phasing out of the analog system. There was never enough research done, because in the broad diversity of to-

pography and distance in Australia the digital GSM signal could never travel the distances required to be effective over the broader landmass or indeed through the hills, hollows and valleys of Australia.

It was this government that explored the opportunity and introduced the CDMA network. I am glad to say that the roll-out of CDMA through my electorate has been extremely successful and will continue to be so. We have invested a lot of money to make sure that mobile phone coverage along the national highways is brought up to date. We have seen an investment by Vodafone, through the financial support of the government—some \$25 million—into improving our national highway coverage. Vodafone won the tender to install a tower up at Nerong. As many members in the House would be aware, last week there was a horrific smash on the Pacific Highway at Bulahdelah where, unfortunately, three people were killed and quite a few others injured. But the positive factor was that they had mobile phone coverage to get the emergency services in there as quickly as they could. These are the things that we as a government have to strive for—to make sure that we can protect people as best we can or aid them in their difficult times.

There are many more things that I would like to see. I heard my colleague the member for Flinders express the view that, if the remaining part of Telstra is privatised, he would like to see 10 per cent or around \$3 billion taken from the sale price and invested. I also would like to see a percentage of money taken from the sale price of Telstra and invested into further upgrading our road system, particularly national roads.

Mr Slipper—In Paterson.

Mr BALDWIN—Yes, a large lick of it in Paterson, because we do need money invested in our area. These are things that need

to be discussed and debated, but what is important is the retirement of debt. This is the government that has worked extremely hard to put budgets together that provide a surplus. This is the government that took money from the sale of Telstra and retired over \$60 billion worth of debt—debt that was created by the former government. But there is a lot more to do. There is around \$30 billion worth of debt left to be paid off.

If we were able to pay that off and be a debt-free country, we would have around \$7½ billion per annum in interest payments that we had been making that could be better invested into areas like education, communications and, particularly, roads. That is the sort of government that I respect and like to work with—one that is prepared to take the hard yards. By having Telstra sold off, I do not think that we will see any worsening of services. With the protections we have under the universal service guarantee charter and the customer service guarantee, I think we will see protections in place for our community.

I do urge the House, and particularly the Senate, to consider not the negatives that everyone in the Labor Party keeps harping on about but some of the positives that have been achieved with the financial gain. Telstra needs to be a competitive unit. In today's business climate, being half owned by the government—or just over half owned—is like being a little bit pregnant. You either are a private corporation or you are not. Being half owned by the government stymies Telstra's ability to go forward, to seek out new technologies and to invest the money that it earns back into our communities, making sure that it delivers in compliance with the guidelines that have been set down by this government. I urge the House to consider this bill carefully and to look at the benefits that can be achieved with a privatised Telstra.

Ms HALL (Shortland) (5.08 p.m.)—This is the second time I have spoken on the **Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]**, as it is the second time it has been brought to this House—and it will be the second time that I speak against it. It is interesting to note that on the first occasion that I spoke to this legislation I also followed the member for Paterson. I must say that I disagree with him just as strongly now as I disagreed with him the first time. When it comes to the sale of Telstra, we look at it from very different perspectives. The member for Paterson said that Telstra needed to be a competitive unit. The privatising of Telstra will not make it a competitive unit. Telstra is a monopolistic organisation, and the privatisation of Telstra will do nothing to address that. Rather, it will put it in an unfair position within the market. I feel that members on this side are committed to retaining the public ownership of Telstra, whilst members on the other side of this parliament are driven by their philosophy and are ideologues who are slaves to the doctrine of privatisation. We see it time and time again in this House, and it is to the detriment of Australia and the Australian people.

Telstra must not be privatised. It is not in the national interest. It is not in the interest of the Australian people, it is not in the interest of business and it most certainly is not in the interest of future generations of Australians. Labor has always opposed the sale of Telstra and will continue to do so by voting against this legislation. The Australian people do not want Telstra sold. Opinion polls that have been conducted regularly throughout Australia on whether or not the Australian people support the sale of Telstra have constantly shown that two-thirds of the population oppose its sale. In other words, two-thirds of Australians would like to see Telstra remain in public ownership. Within the electorate I represent in this parliament,

Shortland, constituents and workers have constantly approached me and told me that they are opposed to the sale of Telstra. Constituents have told me that the only thing that they can see happening if Telstra is privatised is that they will be paying more money and at the same time will get a poorer service.

We have seen evidence of what has happened within Telstra since it has been partially privatised. This will be magnified tenfold, a hundredfold—who knows how many fold—if it is fully privatised. There have been incidents in the electorate I represent where whole suburbs have been without telephones for up to a week. There have been incidents where suburbs have been without telephones for days. There have been incidents where workers have been brought to the area to repair faults that have occurred, because the government has downsized the work force to such a degree within my area and within many areas throughout Australia that Telstra does not have the workers on the ground to react when there is a critical incident.

I have also been approached by workers who have told me that they do not have the facilities or the equipment to do the job that they are required to do. They have told me about wrapping plastic bags around the joins of wires. That was graphically displayed in the *Central Coast Herald*. Pictures were placed in that newspaper that demonstrated that this actually happens—that instead of fixing faults and securing wires properly a plastic bag is wrapped around them. I do not think this is good enough and neither do the people in the area, in the electorate that I represent. The people of the Shortland electorate, the Central Coast, Lake Macquarie and the Hunter really do not think Telstra should be sold. It is interesting that part of the electorate of the member for Paterson is within the Hunter. Unless the people who

live in his electorate look at things very differently from the people who live in the Shortland electorate, I would suggest that they do not support his position.

Australians are opposed to the sale of Telstra, and their opposition is not based on philosophical grounds. They are not opposed to it because they believe public enterprise is better than private enterprise—unlike some of the people on the other side of this House who support the privatisation on ideological grounds. Rather, their opposition is based on the knowledge that Telstra is a monopoly and if it is fully privatised there will be a further decline in services and an increase in costs. The day that Telstra is privatised, or very shortly afterwards, we will see pensioner discounts disappear and it will not be very long before we are paying for timed local calls. This is on the agenda. This is what a privatised Telstra would like to see happen. It will not be about providing a service, thinking of the people and ensuring that everybody has equal access. It will be about profit, profit and more profit.

The Howard government's record in telecommunications is abysmal. The partial privatisation has already led to a massive decline in services. I have detailed some of the declines within my area, but these are not only in the Shortland electorate. Rather, they are across Australia. The further you are from a capital city, the worse the service you will get and, if Telstra is fully privatised, the more you will pay for the service as well. This government has a very hands-off approach to Telstra. A partially privatised Telstra has been able to operate nearly as a fully privatised company because the government does not intervene. It just sits back and lets Telstra do what it chooses.

There has been a massive reduction in staff. In 1999-2000, there were 50,700 staff in Telstra, and that was down to 37,100 in

2002-03. That is a reduction of almost 20,000. That is an enormous number of people who are no longer employed in an industry where they had knowledge and skills. An enormous number of people throughout Australia will not be receiving the service that those workers provided. It is projected that there will be further reduction in the future. This government have never been about ensuring that we maintain Telstra in majority public ownership. Rather, they are about preparing it for sale, reducing staff, cutting costs and not providing good service to all Australians.

Recently, since the partial privatisation, faults in the system have soared. The document that was leaked today, showing the six-year peak in faults, really just confirmed what every member on this side of the House knows. We listen to our constituents. We talk to our constituents. They tell us about the faults and they tell us about the service difficulties, and we know that there are problems out there in the network. The government and Telstra, under its leadership, have not invested in capital. There has been about a \$1 billion a year reduction. This government and Telstra have a lack of commitment to providing an equal service to all Australians. This will further deteriorate under a totally privatised Telstra. That cannot be allowed to happen, because Australian people and Australian businesses will suffer.

Let me talk a little about the network crumbling. The son of a person who lives within the electorate I represent works for Telstra. He has been rushed firstly to Coffs Harbour, along with five other technicians, and then, with nine others, to Gympie. Technicians have also been flown to Gympie from Tasmania. It has been interesting: once they have got up there, they have not been able to come home because the network is in such an appalling condition. Everywhere they go, they find that the lines are falling to

pieces and they all need replacing. Full-scale replacement is needed. This has been allowed to happen through the neglect under a partially privatised Telstra. It has been allowed to happen because this government is interested in only one thing where Telstra is concerned, and that is privatising it.

As I mentioned, whilst the services and infrastructure are deteriorating, there has been an increase in line rentals. We all know about that. Three or four years ago, line rental was about \$11.65, if I remember correctly. Now it is somewhere between \$23.50 and \$26.50 a month. In no time at all, that line rental will be up to \$30 a month. Having a telephone in your home is becoming a privilege. I believe it is a right. I think there are a number of reasons people should have telephones in their home. In an electorate like Shortland, there are a number of elderly people. I think it is an issue of safety. People need to have a telephone. It is their connection with the outside world. If they have a medical emergency, they really need to know that they can pick up their telephone and help is on the other end of the line.

We are really going back to the fifties here. We have a Prime Minister who believes that Australia should be back in the fifties. A telephone in your home being a privilege is something that happened back in the early fifties. It is not good enough, and it will get worse under a fully privatised Telstra.

The difference between us on this side of the parliament and the government is that we realise that we represent people and we listen to the people we represent. Those people tell us that they do not want Telstra sold. I encourage members on the other side of the House to listen to their constituents, the people they represent in this parliament. I encourage those opposite to hear what they say and then act on their wishes. After all, as a member of this parliament, you are repre-

senting those people, not your own philosophy.

Recently the shadow minister was up in the electorate of Dobell. He attended a public meeting there. Not one person at that meeting supported the full privatisation of Telstra. They raised a number of problems that existed within the area. The member for Dobell was present at that meeting. Obviously, he has not listened to what those people said. He has not listened, and I do not think he is going to act on their wishes. They stated that they would like to see Telstra remain as it is. They do not want Telstra to be fully privatised.

Telecommunications services are essential services. It is only by maintaining a majority public owned Telstra that we can assure equity and access to people throughout Australia. People in rural and regional areas definitely get an inferior service. The Estens inquiry turned out to be just a whitewash. The overwhelming evidence to that inquiry was that services in rural and regional areas were second-class, second-rate and not good enough, yet the inquiry delivered the report that the government wanted. It all comes from appointing your mates to that board and to oversee that inquiry.

The kind of evidence that was given included poor mobile phone coverage. I know it is very bad out in rural and regional areas. I have friends who live in those areas. They live on properties and they cannot use a mobile phone. Even within the electorate of Shortland, I cannot go from one end of the electorate to the other without my mobile phone dropping out a number of times. It is not good enough. Also, there are faulty telephone lines throughout the country. We can see the problems with the network—I highlighted a few a moment ago. There is poor broadband coverage. Within my own electorate a number of areas cannot access

broadband coverage, and you magnify that 10, 20 or 30 times when you get outside a major metropolitan area. There is inadequate access to the Internet and, of course, you have problems with line drop-outs.

It is about the quality of service—it is not there for people in the bush and it is not there for people in regional areas. Yet, as I mentioned a moment ago, you have an inquiry delivering the kinds of findings that the government wanted. When you want a result, I suppose, you appoint your friends to oversee the inquiry. Overwhelming evidence argued that the service was inadequate, yet the committee was ‘fully satisfied that arrangements are in place to deliver adequate services to all Australians, including maintaining the improvements to existing services’. Even in my own electorate that is not the case, as I have detailed.

The sale of Telstra will have a lot of negatives. It will have a long-term negative financial impact on the Commonwealth and, as such, the Australian people. Currently, Telstra delivers dividends to the Australian people and these dividends are used, and should be used, to improve services for people throughout Australia. They should also be used to ensure that we have good telecommunications networks into the future. But, once Telstra is sold, you will get a lump sum. It will be a one-time-only lump sum. It is like selling your business and putting your money in the bank so that you can sit there and look at your money in the bank. It is gone forever—there will be no more dividends. Telstra provides a revenue stream funding essential services for now and the future. That is something that the members on the other side need to remember.

Telstra is still largely a public utility. Telecommunications are essential services. It is a natural monopoly. The government is already reluctant to confront Telstra management. It

will be much worse if Telstra is fully privatised. The safeguards that are in place to ensure that Telstra is accountable will effectively be nonexistent if Telstra is sold. A privately owned Telstra would influence government policy and dictate licence conditions. Its local presence in regional areas would disappear—it would be just like the banks. Any problem that exists now would be exacerbated. The ministerial power of direction over Telstra would be gone once government equity fell below 50 per cent. It would remove the requirement to act in the national interest, and reporting obligations would be removed once that equity fell below 15 per cent. Accountability and transparency would be gone. Once Telstra is fully privatised, we will not know what is happening. It will have the muscle power to squash all opposition. It is interesting to note that the only competitors of Telstra within Australia now are overseas companies. I think that in itself is a point that is worth noting.

A privatised Telstra would be one of the largest companies in Australia. That could mean more speculation in Asia, more losses and further proposals to move from core responsibilities. It is Fairfax today, but who knows where it will end tomorrow? It will mean bigger bonuses for Ziggy, based on financial returns and not on providing good, equal services to people throughout Australia. Who knows—the \$1 million redundancy payment he gets if he is sacked could be increased as well. Compare that to what the government does to other workers.

At the opening of the 40th parliament, the government stated that there would be no further privatisation of Telstra unless it was satisfied that arrangements were in place to ensure adequate services for all Australians. I do not think that evidence is there. The government is selling out the Australian people and abrogating its responsibility to ensure adequate telecommunications access into the

future for all Australians. Labor oppose the full privatisation of Telstra and we will continue to oppose it. We do not believe that it is in the best interests of the Australian people. We know that it will lead to poorer services and increased costs. Telstra must remain in majority public ownership.

Mr EDWARDS (Cowan) (5.28 p.m.)—The Howard government's oft-repeated claim that it will not sell Telstra until it is 'fully satisfied that arrangements are in place to deliver adequate services to all Australians, including maintaining the improvements to existing services' is seen to focus on the bush. But it is not just in the bush that the problems exist. Indeed, in my own electorate of Cowan, the truth is much closer to home. The truth is that, in the fast-growing industrial and suburban areas of Perth's northern suburbs, Telstra's services are not up to scratch. In speaking on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#) in the next 15 minutes or so I intend to demonstrate this claim. In doing so, I want to refer to a brief provided to the federal Department of Industry, Tourism and Resources last year. Indeed, I want to quote directly from this written brief as it shows clearly that this government and the minister are aware that Telstra's services are not up to scratch, yet they push on with the intended sale.

We on this side of the House know that only one thing will save Telstra and that is the Australian Labor Party. It will not only save it but fix it. I say that because Labor has a strategy under which, firstly, Telstra will be required to intensify its focus on its core responsibilities to the Australian community and reduce its emphasis on foreign ventures and media investments. That, of course, is very important. The member for Melbourne, the ALP spokesperson with responsibility for these issues, asked the Deputy Prime Minister today:

How can the Deputy Prime Minister support Telstra spending \$636 million buying the Trading Post ... and attempting to buy Fairfax when ... Telstra's network continues to crumble, its capital investment continues to decline and its fault rates continue to grow?

Unfortunately he did not get an answer, the House did not get an answer and the people of Australia did not get an answer to that very important question. Hence the first part of the strategy that we believe is important.

Secondly, Telstra will be asked to intensify its focus on the provision of affordable and accessible broadband services for all Australians. Thirdly, the competition regime will be strengthened by requiring much stricter internal separation of Telstra's wholesale and retail activities, and the minister for communications will be removed from the process of ACCC scrutiny and regulation of accounting separation within Telstra to ensure the process is genuinely independent and rigorous. Fourthly, consumers will be given stronger protection from sharp practices by telecommunications companies, and the price control regime will be made fairer.

It needs to be reiterated that only Labor will save Telstra. I want to quote the brief I mentioned before, because it is an independent assessment of the real situation—not political rhetoric or spin; just an independent assessment of the issues, the potential and the impediments to this metropolitan area reaching that potential for small business growth and job creation. It is a brief put forward by the City of Swan, and I compliment John Rogers, a very dedicated, conscientious and professional officer, on the brief and the amount of work he has done in the important area of the northern suburbs of Perth to try to resolve this issue. The report says:

Malaga Industrial Area, located within the Ballajura Ward in the southwest corner of the City of Swan, is an industrial suburb providing a location for light industry, and service establishments. It is

the major industrial suburb for the City of Swan and is designated a Strategic Industrial Area for Western Australia.

... ..

Since Malaga was established in the mid 1980's, business development has increased by an average of 58% a year. A significant increase in the number of business establishments from 49 to 809 occurred between 1985 and 1997. Currently there are more than 1600 businesses in operation, providing employment for about 10,000 people.

... ..

There is the potential for business growth expansion, especially with such competitive lease rates or purchase value on property. Malaga is designed to become one of Western Australia's best commercial and industrial suburbs with huge projected growth and increasing national and international exposure from many companies with worldwide activities. As the largest industrial area in the City of Swan, Malaga is set to play a vital role in generating business, wealth and employment for the local community. Opportunities exist for businesses to take advantage of the synergies associated with industry clusters.

... ..

In 1997, the number of businesses registered within Malaga comprised almost 28.3% of businesses for the City, reflecting Malaga's significance as an industrial and business district with economic value for Swan business. According to recent survey information, 'Manufacturing Related' businesses still dominated Malaga industry, accounting for 31% of all businesses. Construction and retail tie for the second largest industry type, comprising 12.8% each in 2001, followed by the 'Wholesale' industry with 12.6%. 'Automotive related' businesses account for 11% of the business population. Strength in these areas illustrates their economic significance to Malaga and ultimately to Swan. Business growth in Malaga continues with increasing exposure from many companies associated with worldwide activities.

Under the heading 'Impediments to development and business growth', Mr Rogers continues:

The development of Malaga is being severely hampered and particularly in the newer areas east of Malaga Drive by the lack of access to ADSL. Telstra has installed a Remote Integrated Multiplexer (RIM) in the eastern area of Malaga. The RIM system is incompatible with the provision of ADSL.

He goes on:

There are 3 main problem areas affecting both potential and existing businesses in Malaga:

- All businesses east of the central spine road of Malaga Drive (365 at the last count) are on the RIM and do not have access to ADSL. This is despite the information on Telstra website, which indicates ADSL may be available.
- Potential new businesses are unable to find out whether they can access ADSL until they have been allocated a phone number which is after building has commenced.
- Some existing businesses to the west of Malaga Drive have been refused ADSL because the local Ballajura Exchange does not have any spare capacity to provide ADSL. However, this appears not to be a problem in the residential area of Ballajura, which adjoins Malaga.

Under the heading 'Issues of concern', Mr Rogers continues:

The main issues of concern are:

- Not knowing which lots or buildings have access to ADSL.
- Cost of Telstra and other alternatives in relation to ADSL.
- Inability to get a timescale or commitment from Telstra as to rectifying the situation.

This is forcing businesses to install alternative, more expensive alternatives. It is also increasing operating costs and reducing competitiveness from the City of Swan's perspective.

It is now more difficult to attract key companies to the area, particularly those that rely on state of the art telecommunications.

There is evidence that businesses are moving or considering moving to other parts of Perth that can give them access to ADSL.

He goes on:

Recently the City of Swan and Telecommunications Company AMCOM conducted a survey of the 365 businesses east of the Malaga Drive ... The survey ... sought to ascertain the immediate demand for access to ADSL. 38 businesses responded to the survey indicating an immediate need for access to Broadband and preference for ADSL.

... ..

These businesses cannot operate effectively without access to cost effective Broadband. Generally they can be categorised as follows:

Businesses exporting or importing from or to Australia.

Companies that are branch offices of Eastern States companies.

Western Australian based businesses whose majority of customers are in the Eastern States.

Businesses particularly providing business services which need adequate download facilities to keep abreast of new developments in their industry.

Those companies which design products for other companies such as labels, posters, interior shopfitting designs, etc. Generally these companies need large uploading capacity.

... ..

The Malaga companies responding to Allen Consulting in the WA Broadband survey consistently stated that their bottom line was being adversely affected by the lack of access to Broadband by between 15-20%.

In addition to this financial effect SME's have also raised a number of other issues which adversely affect their operations. These include:

Staff members having to operate from home where ADSL is available. This causes disruption to work schedules.

One company has had to return to a system of receiving customer orders by fax, as the email system is unable to cope with the volume of orders.

A number of SME's have installed alternative systems which have been costly in both start up and operational costs compared to ADSL.

On dealing with Telstra, the brief says:

It would appear that most of the discussions with Telstra on access to Broadband in Malaga have been through intermediaries such as iinet ... REQUEST IT and through the Telstra website. The Telstra website does not assist new businesses to the area, since it cannot give an answer as to whether ADSL is available until Telstra has issued a telephone number.

The writer of the brief goes on:

I have had first experience of this since I am attempting to move my office from its present location east of Malaga Drive to a property in the area, which should have ADSL. The City of Swan uses a telecommunications company ... to conduct its business with Telstra.

This company:

... has been unable to finally establish whether I can get ADSL in the new premises because the previous occupant moved a short distance and transferred his phone. I am informed ... that they cannot give me a definite answer as to whether I can access ADSL until Telstra provide us with a new number.

That is a range of problems, and they are very serious problems. They are not problems identified by a political party or a politician; they are problems identified by the City of Swan and by those who are charged with the responsibility of growing business within the area. Much of the information in that brief has come from surveys. It is information gleaned from the businesses themselves and it reflects an entirely unsatisfactory situation whereby small enterprises in this area are being hampered in their endeavours to (1) establish and (2) compete, not just within Western Australia or within their immediate locality, but with other businesses in other states. It is totally unsatisfactory and it is a problem that needs to be addressed.

The issue does not finish there. Further to the north of Malaga is another industrial area, in the City of Wanneroo and other areas further north which extend beyond my electorate. The small business association of Wanneroo has been complaining for some

time now about the issues we are discussing and has had very strong support from the City of Wanneroo. Indeed, last year the shadow minister for communications visited Wanneroo, addressed a forum there and heard some of the problems first-hand. I will come back to that in a minute. I also got the shadow minister to come out last year and visit Malaga and talk to some of the businesspeople I have mentioned who have had problems—problems which are reflected in the brief I have just read from.

Another small business has recently written to the Wanneroo Business Association seeking some help. I will read the letter into the *Hansard*:

Hello Bob, and thanks for your help—

Bob is Bob Fawcett, a very active member of the Wanneroo Business Association and someone who I know has felt first-hand the frustrations of the problems which are being experienced up here. This businessperson goes on to say:

I was informed by my land lord that I was required to move out of the leased premises by the end of the week. I had expected to move slowly over a month period. Instead I was told on Wed to be out by Sunday. I was understandably annoyed but it saved me spending two amounts of rent. On Friday I organised to get my phone lines turned on. The lady I spoke to was very helpful and said that they could even possibly be on within a day. If not, then certainly by Monday. She was going to flag it urgent.

By Monday morning there was still no dial tone, so I rang Telstra to find out the delay. I was dumbfounded to find out that not only was there going to be a longer delay ... I wasn't going to get the phone lines at all. My case was in Held Accounts. I had to call back in an hour to find out who was now my case supervisor. After a number of calls I was told that there were NO lines available at the Landsdale Exchange and that until more became available I could not get the phone on.

When I asked how long that might be I was instructed to contact my case manager as they had more info. All of this was on my mobile phone.

I spoke to Shaun Brown who was very sympathetic but he confirmed my worst fears that indeed the exchange was full and no lines are available. The exchange is not scheduled for upgrade until late March.

This is appalling. Absolutely unacceptable. I am an Online Company. I recently won Environmental Business of the Year award. We save paper and resources from utilising online technology. We provide education, jobs and products to people no matter where they live. How unbelievable to find I can't trade because Telstra has not provided the basic necessities for me to do so.

I will not read the rest of the letter, because I think that I have made the point here. I must say that this small business person was very complimentary of the person she spoke to, Mr Shaun Brown. She said he was very sympathetic, fantastic and very helpful.

We have heard much of this debate focus on services to the bush. I am not talking about the bush here; I am talking about very fast-growing metropolitan areas in Western Australia. These areas are important to the small business people who make the investment there, who try to grow their businesses and increase their wealth and who want to invest that wealth back into small businesses but who are being frustrated by the lack of services provided by Telstra. These areas are also important because a lot of these suburbs are dormitory suburbs from which people have to travel a fair way to work. These areas are very important in the creation of local employment and local opportunities for the people who live in these suburbs.

I mentioned that Lindsay Tanner came out to these suburbs late last year. We had a very good look at the areas and problems. We then had a forum, which was very well attended. The issues which I have raised here are all issues which were confirmed at that forum

by a number of small business people who attended. I want to compliment the City of Swan and the City of Wanneroo on the very vocal role they have played in trying to support their local businesses, and I want to call on the government to recognise that these are major problems and major issues.

The minister responsible for Telstra from Western Australia was at the forum. He, above all, should be aware of these sorts of issues and problems. I call on the Minister for Communications, Information Technology and the Arts to withdraw this bill and give some direction to Telstra which will ensure that its focus comes onto its core area of business: to provide services to people who need them, not just people in the bush but people in the sorts of circumstances in the metropolitan areas that I have spoken about today. I do not believe it is a situation that is just experienced in Cowan or in the northern suburbs of Perth; I believe it is much more widespread than that. This government has a responsibility to fix the problem, and it is time it did so.

Mr ANDREN (Calare) (5.47 p.m.)—I rise to speak on the **Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]** I can assure the previous speaker, the member for Cowan, that it is not a problem that is pertinent only to his particular neck of the woods. This is the 48th speech that I have made in this place on this issue relating to the part and now full privatisation plans for Telstra. In all of those speeches, I have detailed the reasons why Telstra should not be privatised. Those reasons are consistently backed up by evidence from all over rural Australia, including from my constituents who have continued to provide me with examples of the sorts of frustrations that the member for Cowan speaks of—in particular, problems with Internet access, the infrastructure and the patch-up mentality and techniques being used by Telstra to try and make the network

hang together. These examples are still coming in regularly.

It amazed me that the member for Page, whom I listened to in the matter of public importance, said that he might get one or two calls on an irregular basis, at which point Telstra Country Wide get on the job and the problem is fixed. I do not know whether he has got his head in the sands of northern New South Wales or what is going on, but the fact is that I continue to field calls from all over New South Wales from people dismayed at the attitude of a government that can privatise this outfit when there are still so many inherent problems with the network. I will detail some of those problems.

The member for Page has described those of us in this place who have been surveying and presenting anecdotal evidence to the House on the reasons why our constituents do not want to sell Telstra—and that happens to be the Independents, who come from a rural perspective—as wasted space. I would suggest that if The Nationals want to continue to be the little red caboose on the end of the Liberal train heading in whatever direction the policies of the Liberal Party take them and if that is what they believe their constituents expect of them—particularly over this issue—then The Nationals deserve to disappear down the gurgle-hole of history and become a footnote in Australian politics. And I might remind the member for Page that one in five voters around Australia, particularly more and more in rural areas, are now looking for an alternative to The Nationals. Indeed, 20 per cent, and in some cases 30 per cent, in state parliaments are now represented by Independents.

Putting that aside, why are Australians so adamant about retaining Telstra, of all public entities, in public ownership? It is because Telstra is absolutely crucial to the continued cross-subsidised provision of telecommuni-

cations to not only this generation but past ones and those of the future. Australians, especially rural Australians, do not want a bar of the sales pitch of this government or any future government. The opinion of the public has hardened around any further sell-off, despite the improvements in Telstra's performance in recent years. I mark the efforts of Telstra Country Wide and, in particular, the good relationship I have with our regional manager in Orange, with whom I hold regular meetings. I fax complaints to him on almost a daily basis, and he acts on those as expeditiously as he can, but I suspect that there is a real lack of budget available.

I can recall a couple of years ago a meeting with Telstra's Roger Bamber in my office in Bathurst. At that point, Telstra was planning to invest \$8 million in the central west over the next, I think, two-year period. The litany of concerns about the networks, such as the inability of places like Bletchington on the edge of Orange or Eglinton on the edge of Bathurst to get the sorts of services that were required and the use of pair gain technology—the patch-up technology that tries to make six lines do the work of 16 lines—resulted in something in the order of \$24 million being invested in that area. That was done just on the basis of those concerns. That was a threefold overnight increase because pressure was brought to bear. I just wonder how the member for Page, or anyone else, particularly in a rural constituency, can stand up here and argue that it is not a problem.

An important point was made by Senator Len Harris at a press conference of Independent and minor party representatives and senators yesterday that was called to reaffirm our continued opposition to any sale under any circumstances. Senator Harris's survey of his Queensland wide electorate showed 92 per cent totally opposed to any further privatisation. More significantly, 58 per cent of

those surveyed acknowledged an improvement in Telstra's performance—which I certainly do. That is quite a significant improvement over other polling that I have seen in recent years, and so it should be.

While the Telstra performance approval graph line goes up, the ownership line remains steadfastly in the 90 per cent range among rural Australians: that is, 90 per cent say, 'No way, Jose, do we want this 50.1 per cent of Telstra to stay otherwise than in the hands of the public'—and nationwide 66 per cent or thereabouts say that. I hope the penny drops for the member for Page and his colleagues around these figures, because they are showing that, while people acknowledge the fact that Telstra has lifted its game, the pressure for that has come through concerted efforts at representation of the frustration of rural Australians and those efforts have not been made by The Nationals or the Liberal Party but by the Independents. That pressure has come about through the efforts of the Independents in this House—particularly in the last couple of years with the surveys that we have done to reinforce the actuality of the situation out there. Today we see, allegedly, more leaked documents detailing the concern within Telstra, as I understand it, about the parlous state of much of its infrastructure.

The debate has moved on. Here we have the government arguing that things are up to scratch, that the service is in place and that people should be satisfied with that and move on. People are not moving on. The debate has settled on the iconic status of Telstra and the telecommunications network. That is the non-negotiable issue. They have seen the Commonwealth Bank go and they have seen that there is not an honest broker in the banking market any more—someone controlled by the government of the day, or not the government of the day but the people of Australia. They have seen the promises about green slip insurance—when the state

insurance offices were handed over to the marketplace and we lost that tempering influence in that crucial part of the market. We heard the state treasurer in New South Wales after the HIH debacle saying, 'Perhaps we should regain control or set up a government insurance company.' Hey, they had it, and it was performing a moderating task within that industry. It certainly did act as a brake on the excesses of that particular industry, and those sorts of examples—the banking industry, the insurance industry and now the telecommunications industry—have made Australians absolutely insist that they are not moving one iota on this issue.

The reasons are the same again. They want a level playing field in the bush. They want to know that their services are going to be guaranteed well into the future. They want a dividend returned to taxpayers—\$1.74 billion is the dividend being returned to the government in 2002-03 after the half privatisation. In my first speech I said—47 speeches ago—on Telstra that we should be quarantining a significant portion of that dividend to government from Telstra and earmarking it for our environmental programs. We have heard the stories from the National Farmers Federation and the conservation council. There is now universal agreement on the huge cost that is facing us to restore the Murray-Darling Basin alone. Unless we find ways for a hypothecated process—and I have heard suggestions, and we all have, of levies—let us look at the dividend from Telstra as one way of quarantining a natural heritage program that is there forever, provided by the dividend of our outstanding and dominant telecommunications provider.

As I said, telecommunications is a line in the sand. It is an iconic issue and the public are not prepared to budge, and they are dismayed at the continuing promotion of this piece of legislation. We heard the member

for Cowan detail the problems in his electorate. That is certainly not a rural electorate, and those problems were in residential and urban parts of his electorate, as I understand it. We have a guaranteed dial-up access speed of 19.2 kilobits per second which is an absolute—

The DEPUTY SPEAKER (Hon. L.R.S. Price)—If the Minister for Small Business and Tourism and the shadow minister for mining, energy and forestry want to have a discussion, as they have for the last 15 minutes, could I invite them to do so outside the chamber.

Mr ANDREN—Mr Deputy Speaker, I must say that it was not interrupting me, but thank you.

The DEPUTY SPEAKER—It was annoying me and that is what counts.

Mr ANDREN—The fact that the government is arguing around the 19.2 kilobits per second shows by how far they have lost control of or an appreciation for the reality of how things have moved on down the telecommunications superhighway—it is a joke! But I still have many constituents in my electorate, not that far from the Bathurst exchange, who not only cannot access ADSL or ISDN but also have a dial-up speed that is something in the order of eight, nine or 11. It is an absolute insult to suggest that that is the only guarantee that we can commit Telstra to at this point. As for phrases like 'future-proofing', they want now-proofing. They want it to happen now. They want to control the processes by which that proofing will be delivered. They are not prepared to accept undertakings that it can be set in place or that we can guarantee that their future needs will be met.

As for the term 'up to scratch', which was so enthusiastically grabbed and seized upon by the government, based on a throwaway line from Senator Ron Boswell—a senator

who was caught on the run and threw out this line on a *Sunday* program a couple of years ago—people are saying, ‘What does up to scratch mean?’ Does it mean you scratch my back and I’ll scratch yours? Because the system, as we have seen, is certainly nowhere near up to scratch. It is a nebulous term. Any sort of survey of the situation is only a snapshot in time. People understand that. They know that, as sure as night follows day, there will be no compunction and no need for a fully privatised company to deliver other than what it should to its private shareholders—that would be its responsibility. Any amount of regulation cannot guarantee that.

I suggest that the concessions made for the universal service obligation show that there is already a bias towards favouring the other players in the market at the expense of the job that has to be done. The Productivity Commission argued a couple of years ago that something in the order of, I think, \$700 million was required to do the job. The government signed off \$200 million at that point, which even through the Productivity Commission’s assessment of the situation was one-third of what was required. If we are prepared to do that now, just what forces will come to bear upon any government in the future as to the provider’s commitment to the universal service obligation?

I want to deal with a couple of points from the Telstra response to the regional telecommunications inquiry and point out what I think are a couple of holes in it. The recommendation from Estens was:

Where extreme cases of Customer Service Guarantee ... non-compliance arise ... they should receive direct priority attention by the service provider ...

Among other things, Telstra says:

An extreme failure to meet a CSG is a case where service provision or repair exceeds the CSG standard timeframes plus five working days.

Nowhere do I see any provision for mass service disruptions of the sort that we have seen in regional Australia in recent times. I can recall the Mudgee hospital shutdown and the debacle in that health delivery area for quite a few days—I cannot remember the exact number—when the network collapsed there; and the BigPond email crash of last year. Recently, Forest Reefs near Orange was granted an exemption from the CSG because of storm damage, when there was massive damage caused to infrastructure. I can recall back in 1996 or 1997 when I was having that discussion with Mr Bamber there were lines running through swamp and old copper cabling that was dropping out on a weekly basis, and an input in the millions of dollars was required to upgrade the network in that particular neck of the woods. That required above budget expenditure. One wonders what above budget expenditure would be laid aside by a fully privatised operator to service the needs of, in some cases, half a dozen people stretched across rural properties—particularly as the properties get more remote as we head further west than my electorate.

Again, the figures that are used in the response to the Estens recommendations do not, as far as I see, break down the metropolitan and country figures to tell us exactly what the particular performance rates are. There is a long tail, as I understand it, on the graph of performance. There is a median figure which looks okay, but there is a long tail on that graph which refers particularly to rural jobs.

Another recommendation said that ‘telephone services affected by the use of 6/16 and similar pair gain systems’ should be improved as soon as possible. Again the figures quoted are statewide or nationwide and there is no breakdown of city and country. I understand again that the percentages quoted are bolstered by the results in the city, where it is

obviously far quicker to get the job done. There is nothing mentioned really, in detail, about Internet speed access to ISDN and nothing about how the budget is allocated to this task. A bit further on, Telstra says:

Telstra is required to provide a dial-up service with a minimum equivalent throughput of 19.2 kilobits ...

I have mentioned that. It is not happening in some places. There are kids trying to download stuff at night-time. There are people trying to download antivirus programs and taking a day at least to get the job done. That is the most basic piece of equipment that people need these days to obviate the dangers of the viruses that are so prevalent on the network. Not only am I sick and tired, but the Australian people—and particularly those in my electorate and the broader rural community—are absolutely sick and tired of this bill being presented time and again to this place. They are saying no. They will not have a bar of it. I do not think there is a chance in blazes of this thing getting any further than it has in the past. Why are we debating it and wasting the valuable time of this place?

Ms GRIERSON (Newcastle) (6.07 p.m.)—The *Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]* is, as the previous speaker said, the same bill that was rejected by the Senate on 30 October last year. Nothing much has changed, but here we go again—*deja vu*. With my Labor colleagues and 80 per cent of the Australian public, I will continue to oppose the complete privatisation of Telstra. Labor believes in a majority publicly owned Telstra, delivering adequate and affordable telecommunications services to all Australians, regardless of where they live.

The reasons for opposing the complete privatisation of our national telecommunications utility have not changed but they have

been reinforced by Telstra performance, Telstra management decisions, customer experiences and the economic development experiences of small and large businesses throughout regional Australia. Some of those experiences should be reviewed and shared so that Australians are reminded of what they stand to lose if Telstra is sold off and what they stand to continue to lose in share dividends if Telstra is allowed to keep operating like it does now, as a quasi-private company with a Ziggy twist.

It has long been on the agenda of this Howard government to sell off Telstra—the public asset that belongs to the Australian people—and to use the windfall to pay off public debt or to pay off voters, whichever the government sees as their political imperative. So, again you can look forward to some pork-barrelling coming to a conservative electorate near you—similar, I suppose, to the MedicarePlus deal.

At the 2001 election campaign it was said that Telstra was to be sold. That is still the government's desire, and so here we go again. But throughout this term not one report or inquiry that has been produced by industry or government has inspired confidence in the opposition members or in the public to believe that selling Telstra is in the best interests of this country. The Australian public are aware that if they suffer from Telstra phone rage now then that can only get worse if Telstra is privatised.

This bill provides for complaints and performance review measures to continue after the sale, but only during the transition period, for complaints or matters that were lodged with the Ombudsman or others prior to the sale. So, in the future, forget a Telstra Ombudsman, forget any accountability or parliamentary review processes, and forget phoning your federal MP and asking for their intervention when your family is ill and the

phone does not work. Although the legislation does require regular reviews of regional telecommunications every five years, that will be done by an expert committee—surprise—which will be appointed by the minister—surprise again. Predict then that that will mean another mate's job, like the Estens inquiry, which was chaired by a National Party member—a mate of the Deputy Prime Minister.

You will just have to hold onto your phone for even longer, with less chance of satisfaction with regard to service demands or requests when Telstra becomes a totally private company. Less satisfaction with Telstra is just what every regional member of parliament knows is occurring. Key examples of that dissatisfaction are well understood by the public. First and foremost for many of them is the poor mobile phone coverage in cities, metropolitan areas and regional areas. Unfortunately, my electorate of Newcastle still has areas where gaining coverage is very difficult. The suggestion of carrying two phones around certainly does not seem to be attractive to the public and Telstra provides no incentive to do that.

The faulty telephone line situation continues. Faulty telephone lines and major breakdowns in rainy weather show how vulnerable our ageing cable systems are, and the cut-backs in staff mean that service delivery is compromised again. Certainly the lack of investment in renewing the infrastructure has allowed the network to deteriorate. But that is the usual pattern when this government wants to get into an asset fire sale: run it down and then sell it off, and running it down usually means the loss of jobs.

Since 1999 the number of permanent full-time staff in Telstra has reduced from 50,761 to 37,169—a reduction of over 13,000 jobs across the nation. It is interesting to note that when we have seen massive downsizing in

other industries, we have seen a new levy to assist that industry—perhaps the sugar industry is an example. Thirteen thousand jobs seem to be a large number of jobs to me, but I did not notice any levy to assist Telstra employees, just a government that turned a blind eye. With great sadness I noted in my electorate of Newcastle recently, when I advertised a position in my office, that many of the applicants were ex-Telstra employees. Unfortunately, it seemed to me that their applications were evidence that they were linked to a job network system that was not delivering any jobs for people over 45 years of age.

I think the public is aware of the frustration of the pair gains system that limits the ability of customers to use voice and Internet at the same time. In the city of Newcastle, which is experiencing massive residential growth and an apartment boom in the CBD—and the residential growth extends to the outer suburbs as well—they certainly do know how much trouble it is to place additional telecommunications services in their homes. There are just not enough lines to go around. We can add to the list of complaints that we are all aware of in our electorate offices: poor broadband coverage, inadequate dial-up Internet data speeds and constant Internet line drop-outs, not to mention the massive compensation payout necessary recently when BigPond became a big puddle. The picture of customer frustration becomes clearer but not rosier.

I draw to the House's attention the issues raised by the shadow minister for communications in the House today, when he revealed that leaked Telstra documents condemn Telstra's sale by showing that telecommunications services in regional Australia are certainly not up to scratch; they are, in fact, getting worse.

According to Telstra's own internal information, that situation continues to deteriorate. So there goes the share price again. The Prime Minister and the minister must have known that this was the case. The internal report clearly showed that faults in Telstra's network are at a six-year high, that the fault rate has been increasing since June 2001 and that the fault rate accelerated in the last nine months of 2003. That report also reveals that the fault rate is increasing steadily in both regional and—wait for it—metropolitan Australia. The prediction by Telstra itself is that the fault rate will continue to grow between now and mid-2005. It is outrageous to think that the government must have been aware of this, yet under those unsatisfactory performance circumstances it is trying to put the bill through parliament. It is certainly not full and open disclosure of the current state of Telstra should it be up for sale if this legislation is passed. It certainly does prejudice the share price, and that will be of great concern to a lot of people.

It is, I agree with the shadow minister, a dismal picture for shareholders. But after the complete privatisation of Telstra there will be no financial scrutiny of Telstra by the government, except through its financial regulators such as ASIC. Ask the shareholders of NAB, HIH or OneTel how they feel about the protection that ASIC and government regulators give to small investors, superannuation funds or innocent employees against corporate mismanagement and excesses.

That brings me to Telstra's failed investment and expansion strategy—or should that be called Telstra's high-risk speculation strategy? Firstly, there was the \$2 billion loss in Hong Kong, but I suppose when we all pay our line rentals—which have increased dramatically—we know that we are helping compensate for that very poor corporate decision. Secondly, there was the recent ill-conceived proposal for Telstra to take over

Fairfax—one of our largest commercial newspaper groups. Fortunately damage control in this case prevailed before the decision was taken. Then there is the latest acquisition of the Trading Post Group, at what all commentators and stock market analysts call a very full price. For 'full price' the public and the shareholders should read: 'They paid too much, the dills!' Telstra again has let down the Australian public. It has let down the mums and dads and the self-funded retirees who, exhibiting their loyalty to a national company, invested in shares in Telstra. Many have lost a great deal and clearly that financial loss will never be recovered. I think even those disappointed shareholders no longer believe that the sale of Telstra will increase their share dividends.

The other Telstra failure that has been compounded by this government has been the failure to develop a telecommunications IT strategy for this nation, in particular the failure to deliver broadband services in regional Australia. That failure threatens the economic future of regions such as mine, the Hunter and Newcastle. It threatens the competitiveness of a major sector in this country and that is of course the small and large enterprises that exist and are sustained in regional Australia.

I would also point out that the Pacific Internet AC Nielsen Broadband Barometer, a survey released in February 2004, showed that the country-city broadband divide is widening under the Howard government. It found that 55 per cent of metropolitan small businesses had broadband, compared to only 20 per cent of non-metropolitan small businesses. The report also found that the city-country small business broadband gap continues to widen and that the No. 1 barrier to broadband take-up amongst non-metropolitan small business is availability. I would have to throw in price there as well. Many regional small businesses are clearly

not happy with only having access to prohibitively expensive satellite broadband or nonbroadband services like ISDN. Many country towns have no Telstra ADSL access at all.

I share with the House the experiences from the Hunter region, where we are fortunate to have HunterTech, a cluster group of innovative information technology and telecommunication companies, all based in Newcastle and the Hunter. Those companies have capabilities that are world class. They are often world leading. They trade globally. They fill specialised niches and can and will provide solutions to any of the ICT problems faced all over the world. Whether it is simple web design, through to 2D and 3D animation, process control or complex systems integration and management, Hunter companies have the specialist skills necessary to provide IT solutions. They have the skills, but what does affect them very much is access to telecommunications.

HunterTech is currently sponsoring the project 'Doing IT in the Hunter', which is intended to define our regional capabilities exactly and to market those skills to Hunter and global users. It intends to keep growing its strengths even though there is too little assistance from government in terms of reliable, accessible, affordable and high-speed telecommunications. But, with the right communications, certainly anything is possible, and we are very impatient to have that reliable high-speed access assured. Member companies are often small and can be located in small country towns.

I have spoken before about an IT company in the Hunter—in the electorate of Paterson—called Midac Technologies. In 1983 that company put the world's first distributed digital control system into the University of Melbourne. It also began developing for the Internet in 1994, when most of us did not

even know of the Internet's existence. Unfortunately, companies like Midac suffer from a massive cost differential from being a rural ICT company as against an ICT company in the city. If Midac were located in Sydney it would pay \$30 to \$40 per month for broadband. In Dungog in rural Australia, it pays between \$300 and \$700 per month. It pays a lot more for less. It does not get the speed available to its city cousins because speed is controlled by the dollar.

With both state and federal governments encouraging the take up of e-commerce, there must be an incentive for small business to compete. My HunterTech members ask of this government: where is the equity for regional businesses? It is sadly the fact that government is driving e-nails into the coffin of regional business. I also note that this applies to all regional businesses and of course impacts on tourism, on industry sectors and certainly on banking and financial sectors, slowing growth for all of our companies and for our region's prosperity.

Although I paint a gloomy picture for regional Australia, I must recognise the activities of Telstra Country Wide based in Newcastle. They have attempted to use local approaches and find local solutions within budgetary constraints. Their successes reflect what we would be able to expect if Telstra were allowed to remain as it is, in majority public ownership, and was then encouraged by government to focus on domestic service provision. Like the previous speaker, I meet regularly with my Country Wide personnel. They provide a fabulous service to my office and are certainly always at the end of the phone when we have a very difficult constituent problem. In recent consultation with Telstra Country Wide I had another tour of our call centre, one of 11 national call centres and a great employer for our region. In discussions we shared work related anecdotes. For example, I learnt that a recent installa-

tion of a telephone service to one customer cost between \$60,000 and \$70,000. I would imagine to some people that that would seem excessive, but when you live in rural and regional Australia you need, just like everybody else, essential telecommunications services. We know that no private company will ever spend that amount of money for one specific customer. Telstra does and Telstra should, and it should be a part of its social charter. It should therefore continue as a publicly owned company.

If Telstra is sold, you can forget about things like discount concession schemes for pensioners. You can forget about any assistance through a federal member's office. Do not pick up the phone and ring us, because we will not have any ability to help you. And what about timed local calls? They keep telling us that they will not happen, but you and I know that eventually they will.

I also want to praise the work of the Hunter Economic Development Corporation. They have a CIT strategy for our region and a strategic plan to improve telecommunications and build the IT capacity for the Hunter. They have a proposal at the moment before the National Office for the Information Economy, and it is one that I know all local members, no matter what political party they belong to, are supporting. It is a strategy to connect to Sydney our hospitals, our university, the CSIRO—the energy flagship in my electorate—the Newcastle City Council, which has some involvement, and the Hunter Medical Research Institute. It is a strategy to provide a future-proofing solution to bandwidth requirements for these organisations. I think Telstra Country Wide are also assisting in that partnership venture. HEDC cannot do it alone; they need government assistance. I raise that in the House today to make sure that the government is aware that regional Australia are finding their own solutions, but

they need government support and assistance.

In conclusion, obviously Telstra should remain as it is—essentially a public utility with some pervasive monopolistic characteristics, but those are the characteristics that make it profitable and able to deliver the frequently non-financially viable services to connect remote and regional Australia to vital telecommunications. It should remain a majority publicly owned organisation with enough commercial muscle to be able to provide essential services, without cost and profit being the major determinant of service provision. As I have done before in this House, I strenuously oppose the bill that would see the complete privatisation of Telstra.

Mr WINDSOR (New England) (6.26 p.m.)—I will be opposing the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#), as I did last year and as I will do at any time in the future if it is introduced again. The fact that this legislation is taking up so much time in the parliament is perhaps some indication that the government does not have any real business to perform, because the government is very well aware that this will not get through the Senate. If it needed an indication of that, it would have noticed yesterday that there was a meeting of the House of Representatives Independents and the Green member, the member for Cunningham, with various members of the Senate—the Democrats, the Greens and One Nation. Not only was there an apology from the other three crossbench members, but also in a written document Brian Harradine, a senator from Tasmania, indicated that, as he has said in the past, he will not be supporting the full sale of Telstra. On anybody's calculation of numbers in this place, that would indicate that the legislation will not get through the Senate. I applaud those senators for opposing it, and I applaud them for listening

not only to what country people in particular are saying but also to what the nation is saying on this critical piece of infrastructure.

I have said on a number of occasions that telecommunications in this century are going to be the one thing that can negate distance, smallness and remoteness as disadvantages of living in the country. They can do that in a number of ways not only through telecommunications systems that benefit people and their businesses but also through medical facilities and conferencing facilities that can be accessed and through technology that we do not even know exists. The speed of technology in the last 10 years has been quite dramatic for any of us to put up with.

I am heartily sick and tired of hearing the debate from a few people in here, particularly from members of The Nationals who feel they have to defend some ancient arrangement when smoke signals were part of the new-age technology in communication and who continually hark back to the PMG and the performance of the PMG. God knows how many years ago that was now, but it was a fair while ago. Back then, we did not have the technologies that are available now, and I wonder what would have happened if the government had embarked upon this process back then and whether we would be looking at some of the advantages that have been accrued. There have been advantages, as I mentioned earlier, particularly in relation to mobile communications, and I congratulate the members of Telstra Country Wide on the work they have done.

This is not about criticising individuals within the system but about ownership of a very valuable piece of infrastructure and the capacity of government to influence what it does in terms of its service delivery to country communities and individuals in the future. At the risk of repeating some of the comments that I made earlier in the matter of

public importance, as lovely as this government may well be and as caring as its intent may well be, there is no way that it can bind future governments to deliver technology to any of our constituents beyond its own term. I think that is an underlying problem when the Deputy Prime Minister, the Minister for Communications, Information Technology and the Arts, or even the Prime Minister, suggests that things are up to scratch—‘Don’t worry about it, we’ll look after you’—and that no government would be game to make changes to this because it would require some sort of legislative change.

If some new form of technology comes out of the woodwork in five or 10 years time, how is the government going to compel the delivery of that technology to all Australian citizens with some degree of equity? You cannot write a contract at this stage that delivers technologies or products in the future that are not even available at this stage. It is just not possible, and for people to suggest that it is possible is quite remarkable. For the members of the government to suggest that surely all governments would be in favour of the delivery of services to all constituents at some future date is fairyland stuff.

There was an example of governments attempting to bind future governments—and I will repeat it—when the Minister for Finance and Administration, who was in charge of the sale of Sydney (Kingsford Smith) Airport, had a number of issues raised with him and the Prime Minister raised the issue of noise because it had an impact on people in Sydney. There were other issues raised about the sale and the price of Kingsford Smith airport. Constituents were assured that there would not be any changes because fair and reasonable caps and curfews were being imposed and no government would want to change those because they would be in defiance of the electorate. In fact, Nick Minchin, within

two days of saying that, when questioned on I think Channel 7 agreed that no government could bind future governments to any decision. In fact, in this case the government did not even wait until it was no longer the government. When there was a bit of a difficulty with a 747 and the curfew at Kingsford Smith airport, it embarked on a report to look at changing the caps and curfews that were put into these regulations at the time of the sale of the airport. So that is a reasonable example of how things change.

The one thing that country people do not want in particular—and I do not believe that city people do either—is to have Telstra sold. They want the community to maintain some political leverage, as the member for Newcastle mentioned, through their political representatives to get some degree of equity in access to services. As I said earlier, I was a little bit disappointed in the Prime Minister's answer today because he virtually said that Telstra is up to scratch and he believed that it was quite appropriate that it be sold. I would suggest to this Prime Minister that in the past—and I congratulate him on this practice—when there have been issues in the country he has tended to get out there and get to the nub of the problem and, if at all possible within the budgetary constraints and the political process, do something about it. I believe he was in Queensland last week looking at the sugar industry. I know there are discussions going on, possibly as we speak, about the ethanol industry. These are all very worthy industries that are having specific problems.

But in this case, when the Prime Minister stands up in question time and says, 'No, everything's up to scratch, it's all right,' he is defying what country people are actually saying through a range of polls and through local members relaying concerns that they have about underground infrastructure. If the Prime Minister felt the need to go out and

have a look and wanted to go into the country of one of his supporters, I would recommend his going and seeing the member for Hume, who has noted to me a number of concerns that he has had which are almost identical to those of other country members. For a number of people to say that everything is right—that with the underground infrastructure in particular there are no worries, people are all getting over the pair gain issue and there is no problem with the distance from exchanges in terms of Internet access and those sorts of things—is just quite improper.

The issue remains: what happens if Telstra is fully privatised? Will the political process be able to be levered to get some of the problems fixed? Will the government of the day access money where the commercial operation will find it very difficult on a commercial basis? When it is purely responding to taxpayers, it will find it very difficult to find the money to subsidise some people from Lightning Ridge, for instance, who may require some services that are uneconomic in terms of the broad commercial realities. What will happen if the fully privatised Telstra, perhaps partly overseas owned, makes a bad investment in some offshore country? We have already had an example of that, and the world is littered with telcos that have gone broke through bad investments and poor competitive practices. What would happen to the lady at Lightning Ridge with her very common telephone services if a fully privatised Telstra made a bad investment in China and then there were some sort of political upheaval in that or another nation and the privatised company were put into some degree of financial jeopardy because it was unable to withdraw its capital? What would happen to the basic services back here? Would the government—the taxpayer—bail the company out again? Would the government underwrite the borrowing capacity of

this company? These are the sorts of things that I think we have to think about with a fully privatised company, whose essential core business is to deliver telecommunications services to the citizens of Australia and to do so across a very large nation with some degree of equity.

You cannot compel a fully privatised company to maintain certain sums of money just in case it happens to make a massive blunder in its financial arrangements in the global community. We have just seen this with the purchase of the *Trading Post*, for instance. According to all the economic pundits—most of whom suggested that it was not a core business anyway but that there was supposedly business for growth—Telstra paid about 50 per cent too much. Even with the government involved as the majority shareholder in Telstra, certain cracks are starting to appear in the logic of what the business is actually about. The only argument that I have ever heard for selling it is that it has to move into the global market to grow and to access capital. That is quite ridiculous in itself. Why does it have to? It is a profitable company; it is making a lot of money. It is a good business. Last year, I think it was, it had a 20.8 per cent return on assets. That is a good business. It had a 32.1 per cent return on equity. It paid \$3 billion in dividends, and I think it paid over \$2 billion in tax. This is a very good business that the Australian people happen to be involved in. It is not something that is going broke tomorrow. So it is not as if it is running out of capital in terms of developments within the nation.

But what has the government done about some of the capital that is sitting there? It is the 50.1 per cent shareholder. In response to the Estens report, it very generously put out \$180 million over four years to fix some of the problems that were identified. That is \$45 million a year. That equates to \$9 per country

person. That is essentially the payout price for country people. The government is saying, 'For \$9 we believe we can fix all your problems. Even though this is a business that has had \$3 billion in dividends, for \$9 per country person—\$45 million a year—we will fix up all your problems so that we can sell the rest of the business and everyone will live happily ever after.' It is fairytale stuff and it is something that should be seriously looked at.

'Why do country people not want it sold?' I hear my good friend and colleague Dick Adams ask. When you poll some of the communities—which have been polled by a number of members—you find that the main reason they do not want it sold is that they do not trust a fully commercialised, privatised operation to deliver the basic services. They do not trust government to put in place regulations that will actually work, when they know—and the Prime Minister has said it in this place—that under our Constitution anything that this government does is only for the term of this government. That could be a matter of months. The ball game could completely change. I was very pleased to hear only this morning that the Labor Party has said very definitively that it will not be involved in any sale of Telstra in the future. That has always been a concern that many people have had: if one side of the parliament does not sell it, will the other side eventually sell it? I think there is some sort of obligation on the Labor Party to stick to that commitment if it does happen to become the government at some time in the future.

A number of polls of constituents have been done in a variety of electorates. In a poll done by the Independent member for Kennedy, for instance, 95 per cent of his constituents were totally opposed to the sale of Telstra. In a poll done by the Liberal member for Hume, Alby Schultz, 92 per cent were opposed to the sale of Telstra. I would

suggest that next time the party room has a meeting the Prime Minister should consult with Alby, because it is quite obvious that he is completely out of step with the rest of his colleagues. There must be something dreadfully wrong in Alby's electorate if he is the only one who is having difficulties with Telstra and having some of the infrastructure problems. I know Alby Schultz well enough to know that he is very honest in his dealings with bureaucracy. I know he has great regard for the Telstra Country Wide people, but I know that he knows the real situation. A document was presented today by the member for Melbourne that indicated that real situation.

The member for Calare, Peter Andren, delivered his 49th speech on Telstra today, and I congratulate him on that and on his efforts. We would not have Telstra Country Wide if it had not been for the efforts of Peter Andren some years back. I think any positive changes that have happened in the electorate generally are owed very much to his fierce campaigning for a number of years. In my electorate, 97 per cent were opposed to the full sale of Telstra. Of the 8,083 people in my electorate who answered correspondence that I sent to them, 7,799 said no. That sends me a message, and I would be an absolute hypocrite if I voted in support of the sale of Telstra. De-Anne Kelly, the noted National member for Dawson, admitted in the parliament that she did not believe any other surveys and thought that they were all bogus. Then, when questioned as to what her survey said, she said that 81 per cent of her electorate were opposed to it. So she is voting against her own electorate. In a survey done by the ALP member for McMillan, 86 per cent were opposed. So a real trend in the opposition to the sale of Telstra is coming through in all of those figures.

I notice that the member for Page made some comments in relation to me earlier on. I

refer to an editorial in the *Daily Examiner*, which the member for Page and the member for Cowper would be fully aware of. Part of the editorial said that Ian Causley, Luke Hartsuyker and Larry Anthony, the members for Page, Cowper and Richmond:

... amongst others, are quite shameless despite the utter contempt with which they have treated their Page, Cowper and Richmond constituents on this issue—

meaning the issue of Telstra. The editorial went on:

They belong to a political party which clearly has lost any real identity and the backbone to stand up for bush interests.

That is from the *Daily Examiner* in Lismore. They are the sorts of reactions that people who are voting against their constituents are getting within their own electorates.

As I said, the issue of telecommunications in this century is the very thing we cannot afford to get wrong. It is the one thing that negates the disadvantage of distances. It is the one area where we can say to our kids in the country that, if we get this right, they can carry out any form of business they like and accrue the natural benefits of being a country person. It removes all the disadvantages of location.

I often wonder whether there is a bit of a conspiracy in this place to concentrate the people of Australia in the feedlots of this nation, the major cities, so that you can keep a continued pressure on the real estate market—and we have seen some extraordinary examples of what has been happening in Sydney, Melbourne and Brisbane in recent years—and keep that sort of momentum going so that people do not get into extreme debt problems et cetera from the collapse of the property market. In my view, the prices that are being paid are highly unrealistic. There has to be continual pressure and sucking in from outside to get country people into

the feedlot to maintain the pressure on the artificial price regime that exists there. As I mentioned earlier, I think it is extraordinary that we have a circumstance where interest rates are being used to calm down the property boom in terms of the impact it could have if it burst. The people who are paying that particular bill are country people. (*Time expired*)

Mr ADAMS (Lyons) (6.46 p.m.)—Here we are again. The Treasurer has decided that there are not enough cookies in the cookie jar for the next election, so we are going to have another go at selling Telstra with the *Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2]*. I was going to dig out one of my speeches from last year, dust it off and polish it up a bit—add a bit here or there, maybe—and use it again. The argument is really still the same as it has been for several years. Telstra is still an organisation that we are supposed to depend on, all over Australia, for a means of cheap, reliable communication. That is the core of what Telstra should be about: a means of keeping different parts of the bush in touch with each other and with urban Australia and of keeping urban Australia in touch as well; a means of keeping families talking to each other and of keeping business rolling along.

But a few things have changed. Now we are closer to an election, now the odds are a bit closer together in the polls, the surplus is being made ready for the splurge. On the whole, Telstra are dependable at the moment, although some of their promises lately have been a little high flying, such as broadband in areas that they have not seen fit to go into unless the poor souls who live there stump up the cash for a satellite. And then there is the problem of mobile phones working in the country—and not just occasionally getting a signal but actually working without dropping out, especially when you are in the middle of an important call. I do not mean on a very

distant road but in small towns and where there are a substantial number of people.

I wish Telstra would get real. Instead of running off and buying other media, they should really be a bit more inventive. Fairfax was a bit dicey—so what did we get? The *Trading Post*. Do you want to sell your car? Ring Telstra! Anyone for a second-hand Treasurer, going cheap? What am I offered? It is about cookies for the cookie monster. And what does the cookie monster have in store for us, boys and girls? He is going to let the Americans take over our telephones. They are going to privatise Telstra and let them do their own thing. Maybe they will buy some other sort of news outlet—the *Women's Weekly*, perhaps—or even Australia Post.

What are the cookies going to be spent on? Certainly they will not be spent in Tasmania. We have already had \$1 million ripped off us that would have gone to keeping up the maintenance and management of the south-west World Heritage area, and we have not had any decent medical funding for eight years, so patients are giving up trying to get an appointment with a doctor or having their teeth done. Public housing? I reckon we should forget that too. There is just not enough to go around, and there is no hope of getting any in the future. That jar of cookies is completely empty. No, money certainly will not be spent on anything useful like that. Perhaps we could buy all the state hospitals and run them from Canberra? There is a thought. That would cost a pretty penny and could have some interesting implications for the budget. The people who start running them might learn how much it costs to run hospitals in today's world with today's technology.

Tassie is now fighting another battle. Remember Qantas? We privatised it. I mentioned that in my last speech in this House as

well. That service has now almost disappeared. They have given us a poor imitation of a service called Jetstar—and even ‘service’ is really the wrong word here. Service is when you actually do something for someone else. Qantas are really only interested in doing stuff for themselves.

Jetstar is fine if you have the alternative of ordinary flights. But Tassie misses out. We get Jetstar instead of normal flights, so business people cannot easily commute to the mainland from northern Tasmania, sporting teams cannot travel in a group to the mainland because they cannot be guaranteed a seat and anyone wanting to go anywhere other than Melbourne has to recheck their luggage. If you happen to arrive at the airport one minute after the half-hour check-in limit, you lose your seat. One wag even said to me that you had to wear a plastic mac or hat because people’s pets travel in the overhead lockers. I do not know if that is true or not, but it is certainly being put about. You would laugh if it were not so serious. This is what happens when things go private. Where are the choices? Where are the options?

The legislation still has some sort of licence condition that requires a privatised Telstra to prepare and implement local presence plans for regional Australia. I think you might have spoken about those, Mr Deputy Speaker Causley. But who will take any notice? If we look at Qantas for answers, we will not find any. We will not find much joy in regional Australia. I do not know what conditions were made for Qantas to service regional Australia equitably, but it has certainly forgotten all about that now.

What else do we have that has been privatised? I know: the Government Insurance Office, which had offices all around Australia. They have all gone—GIO bit the dust many moons ago. Now what do we have? We have an impossible situation where

community groups are paying huge amounts for public liability and the insurance companies are making a killing. Profits are up in every insurance company. Why? Because small community groups have rarely made a claim on public liability policies, yet the premiums have gone up. We are told that it is just not a profitable area to be in from an insurance point of view. So the market has failed, but we hear nothing, especially from the minister, about what we are going to do. This is what happens when competition breaks down. There is no competition for these insurance companies that offer public liability, there is no real competition for Qantas and, as sure as eggs are eggs, there will be precious little competition for Telstra in delivering services to the bush.

So what are we going to get? We will get higher charges and greater expense for putting in lines. Forget the higher technology—the technology of the next generation. I do not reckon that will be coming through to the bush. You will be pretty lucky to get the newer stuff. It will still be the old stuff, and that will be dwindling and going rusty before we get anything new. There will probably have to be a major political exercise to get a certain amount of money put into a region to upgrade the communications lines. If we privatise Telstra, we will not stand a chance of getting that new technology.

What about all of the ordinary people trying to get a telephone that works on most days? I think we will be whistling in the wind for the amount of notice that anyone will take of us. People will be making phone calls to members’ offices, as people do now. Because Telstra is seen as a federal issue, people ring up federal members’ offices. As for getting your phone fixed, you will have as much chance of that as you have of winning lotto if this bill goes through. I reckon that is a pretty true statement.

There are many people in Tasmania who cannot afford to access a mobile. You need to have a phone sometimes for security and also, more and more, for medical reasons. This is where technology can be great. Mobile phones can serve great purposes in those two areas—for security and for people who have a medical condition. It was only last year that I submitted a petition from residents of Mole Creek, which is a magnificent valley in my electorate. They were really angry that they could not access mobile phone coverage of any description. The only option they have is satellite phones, and there is a cost with that. We are talking about an area that is under an hour's drive from Launceston. That is an indictment in itself. Here is a valley that has renewed itself in many regards. It has some lovely tourist attractions. It is a tourist area. People are striving and struggling hard to make things work out there but, of course, mobile phones just will not work.

Just because people have businesses and homes out of the major towns, in a state which relies on its primary industry and resources to develop its economy, it does not mean that they should not be considered deserving customers. This is what is already happening with Telstra. These people do not even get some of the landline facilities that most other Tasmanians get, yet here we are looking at the sale of Telstra without much of a promise at all of the work out there being completed.

I remember the dream was that modern communications would allow people to live anywhere, in any valley or dale in Australia. They could go out and live there and, with modern communications, they could link up through computers and talk to the rest of the world. They could do their work and email it off to New York, Tokyo, London or any part of the world which had those sorts of communications as well. This was the modern

dream—this was what we were sold about modern communications. Of course, most of us thought that this was the new highway. Mr Deputy Speaker Causley, you would have been involved in getting many roads into rural Australia over many years. The new road in regional Australia is telecommunications. Of course, if you do not have the links into the bush—if you do not have them into your area, valley or dale or on the other side of the hill—you are behind the eight ball in touching the new world.

So the dream for Australia was of being able to get in there and do something in all of those regional areas so that you could have people working at a very high level from home. They could come and live in Tasmania in one of the beautiful valleys in my electorate, send their work through the new telecommunications system and enjoy the lifestyle that they craved. They would not have to live in the middle of a city to be able to do that. Unfortunately, we have failed that dream in Australia. We have not been able to meet that dream and that is a tragedy. I know people who have come to Tasmania, to my own state, and have had to leave because they have not been able to get the connections to make that dream work for them. That is a tragedy as well.

I live 12 kilometres from the city of Launceston. My own phone drops out when I am in my backyard, in a town of 2,000 people. I have asked what the future will be as the town grows, more businesses arrive and more activity takes place. I have asked what relief we can get from the situation where one person dials up and someone else's call drops out—because that is what happens of course: the towers can only take so many phone calls at a time before calls will drop out. I must confess: I have not had very good vibes back from Telstra at this stage. People do not always get the same landline facilities that other people get and yet we are looking

at selling Telstra. With a privatised Telstra, how are we going to get a landline out into a regional area? It is just not going to occur.

Only yesterday I heard from residents of the Baden area looking for mobile phone coverage. Apparently they have not been able to have a repeater put in because, as they were told, it was not their turn yet. If Telstra is sold, will it ever be the turn of the people of Baden? I guess it will not be. Every day we get Telstra related calls about repairs, no service or crammed lines. Without Telstra Country Wide I reckon we would have had a revolution in Tasmania. Country Wide service has at least given us a chance to keep people talking to each other. There is a very good, caring staff in Telstra Country Wide and they make sure that no-one is disadvantaged for very long. Without them, I do not know what we would do. We do solve a lot of individual issues through Telstra Country Wide.

As new technology comes in, if Telstra is not part of government, it will only be those who have the cookies that will be able to afford to indulge in any of these goodies. I am very cynical: I think this is another bid to fill the cookie jar and without any consideration for the Australian people. The money will be wasted on wild electioneering and many country people will be left without a decent service. There has still been no agreement on a single local call zone in Tasmania so that towns that are a few kilometres apart can have the same access to local calls that their city neighbours have. That is something that should already have occurred in Tasmania—no STD calls should operate.

As for what they have done to the *White Pages* telephone directory in Launceston, you would not believe it. Why is it that Launceston has to be everybody's experimental post? They have given us a telephone directory with the *Yellow Pages* in the front

this time, so you really have to hunt for the *White Pages*. When you do find them, if you have a phone in one hand and the book in the other you have to do some fancy footwork or elbow work to keep the book open to look up the number. The other two Tasmanian books are as normal. What the hell are they playing at? Again they are using Launceston for an experimental process, I guess—or somebody made one enormous mistake. In Tasmania, we really only need the one phone book—or one for the *White Pages* and another for the *Yellow Pages*. That is another way we are forgotten about. I think it is a way of extracting as much money as possible out of the poor old Tasmanian economy. And now they want to give us arthritis as well.

What do I think will happen next if this bill is passed? In the case of the lines falling out, the issues we have now with getting them repaired will continue and there will be longer periods when they will not be repaired. I do not believe that Telstra should be buying media outlets and those sorts of things. Telstra should be dealing with its core responsibilities, which are telecommunications. It should be delivering better and renewing the network of Australia's telecommunications. That is what its charter says; and it should be doing that. I am not very happy. With the government not selling off assets we should be okay, but this government has failed again. I reject totally the sale of Telstra and will be voting against this bill.

Mr MELHAM (Banks) (7.06 p.m.)—I rise to speak on the [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#). Labor has consistently opposed the full privatisation of Telstra, and Labor will continue to do so. At the heart of this debate is the question: what is the role of government? There is no doubt that a government should act to maximise benefits to the Australian people. When it comes to delivering accessible and equitable telecommunications to

Australians, Labor believes that a publicly owned Telstra is the only way.

Australia is a vast country, where our potential in a global society will flourish if we are connected to each other and to the world. Telecommunications is now an essential service. At its simplest level, telecommunications is about keeping in touch—by phone, by Internet or by fax. Access to reasonable telecommunications is fundamental to the ability of all Australians to effectively and fully participate in our society. I believe that with the virtual monopoly that Telstra has in some areas and with Telstra's size and dominance of the market, the only way forward is for Telstra to remain publicly owned.

This government insists on repeating its fatuous assertions and hollow assurances regarding the level of Telstra's service to rural and regional Australia. We on this side maintain a healthy cynicism in response to those assertions. Australians know when they are being sold a furphy. They know the government's arguments do not measure up to any measure of commonsense. A fully privatised Telstra would be nothing more than a massive private monopoly. A privatised Telstra would be likely to focus on servicing lucrative markets, as indeed a private company should in reporting only to its shareholders. This would be to the detriment of many Australians living outside the major metropolitan areas and to the detriment of low-income earners.

A privatised Telstra would be too powerful for any government to regulate efficiently. A privatised Telstra could use that power to crush competition. The competition in telecommunications services in this country is, in reality, only in those areas where carriers can make reasonable profits—where there are high levels of carriage, high turnover, many clients, and infrastructure needs

which can be funded from the profit made from consumers.

In my own electorate, we recently saw an example of a private carrier attempting to push its own agenda. This company erected a telecommunications tower in Oatley Park. The site is in the middle of a large public park which provides sport and recreation areas along the Georges River. It is a significant natural bushland tract. A primary school is approximately 200 metres away. The local community was outraged, and not without reason. Local residents and the school's Parents and Citizens Association were supported by the Oatley Flora and Fauna Conservation Society in their action. The company was taken to the Land and Environment Court by Hurstville City Council. The council lost but appealed to the Supreme Court. The court unanimously allowed the appeal and held that the company was not authorised by the relevant acts to carry out the works and so the telecommunications tower came down. It was a wonderful win and I congratulate everyone who was part of it. It shows the need for consulting with the community and the importance of working with the local community.

I tell this story to demonstrate the lengths to which a community must go to take on a private company. Fortunately, in this case the community has won. Imagine how much more power a fully privatised Telstra would have. Imagine how difficult it would be for a small community to even consider such a significant step. Imagine the chances of winning against such a monopoly. At the moment, Telstra is required to provide reports to the government and thus to the Australian people, provide financial statements, notify significant events, keep ministers informed and provide details of corporate plans. This will radically change if the government's equity is sold. Telstra would be able to do what it likes. In addition, Australians know

that pensioner discounts are likely to be lost if Telstra is sold. They know that a privatised Telstra will put enormous pressure on the government to introduce timed local calls. They know that effective competition will be crushed and Telstra's monopoly power could easily spread into other sectors, such as media and information.

Conservative government has already had a negative impact on Telstra, and we have seen: a deteriorating network crippled by major investment reductions and staff cut-backs; enormous losses on investments in Asia; rapidly escalating line rental fees which are not adequately compensated for by reductions in call prices; inadequate competition because of Telstra's market dominance and control of the fixed line network; poor roll-out and take-up of broadband compared with equivalent countries; and an emerging Telstra focus on moving into other sectors, such as media and information technology management, at the expense of its traditional responsibilities.

A Labor government and public ownership will ensure Telstra's viability. Labor believes in public ownership of Telstra because telecommunications services are essential services. Labor wants a majority publicly owned Telstra to get back to basics. Under a Labor government, a majority publicly owned Telstra will deliver high-quality telecommunications services for all Australians and provide decent returns for its current shareholders. Telstra must not be privatised; it is not in the interests of consumers, businesses, workers and shareholders. Labor will continue to oppose this travesty.

Mr MARTIN FERGUSON (Batman) (7.12 p.m.)—I rise to join with my colleagues on the opposition benches to indicate our clear and strong opposition to the full sale of Telstra. In terms of what is in the best interests of the Australian community the

proposed full sale of Telstra is bad policy. It is bad policy being made for the wrong reasons. The policy decision to sell 100 per cent of Telstra is based on ideology and, unfortunately, on what some in the investment community regard as being in their best interests—because they stand to gain significantly from the profits of this sale—rather than on what is in the best interests of the Australian community.

I would say that the coalition government comes cheaply. It is important that I refer in this debate to the fact that it has now become evident, from an analysis of the Australian Electoral Commission's 2002-03 political disclosures, that the government has been bought by Telstra in terms of this [Telstra \(Transition to Full Private Ownership\) Bill 2003 \[No. 2\]](#). Based on AEC returns, the opposition estimates that the Liberal Party received around \$29,000 and The Nationals around \$13,000 from Telstra in political donations. That sends a very strong message that the decision to sell Telstra is based not only on ideology but also on financial gain for the fighting coffers of the Liberal and National parties for the next federal election. I find that exceptionally bad, because good public policy is about what is in the best interests of Australia at large and what is in the best interests of a clear majority of the Australian people.

In my frequent travels in regional and remote Australia and the outer suburbs of our capital cities, where the biggest challenge confronting government is the delivery of services, I do not come across many people at all who support the sale of Telstra. I think it is about time that the Prime Minister actually engaged in some public consultations rather than the many carefully arranged public meetings, or so-called public meetings, like the one he attended in Dawson just last Saturday. Let us have some real meetings open to the public that are not stage-managed

and where people in such seats as Page, Kennedy, Richmond, Calare and Kalgoorlie are actually allowed to come and express their personal views rather than being hand-selected from a particular group who basically back government policy.

I will tell you what people at those open public meetings are saying with respect to the sale of Telstra. They are saying that it is wrong. They are saying that Telstra should remain in majority government ownership, because they believe that that is their best chance of getting access to opportunities in the best available communications services in Australia. They know from experience that, without Telstra being majority owned, Telstra will leave town just like the banks have left town in the past, especially in the outer suburbs and rural, regional and remote Australia. They know that Telstra will be not only like some of the major national banks but also like some of our airline operators, who now seek to merely cherry-pick profitable operations rather than deliver a service to all Australians.

Those people in the rural, remote and outer suburbs of Australia know that, whilst there are alternative suppliers of modern information technology and communications systems in the CBDs of our capital cities, Telstra is the only real supplier where they live. They depend on Telstra, they respect it and they want it to remain in majority ownership. They are sick and tired of the blatant lies being pursued and prosecuted by the Howard government about the so-called benefits of the sale of Telstra.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Batman will withdraw that comment.

Mr MARTIN FERGUSON—With respect, Mr Deputy Speaker, I will withdraw it, but they are sick and tired of the mistruths being put by the Howard government—

The DEPUTY SPEAKER—That is the same word, so you will withdraw that one as well.

Mr MARTIN FERGUSON—I will withdraw that. They are sick and tired of the unwillingness of the Howard government to actually tell them the truth about the reasons for the sale of Telstra.

The DEPUTY SPEAKER—You will withdraw that as well.

Mr MARTIN FERGUSON—I withdraw it, Mr Deputy Speaker, but the truth is that people are sick and tired of the failure of the Howard government to give a full and proper explanation as to why Telstra should be sold. I understand why some members of the government are very sensitive about this: it is a huge electoral issue in their own constituencies. It reminds me a bit of a previous national figure who had a tendency to try and cover up policy decisions that were tough by saying, 'Don't you just worry about that.' It really is about the Bjelke-Peterson days of strong national government and Country Party representation and the promises and misrepresentations of the 1980s.

These Australians, especially in rural, remote and regional Australia and the outer metropolitan areas are sick and tired of that approach to government that is being peddled by the Liberal Party and The Nationals in Australia at this very point in time. I will tell you why. It is because they want opportunity. They know that a decent communications system in Australia is the key to opportunity in life. It is the key to economic prosperity and it is the key to a larger piece of economic cake. They know that they need an advanced communications service because it is the key driver of economic change and it is critical to enabling businesses and the regions to realise their full potential and the full benefits that an information and commu-

nications technological system can actually bring them.

Because of our own work as members of parliament and the opportunities that we have to use this system provided for by taxpayers, we all appreciate that without this assistance from the taxpayers and without this advanced communications system provided to us for use in Parliament House we just could not serve our constituencies. Why then are we going to deny others in the Australian community—that is, the taxpayers who actually pay for this service for us to use—such opportunities in the future? In that context, high-speed Internet access has the potential to reduce isolation and break down barriers to world markets as well as provide improved access to a range of health and social services to our regions.

Access to these services and other key infrastructure such as roads, aviation, energy, schools and health services will determine economic and population growth in country regions in Australia. I argue that the provision of services such as a decent communications system is not just about the opportunities to participate in our regional, national and global economies but also about trying to make sure that we have a capacity to actually attract people to areas beyond the CBDs of our capital cities in the future because, as a country that is highly urbanised, we are under huge pressure to get people out into the outer suburbs and provincial cities and to try to keep them in rural and remote Australia. Life is about choice. If you do not have the same opportunities in those suburbs and regions, you choose to go to where you think you can get access to those services. That is why the provision of a decent communications system, through a publicly and majority owned provider such as Telstra, is also the key to a range of other challenges that confront Australia in the 21st century.

The Nationals once had a proud record in days gone by of standing up for the bush. They have now walked away from their responsibilities. Having said that, I am not surprised at this decision, because it flows from a number of other decisions made by the Howard government since it was elected in March 1996. I was highly disappointed when one of the first decisions by the government that supposedly cares, or tries to create the impression that it really cares, about regional Australia was to abolish the office of regional development. It was a statement from day one that, frankly, the Howard government is a city-centric government that is more concerned about the needs and aspirations of the big financial institutions, who will gain most from the sale of Telstra, than about the needs and aspirations of ordinary Australians.

Then I think about some of the other government decisions of recent times which actually fit in with this sell-out of Australia in terms of the proposed full sale of Telstra. I think about the so-called AusLink program. I know how important to regional Australia the national highway system is. How can we have a government in the 21st century saying to the Australian community, especially to regional, remote and rural Australia, that it will no longer accept responsibility for the construction and maintenance of a national highway system—the system that we so much depend on? The truth is that the national highway is the major artery of our nation. It is no different to our communications system. Without a national highway system or a decent national communications system, this country falls apart. The truth is that the proposed full sale of Telstra goes hand in glove with the Commonwealth also walking away from another key national priority: the need to not only maintain but also upgrade and construct our national highway system. Yet it was the Howard government that said,

in very stark terms—and this was reaffirmed by the Minister for Local Government, Territories and Roads at the Australian Roads Summit on 24 February this year—that it no longer has responsibility for the maintenance and construction of the national highway system. On top of that, we have a bill introduced this week to say that not only is the national highway system not the government's responsibility but the provision of a decent communications system in Australia is no longer its responsibility either.

Telstra will be sold because the government is about getting further political donations—further political donations to actually line its pockets from Telstra—to assist and facilitate this sale. I simply say: imagine selling your soul by accepting donations. In 2002-03, the Liberal Party got \$29,000 and The Nationals—the political rump; the tail on the Liberal Party dog—got around \$13,000, in return for a bill proposing the full sale of Telstra. Frankly, you would have thought that they had a higher price, but then again, when you have no pride or decency about you, you go cheap. This Telstra bill represents how cheap the Howard government is in terms of political donations. It reminds me of the ethanol debate and Manildra: a little bit of cash and the bill and support appears. Who loses out? The Australian community. Who gains? The political coffers of the Liberal Party and The Nationals.

Frankly, this is an issue of concern because it goes to propriety in government. Government is supposed to be about good policy and what is in the best interests of Australia. You should not have a price. No political party should have a price when it comes to looking after those its members are elected to look after. I suppose it is no different to the National Airspace System. The Australian travelling public have been put at risk in terms of air safety, because we had to

do a little deal with one Dick Smith, to protect—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Batman is talking on the Telstra bill.

Mr MARTIN FERGUSON—I am talking about the communications system, Mr Deputy Speaker.

The DEPUTY SPEAKER—I do not think that it has anything to do with airspace.

Mr MARTIN FERGUSON—You have to understand that the aviation industry actually depends on a decent communications system. The National Airspace System is actually about the operation of that communications system and how we move around Australia. We got a change in the aviation system—which is also related to communications, although not to the proper use of a communications system but to, guess what, a new tactic of 'see and avoid'—yet in a recent report we find that in America most midair collisions occur near airports, especially non-towered airports. That means regional Australia where the new system is 'see and avoid'—no proper communications system. How can you separate aviation, national airspace forms, national highway systems and communications? These things are all about how we develop and support our great island nation of Australia.

So I simply say that, as far as I am concerned, the coalition government is in the process of selling out Australia at large on a range of issues. The full sale of Telstra is the latest. It comes on such decisions as the one to walk away from the requirement to have an office of regional development that cares about seats such as Corangamite. I notice that the member for Corangamite has walked into the chamber. He understands not only the need to maintain a decent communications system but also the need for a national commitment by the Commonwealth gov-

ernment to our national highway system in terms of construction and maintenance. We have a joint position with respect to those issues.

We are coming to the conclusion of a debate this evening which I think is fairly fundamental. It is about whether or not we have an action plan for the future of Australia. That action plan requires support for a communications system for the 21st century in Australia. As far as I am concerned, the proposed full sale of Telstra represents a clear statement by the Howard government that it no longer has any interest in maintaining, through its capacity in government support, a communications system that is equally accessible to all Australians, irrespective of whether they live in the CBD of one of our major capital cities, the outer suburbs or rural, remote and regional Australia. Country people, as is clearly borne out to me in my frequent travels, hate the idea of selling Telstra. They regard it as bad policy and they clearly see it as unpopular in terms of what they might do with their own important votes at the next general election.

In conclusion, I simply say that the full privatisation of Telstra will most disadvantage the people who live in country Australia, including those constituents of Wakefield that you, Mr Speaker, have represented over an extended period. We hope to replace you as the representative of Wakefield at the next election, in the light of your pending retirement. I would also say that a fully privatised Telstra will not provide basic services to these people, and it will not provide new services such as broadband Internet access to these people. It will not stimulate economic and social development in country regions that are falling desperately behind city and coastal regions. It will only exacerbate, in my opinion, the city-country divide. In contrast, a Telstra with majority ownership has a powerful role to play in a modern economy

in stimulating economic development and opening up economic opportunity for all Australians. It is fundamental in terms of access to not only health and education services but also economic opportunities for all Australians. By providing services to more and more country Australians, Telstra facilitates access to international marketplaces in the global economy.

I oppose the legislation. I am pleased to see that Independent senators have also confirmed their opposition to the sale of Telstra. It is a decision that I am calling on them to actually stand by. It is a decision that they must stand by, because it is about what is in the best interests of Australia. So I simply say in conclusion that I think it is about time that the Howard government reassessed its position. Surely donations totalling just over \$42,000 are not sufficient reason for the Howard government to actually bring on this bill. That is the amount of donations received by the Liberal Party and The Nationals from Telstra in the financial year 2002-03. Policy must be based on what is in the best interests of Australia, not on donations to political parties from companies such as Telstra. I say to the senators: stand firm and oppose the sale of Telstra.

ADJOURNMENT

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

That the House do now adjourn.

Holt Electorate: Medicare Offices

Mr BYRNE (Holt) (7.30 p.m.)—I rise tonight to talk about a very special area located about 41 kilometres geographically south-east of the city of Melbourne. That area is Cranbourne. It is an area that was very dear to the heart of the former member for Isaacs, Greg Wilton, and it is very dear to the current member for Isaacs, Ann Corcoran. It is an area that I hope to have the privilege of representing at the next federal election,

given that the redistribution of electorates in Victoria has brought this fantastic area into my electorate.

Ms Panopoulos—It's a very special area.

Mr BYRNE—It is a very special area. It currently has a population of about 30,000.

Mr Laurie Ferguson—I think she's being sarcastic.

Mr BYRNE—Yes, I think she is. Currently it is located in the city of Casey. There are 80 families a week shifting into the city of Casey. This is an incredible growth belt that runs like a river through the south-east of Melbourne. Of those 80 families per week, 60 families on average are shifting into the city of Cranbourne. Currently there is a population of 30,000 in Cranbourne; in about 10 years time it is going to have a population of about 100,000 people. It is a key area. The city of Casey is going to have a population of about 300,000 in the next 10 years. We are going to have a city the size of Canberra in the south-eastern suburbs of Melbourne. Now you would think that a city with a population of 300,000 and growing—and in particular the city of Cranbourne, with a population of 100,000—would be very well serviced by governments and would be an area that the government would be paying attention to.

Let me tell you what the people of Cranbourne think about a couple of key issues. Let me lead off with the issue of a Medicare office. I think that any fair-minded person would think that a city with a population of 300,000, which is the size of Canberra's, in 10 years time—and the city of Casey, incidentally, has a population of about 210,000 at the present time—would be well serviced by Medicare offices. You would probably think that Medicare offices would be sprouting all over the place, as is the case in the city of Monash, which has a population of 165,000 and three Medicare offices.

I regret to advise this House—and it will come as some shock to the members opposite but not to those of us on this side of the House—that up until recently the city of Casey had no Medicare offices—none. A population of 209,000, with 40,000 of those aged between zero and 12 years old, has no Medicare office. But, as a consequence of a relentless campaign waged by the residents of the city of Casey, some 20,000 of whom signed a petition requesting that a Medicare office be put in the Fountain Gate shopping centre as a starting point, a couple of weeks ago the Prime Minister made an on-the-run announcement about a Medicare office. In fact, he has made a commitment that there will be a Medicare office in the Fountain Gate shopping centre—which is very good, after 10 years.

I know that the member for La Trobe, Bob Charles—who, to give him credit, has been campaigning on this issue—is finally, as he is retiring, about to get a Medicare office. But, most importantly, the 209,000 people in the city of Casey are going to get a Medicare office. After 10 years and something like 35,000 signatures, the Prime Minister has announced that we are going to get a Medicare office. That is great for the residents of the city of Casey, who should be given the credit for the Medicare office being put there.

This is just a memo to the Prime Minister, though: Prime Minister, when you announce a Medicare office, tell the shopping centre where you are going to put it that you are actually going to put it there. When you are going to put a Medicare office in a shopping centre, please let them know. Do not make it so that I have to counsel them for post-traumatic stress when they suddenly discover that there is going to be a Medicare office put in their shopping centre after they have been told for a number of years by members of parliament and by the Health Insurance

Commission that they are not going to get a Medicare office.

The fact is that Cranbourne, which has a population of 30,000 and no universally bulk-billing doctors in the area, does not have a Medicare office. This is a city that is going to have a population of 100,000. It has a lot of people that are doing it very tough. It has no universal bulk-billing doctors in the region. In fact, when people make a phone call from Cranbourne, 41 kilometres away from Melbourne, to Melbourne, they pay STD rates, unlike people in the city of Berwick, which is further out. These people deserve to have a Medicare office. There is a 4,500-signature petition I will be tabling in parliament shortly that has been presented to me by a member of the local council, Kevin Bradford. Cranbourne residents demand, need and deserve a Medicare office.

Industry: Steel

Mr BALDWIN (Paterson) (7.35 p.m.)—Tonight I bring to the attention of this House the plight of Austeel. I would like the members of this House to consider that back on 14 February 2001 we were gathered at the Newcastle Workers Club. There was much fanfare, pomp and ceremony when Bob Carr, the Premier of New South Wales, Michael Egan, the Treasurer of New South Wales and, indeed, all the Hunter Labor members were gathered on a stage with Clive Palmer, the proprietor of Austeel, and representatives from Danieli steel in Italy and the European steel maker, Corus Group. They were poised on the stage, and what showmanship it was. It even impressed me.

The occasion was the announcement of Austeel's \$2.8 billion for a steel mill in Newcastle, with the promise of 20,000 jobs that made everyone take note—10,000 jobs were going to be created in the construction phase, then 20,000 direct and indirect jobs once the complex was built. Iron ore was

meant to be processed in Western Australia and then converted into steel products in Newcastle. And there was the promise that the state government would put some \$240 million into this project. In fact, on 14 February at the announcement of the project in Newcastle, Bob Carr said on the ABC:

... it's got the full support and determination of my Government to cut red tape and to back this proposition at every turn, and it's got the involvement ... of some of the most serious companies in this area in the world today.

The state government's contribution of \$240 million was to be broken up into \$60 million towards earthworks and the purchase of the land and \$180 million for a new port with a new rail link. Mr Speaker, we were all excited. On 27 February 2002, in rejecting suggestions that the state government was not supporting Austeel, Bob Carr said:

We are now finalising negotiations with Tomago Aluminium to purchase land that Austeel and other heavy industries could use in the future. The agreement with Tomago Aluminium will allow Austeel to submit its environmental impact statement and the proposal will continue to move forward.

That is fantastic: 20,000 jobs. It sounded like a dream—too good to be true. On the stage that day he had the full support of the proponent, Mr Clive Palmer, who said, with a tear in his eye:

From where I stand, the premier has been doing a lot for this country. I am saying it to you because I think it is true, because I think he is a great Australian.

That dream has turned into a nightmare. Austeel ended up suing the state government for at least \$500 million, claiming damages for hindering the project and alleging fraud and bad faith. According to reports in the *Newcastle Herald* on 5 March 2004, Austeel claimed that the state Labor government was hampering its ability to raise billions of dollars for the project. I must say it was a much

needed project in the Hunter. Austeel claimed that the state government had failed to rezone the site, provide security of tenure, lodge environmental impact statements and ensure development of the associated port.

What has developed since then? I am extremely disappointed to advise the House that Austeel has officially pulled out of Newcastle today. The media reports that I have been given so far indicate that it was decided at a board meeting last night and they now intend to move the whole project to Western Australia.

Mr Randall—Hear, hear!

Mr BALDWIN—I am sure that my colleague the member for Canning will be extremely happy, but the people in Newcastle are devastated. In summary, this is a loss of \$2.8 billion of investment and 20,000 jobs in my region. Well done, Bob Carr. You have proved that your promises mean absolutely nothing. I wonder if Clive Palmer would now say, 'From where I stand, the Premier has been doing a lot for this country.' Today the Premier rocked into Newcastle with \$8 million towards the Knights Stadium. You have to question whether or not the \$8 million announcement today was another smokescreen to attempt to hide the fact that he has destroyed \$2.8 billion worth of investment in the Hunter and wiped out 20,000 jobs at a single stroke. This is a Premier who was never serious about this project and never serious about the investment or the jobs. All he was interested in was the fanfare, pomp and ceremony, and the headlines it attracted when he made this announcement. He was never serious about this announcement—and I think that he needs to come clean on the whole issue—because all he has done is commit fraud against the people of New South Wales.

Education: Equality

Mr LAURIE FERGUSON (Reid) (7.40 p.m.)—On Tuesday, 20 January the *Australian* reported an especially vicious outburst by Australia's most divisive Prime Minister when he attacked the public education system of this country. He accused it of being 'politically correct'. He went on to say:

... it's a reflection of the extent to which political correctness overtook this country ...

However, I prefer the view of the executive director of Catholic schools in the Parramatta diocese. In the magazine *Catholic Outlook* of March 2004, she put a different view very strongly:

Recent comments that public schools are becoming too 'politically correct' and 'values neutral' has triggered a rash of diverse responses—not all characterised by tolerance and inclusion.

All Australian schools teach values.

Teachers in both government and non-government schools teach the values of a free and democratic society. Over many years as an educator, I have come to respect that both systems do this well, if differently.

She went on to say:

... commitment to educating young Australians who will make a positive contribution to our society is shared by all schools.

What we saw in the outburst from the Prime Minister was clearly aimed at division in this country—to basically set systems against each other, to decry the public system.

Increasingly, as I age, I become more supportive of our public education system to avoid this country degenerating into tribalism. The government's liberalisation of rules in this country to allow far greater development of independent schools does, on occasion, cause concern. It is very interesting when they cite the private education system in this country—they do not talk about a rash of other schools; they simply limit their comments to the Catholic system.

I want to congratulate the *Auburn Review* in my electorate on a series of positive articles at the commencement of the school year. These are names that people in Kirribilli have never heard of; they are names that characterise settlement in Western Sydney. I note the article about Auburn West Public School where after a 2½-year fruition period a new hall and covered outdoor learning area began operating from this year. There was a photograph of Mirro Saadie and Lily Aggu on their first day at school. At Auburn West Public School, 100 kindergarten students have started school. There were photographs of students, including Fouad Abdelaziz; and Sevda Cetin reassuring her daughter Esra on the first day of school; as well as Talia Tokdogan waving to her father. Talia was accompanied by 11 family members on her first day at school. These are the realities of public education in this state and the efforts of these teachers to do something for Australian society—to weld it together and to work for people of different nationalities. I note the comments of Auburn West Public School teacher, Helene Papas, who said, ‘I am looking forward to putting my skills into action.’

On 3 March the *Auburn Review* talked about the Premier’s attendance, with a state member, at the same school, for the first stage of a \$341 million commitment to reducing class sizes. Auburn Girls High School participated in the national Sunnies for Sight Day and raised money for the International Centre for Eyecare Education. On 25 February, Auburn West Public School was featured in another article in the same paper about the extremely hot weather that Sydney was then suffering. It pictured two students, Hanan Aziz and Safa Mahouz, who were accommodated in the recently air-conditioned school auditorium. These are the realities of education in this country: a commitment by public education and a commitment by teachers in areas that are far more difficult than for the

people ensconced merrily in Kirribilli. These are the realities that we have to face every day.

The comment by the Catholic director of education in my region typifies the attitudes of most people in the Catholic education system. They are not interested in the divisive charade that the Prime Minister puts up; they are not interested in denigrating the public system and saying how dreadful and second rate it is. I think it is quite noticeable that, when that outburst by the Prime Minister occurred, a significant number of coalition members, unlike the member for Sturt, went on the record in a positive fashion about public education. So I want to congratulate a local paper that emphasises the public education’s positive strands and overcomes the bias by the Prime Minister in his attempt to divide the people.

Australian Taxation Office: Employee Benefits Arrangements

Mr RANDALL (Canning) (7.44 p.m.)—
In a bizarre twist to the employee benefits arrangements issue, the attempts by the First Assistant Commissioner of the Australian Taxation Office, Mr Kevin Fitzpatrick, to clarify the matter have only served to further cloud the issue. In a strange twist Mr Fitzpatrick was quoted in the *Australian Financial Review* as saying, ‘Multiple assessments had been issued because in part it is unclear in some cases which tax should be applied.’ He then went on to say, ‘The ATO has made it clear that it was not the intention to collect tax in respect of both the fringe benefits tax and income tax.’ Further, he said that taxpayers who entered into an arrangement with the ATO to settle would only receive one of the assessments, not two. Mr Fitzpatrick’s comments are to be viewed with a great deal of caution and cynicism. Affected taxpayers have told me that, every time a company enters into such an arrangement, they find

that when they are entitled to a refund the ATO withholds that refund and offsets it against the issued FBT bill. This flies in the face of any agreement and it is the reason that the ATO cannot be trusted to deal fairly and equitably on these issues.

There is an additional knock-on effect in relation to the sincerity of the arrangement to which Mr Fitzpatrick refers. The knock-on referred to is an amended increased assessment such as an increased superannuation surcharge. This results in more tax being paid even though, if the matter is settled on another taxing point, this tax would have to be adjusted again. You do not have to be clever to figure out that this would result in another protracted paper war with the Australian Taxation Office. Clearly Mr Fitzpatrick's assurances are to be seen for what they are—disingenuous at the very least and bordering on the dishonest. Despite all its assurances, the Australian Taxation Office continues to collect on all assessments by stealth.

It is comforting to note that, in an article by Samantha Maiden in the *Australian* on Tuesday, 9 March, the Inspector-General of Taxation, Mr David Vos, said:

“What we are looking at is whether they—”

the ATO—

“were consistent in their approach.”

It is reassuring to hear such comments from Mr Vos. I feel certain that, after evidence of systemic problems are identified by him, he will provide a report reflecting and identifying problems of consistency within the ATO which currently result in a lack of equity and fairness. I have come to this belief by way of both public and private comments made by Mr Vos in recent times. However, it is important to note that the Labor Party, with the exception of a lone effort by the member for Stirling, and an implied interest by the member for Lilley, has been mute on this matter,

leaving the representation of many of their constituents right across Australia to members of the coalition on this issue.

The self-assessment method of the Australian taxation laws unfortunately allows the ATO to retrospectively persecute these victims—some as far back as five years. Many are technically trading while insolvent because of the inflated Australian Taxation Office bills hanging over their heads. I have referred to this before in the House. Consequently, the banks are now calling in overdrafts and refusing to continue to offer lines of credit to these companies. If they become bankrupt, as many have, then the Australian Taxation Office will not collect this tax at all. If the ATO decides to send them to the wall they will obviously get nothing. This is how bloody-minded the ATO is. It would rather send them to the wall than negotiate a fair settlement where they get some revenue.

The bottom line is that if Mr Fitzpatrick has admitted that he does not know which taxing point is correct because of uncertainty about which law to apply then the ATO should withdraw the assessments. Unless the ATO conducts individual audits or offers a fair resolution to these cases, injustices and confusion will continue to prevail.

Aviation: Bankstown Airport

Mr HATTON (Blaxland) (7.49 p.m.)—In the papers on the weekend—in the *Herald Sun* in Melbourne, the *Courier-Mail* in Brisbane—and also in reports of interviews with Bob Carr, the Premier of New South Wales, there were indications that a new airline, OzJet, owned by Mr Stoddart who runs a Formula One racing team, was to be set up to run from Essendon or Moorabbin airport in Melbourne, using the secondary airport at Bankstown in Sydney and Archerfield in the seat of Oxley. I have got news for Mr Stoddart: as far as the Australian Labor Party is concerned, this airline will not fly. He will

not use Bankstown airport as part of his plan to run a low-cost operation using BAe146 aircraft that the people who are still trying to clear up the Ansett mess are attempting to dispose of.

I note that the Minister for Transport and Regional Services has finally made one good decision about Bankstown airport. After putting us in a situation where they tried to load up 737s and other jets from December 2000, the government finally got the message that Bankstown is not an airport for jet operations, that it cannot sustain it, that it is too close to Kingsford Smith airport. When they finally got that message and pulled out, based on the scientific evidence available in terms of how Kingsford Smith airport operated, it seemed to sink in. The minister for transport has ruled this option out for Bankstown.

As the member for Blaxland, in conjunction with Daryl Melham, the member for Banks—with Blaxland and Banks covering the operations of Bankstown airport—I am able to say on behalf of the Australian Labor Party that no jets, whether from Mr Stoddart or from any other company, will use Bankstown airport under a Latham Labor government. This is a general aviation airport and under Labor that is exactly what it is going to stay—no ifs, no buts, no maybes. Despite the fact that the lease has been given out we are now into a period of master planning up until the end of the year. Shortly the full master planning process will be undertaken. I have already had discussions with the new CEO and got a broad outline of their intentions, and they do not include operations such as those proposed by Mr Stoddart and OzJet.

The BAe146s in consideration have not flown since March 2002. I would note that there are a couple of urgers around the place who would want to flog off the BAe146s and

they are the receivers for Ansett—Mark Mentha and Mark Korda. They said that Mr Stoddart had a robust business plan. I think he just did not consult the minister for transport or the shadow minister for transport about his supposedly robust business plan. He certainly did not consult me, the member for Blaxland, nor Mr Melham. He may or may not have spoken to other people, but he certainly has not approached the people most directly affected.

Mr Stoddart has made a series of comments. He thinks that people in my area would not make too much of a fuss about the operation of the BAe146. Some years ago, while Ansett was still in operation, this was mooted. I can very politely tell him that Kingsford Smith airport, given that it is under a lighter load than it was previously, might be available for his operations. They exercise jet operations out of there all the time. But it is entirely inappropriate to take to Bankstown a larger, heavier aircraft that would do damage to the tarmac at Bankstown. It might be able to take off from Bankstown, but that heavier payload over time would in fact destroy that tarmac and cause great cost to the people operating there.

If he wants to run a cheaper airline in competition with Virgin and the new airline from Qantas, he is quite capable, of course, of using Kingsford Smith in Sydney, but Bankstown is a general aviation airport. That is what it was built as; that is what it will stay as, even under the new ownership, which is not Commonwealth ownership. The federal parliamentary Labor Party are utterly determined that that will be the case. In opposition and in government, we are not going to allow these start-ups where an airline simply starts and crashes after a few years, costing the community a great deal. This is one airline that will not fly from Bankstown. It should not, and I am ruling it out totally here

and now. I congratulate the Minister for Transport and Regional Services on agreeing with us for once and for finally seeing the point that, important as Bankstown is, it is important that it stays exactly as it is. (*Time expired*)

Medicare: Bulk-Billing

Ms PANOPOULOS (Indi) (7.54 p.m.)—I rise this evening to commend the work of the Wodonga Regional Health Service and, in particular, the very innovative Chief Executive Officer, Dr Andrew Watson. Many in this House would know that the Wodonga hospital opened a co-located bulk-billing clinic 100 yards down from the Wodonga hospital on 2 February, which happened to be the day after the \$5 bulk-billing incentive for GPs came into effect as part of the MedicarePlus package announced by the Minister for Health and Ageing last year. In fact, I was advised by Dr Watson that the Wodonga Regional Health Service's new bulk-billing clinic would not be in operation were it not for the \$5 bulk-billing incentive offered under the government's MedicarePlus package. The incentives are even greater after even more generous improvements to the MedicarePlus package were announced today by the health minister.

I was both delighted and honoured that the health minister made good his promise of late last year and visited Wodonga last Friday to meet several doctors groups in my electorate and to officially inspect the new bulk-billing clinic and meet with the GPs who are consulting there. The positive visit highlighted the many practical benefits that are already flowing to the border community through the government's \$2.4 billion MedicarePlus initiative. When the health minister visited Wodonga's new MedicarePlus inspired bulk-billing clinic, he asked the clinic's GPs, 'Well, what message do you have for me as the minister for health?' The reply from one doctor was, 'We believe that

MedicarePlus is a step in the right direction.' The north-east is also benefiting from the MedicarePlus initiatives related to the recruitment of overseas trained doctors and the recruitment, retention and training of more GPs to practice here. The border region will also benefit through its eligibility for the Rural Locum Relief Program.

A significant success story in our region is the federally funded Bogong Regional Training Network, which is now producing real dividends for the constituents of my electorate, through the fact that 43 doctors are this year completing their training in the wider region compared with fewer than 10 before the establishment of Bogong. The Director of Medical Services at North East Health Wangaratta, John Elcock, said:

We find the Bogong Regional Training Network an excellent way of working together to attract high-quality junior medical staff to the region.

I commend the work of Dr Pat Giddings, the Regional Director of Bogong, who met with the minister on Friday, in developing this program into the success story that it is today. I was pleased to show the minister the strength and innovation for which Indi's medical practitioners and providers are renowned. I was pleased that the minister was able to see for himself the clear and tangible benefits that the MedicarePlus package is already providing to the people of Indi.

The Labor Party talks a lot about saving Medicare, yet a closer scrutiny of its policy shows that it simply does not have the answers to many of the issues facing rural medical practice. All Labor is offering to deal with the GP shortage is an underfunded scheme, without any idea where the doctors are to come from. Labor says that it will increase the Medicare rebate to 100 per cent of the scheduled fee, but we will have to wait until 2007 for this, whereas the government's \$5 bulk-billing incentive is already in place and is already paying dividends—as the

Wodonga bulk-billing clinic is surely an indication—and this incentive will increase to \$7.50 from 1 May.

I am fortunate enough to be able to rely on the guidance of experts and well-meaning constituents from my electorate, and one senior medical practitioner in Wodonga recently informed me that the Labor spokeswoman on health had no idea how to approach the issue. One thing people in Indi do not like is politicians treating health as a political football—sadly, that is exactly what the member for Lalor is doing. Perhaps, instead, the member for Lalor should look to her Labor predecessors in the health area like Brian Howe and Neal Blewett, just to name a couple. Perhaps she should consult the great social justice campaigner, Brian Howe who, after showing that Labor could not care one jot about bulk-billing after they introduced a \$5 copayment on patients in the 1991 budget, said:

I must stress that the Government does not control or determine doctors' charges or whether they bulk bill or raise an account to the patient.

Today is a great day for Medicare. The government has shown that it will invest what is necessary to protect and strengthen Medicare. The people of Indi are already benefiting from MedicarePlus, and I look forward to increased improvements in the provision of medical care. *(Time expired)*

The SPEAKER—Order! It being nearly 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Dr Nelson to present a bill for an act to amend legislation relating to higher education, and for related purposes. (Higher Education Legislation Amendment Bill 2004)

Mrs De-Anne Kelly to present a bill for an act to amend the Civil Aviation Act 1988, and for related purposes. (Civil Aviation

Amendment (Relationship with Anti-discrimination Legislation) Bill 2004)

Mr Price to move:

That this House:

- (1) passes on its congratulations to all those Chifley students who completed the HSC or its equivalent in 2003;
- (2) recognises the outstanding performance of the 92 students in the Chifley electorate who scored a band 6 mark (a mark of 90% or above) in one or more subjects;
- (3) notes the vast improvement in HSC completion rates and results in the Chifley electorate in 2003; and
- (4) conveys its best wishes to all those Chifley students who are sitting for the HSC in 2004.

Ms Hall to move:

That this House:

- (1) acknowledges that brain tumours can cause immense distress to those who are diagnosed with them, their carers, family and loved ones;
- (2) notes that:
 - (a) 1400 Australians annually are diagnosed with a primary brain tumour;
 - (b) United States' data suggests that statistically there will be almost as many Australians diagnosed with benign brain tumours, many of which can be life threatening; and
 - (c) an even greater number are diagnosed with a metastatic brain tumour;
- (3) notes that brain tumours, unlike some other malignant neoplasms, affect both males and females in all age groups from birth to old age and are now responsible for the cancer deaths of more children under 14 years of age than all types of leukaemia;
- (4) notes that while the incidence of brain tumours is ranked 13th in a list of all cancers in Australia, they rank 4th in a table of the total number of person years of life lost (PYLL) as a result of deaths attributed to cancer;

-
- (5) notes that, as yet, there does not appear to be any identifiable single cause of primary brain tumours, nor is there an efficient, safe, and cost effective method of screening for them, nor are they necessarily preventable by changes in diet or lifestyle, although these may be useful in alleviating distress and symptoms; and
- (6) calls on the Federal Government to recognise:
- (a) the need for a specialised response to the challenge caused by brain tumours, particularly in the areas of patient and carer support; and
 - (b) the need for increased support for research, including the collection of more detailed clinical and statistical data, particularly by way of data sets and a brain tumour registry, with a view to developing better treatment protocols leading to longer survival and a better quality of life.
- Dr Emerson** to present a bill for an act to amend the Workplace Relations Act 1996, and for related purposes. (Workplace Relations Amendment (Good Faith Bargaining) Bill 2004)

Wednesday, 10 March 2004

The **DEPUTY SPEAKER (Hon. I.R. Causley)** took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Family Services: Child Care

Mr MURPHY (Lowe) (9.40 a.m.)—There is a growing consensus that good work and family policies are desperately needed to ease the financial and time squeeze on hardworking Australian families. This is one of the most critical issues facing all Australians, and there can be little doubt that improved work and family policies will also halt the decline in our birth rate. Yesterday I was delighted to read the report in the *Daily Telegraph* concerning a very family friendly workplace in my electorate of Lowe, and I am very proud to bring it to the attention of the parliament. The report, which was by Matthew Denholm, in part, read:

A radical change in attitude to the needs of women teachers has saved a school from a mass staff exodus.

Santa Sabina College, at Strathfield, was being stripped of experienced staff who could not find adequate child care.

“They felt compelled to give up work because of inadequate childcare arrangements for their children,” principal Sister Judith Lawson said yesterday.

In a bid to reverse the “flow of resignations” she began offering work-based child care and job-sharing for teachers—the only school in NSW to do both.

It worked. Five years on, 18 teachers job share and 19 teachers have children in child care.

Yesterday I spoke with the Principal of Santa Sabina College and congratulated her and her staff on her achievement. Sister Judith told me that five years ago Santa Sabina College established a 40-place long day care centre, Mary Bailey House, within the college grounds for babies six weeks old to children five years old. Nineteen staff of Santa Sabina College have at least one child at the centre, which is also a community based centre. The centre has gone through a process of accreditation by the Department of Community Services for a second time, with top ratings in each of the 10 categories of accreditation. A recent study of the centre which was undertaken by Macquarie University has also reported very positive feedback.

I salute Sister Judith on this wonderful family friendly initiative to provide work based child care and job sharing for her staff. Clearly, Sister Judith and her staff’s long day care centre has led to the retention of staff and good teachers, which can only be very beneficial for the students of Santa Sabina. In the hectic life that parents lead today, Santa Sabina College has shown us all that it is possible to create a family friendly work environment. Well done to Sister Judith Lawson and Santa Sabina College, Strathfield. I am very proud of you and very pleased to bring your remarkable achievement to the attention of the parliament today. I trust that other schools will follow your shining example.

Veterans: Vietnam

Mrs GASH (Gilmore) (9.43 a.m.)—In my electorate we have many veterans, with a large proportion being Vietnam veterans, and I am honoured to represent them. Most of us know the trauma that Vietnam veterans have suffered—trauma from fighting in battlefields far from home, trauma from the difficulty in separating friend from foe, and trauma from fighting in a war that many of their countrymen opposed. And there is the added trauma of having their

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contribution forgotten or ignored when they returned home. But, as with Australians everywhere, they knew that they had to get on with the job at hand and find comfort where they could. And sometimes we forget that the Vietnam War was the longest war that Australia was involved in and that over 500 young Australians gave their lives in that conflict.

One of those Australians who served his country in Vietnam is my constituent Ned Falconer, who, with the help of his wife, has now published a small book of poems called *The Funny Side of Nam*. Some were written in Vietnam and some were written after his return home. They show how, even in a hard place, mankind will always look at the funny side of life to get through the day. I would like to share with the House some of Ned Falconer's poetry. The first one takes us through a helicopter flight and it is called *Clean Greens*. It states:

They picked us up from OP's one day
in this bloody clapped out chopper
We thought, "To get aboard this bloody thing,
we've got to be off our rocker".
We thought, "Keep the foot on the pedal mate,
don't let the motor stop,
'cause the way it was coughing and spluttering,
it was only running on one pot".

Well he lifted off and away we went,
and he pulled back on the stick.

We headed for those two bloody trees
and thought, "My God, we're going to hit".

These two big trees were coming up fast
so he turned it on its side.

Thank Christ the other guys grabbed my pack,
'cause by then I'd started to slide.

Now we knew our government was lousy,
and sometimes downright mean.

But we thought they'd dig down in their pockets
and give us a decent machine.

Well, the government spent some dough that day,
and I don't mean Government grants.

There were seven guys in that chopper mate,
and we all needed a set of clean pants.

Then he recorded one of his contacts with the local population. But it is perhaps his short opening verse which tells a story we should all take heed of:

You give us light to show the way
But we still stumble thru darkness each day.
You give us love for one another
But still we fight, brother against brother.

There are many other thought-provoking and humorous contributions in the book, and I recommend it to members.

Recently we commemorated Vietnam Veterans Day, and a reading of Ned Falconer's poems helps the rest of us to understand something that our troops went through. Thank you,

Ned and Di, for reminding us of the importance of Vietnam—but in a way that we can absorb that importance through humour. Well done, and may you both go from strength to strength.

**Chifley Electorate: HSC Results
Workplace Relations: Legislation**

Mr PRICE (Chifley) (9.45 a.m.)—I want to speak on a couple of things, but I would like to give notice that I shall move that this House (1) passes on its congratulations to all those Chifley students who completed their HSC or equivalent in 2003; (2) recognises the outstanding performance of 92 students in the Chifley electorate who scored a band 6, a mark of 90 per cent or above, in one of more subjects; (3) notes the vast improvement in HSC completion rates in results in the Chifley electorate in 2003; and (4) conveys its best wishes to all those Chifley students who are sitting for the HSC in 2004. Without doubt, I am inordinately proud of the results of those 92 students and I am also proud of all the students in Chifley who bettered their best. We certainly have many more hundreds of students who sat for the HSC and bettered their best.

I also wish to make a few remarks about Joel Exner. You might recall, Mr Deputy Speaker Causley, that he was the 16-year-old from Doonside who fell to his death at a construction site at Eastern Creek on 15 October 2003. I congratulate his family and friends on assiduously collecting 4,000 signatures on petitions regarding strengthening occupational health and safety laws to prevent such tragic deaths. I also want to place on the *Hansard* record and draw the attention of all members to my sincere belief that we need to utilise existing federal legislation as well as some of the instrumentalities involved so that we can get national laws in each state and territory to prevent the tragic death of someone like Joel Exner.

It is an utter tragedy that such a young life should be lost. To give meaning to that loss, I believe it is incumbent upon us as legislators to do all that we can to ensure that there will no further such deaths—no more 16-year-olds on building sites or in factories who lose their lives because of the absence of appropriate health and occupational safeguards. I certainly hope that, if we are fortunate enough to win the next federal election, we would so move.
(Time expired)

Middle East: Israeli-Palestinian Conflict

Mr CIOBO (Moncrieff) (9.48 a.m.)—I had the great fortune some weeks ago to travel to Israel at the invitation of the Australia-Israel Jewish Affairs Council. I arrived in Tel Aviv on Monday, 23 February and had the opportunity to spend the following six days going through Israel looking at various sites, particularly an issue of some international controversy—that is, the security fence around the nation state of Israel.

At the outset, I would like to thank Dr Colin Rubenstein from the Australia-Israel Jewish Affairs Council, Ms Orna Sagiv, the charge d' affaires of the Embassy of Israel, as well as the member for Melbourne Ports, Mr Michael Danby, MP, for the role that they played in making this a very successful, very informative and highly educational opportunity for the delegation to learn more about the state of Israel and some of the conflicts that it faces with its neighbours. The delegation included the member for Boothby, Dr Andrew Southcott, the member for Indi, Sophie Panopoulos, as well as Labor senators Stephen Conroy, Ursula Stephens and Linda Kirk.

It would be remiss of me not to comment on my observations after having had the opportunity to spend six days in Israel. In particular, it was almost uncanny that on the day that we arrived in Tel Aviv two events occurred. One was during the night as we were flying to Israel. There was another horrific terrorist attack on the nation state of Israel—a bus bomb that killed seven Israelis as well as injuring scores of others. On the day that we arrived, as I was in my hotel room getting prepared for the day, I turned on CNN to watch coverage of what was the first day of trials in the International Court of Justice regarding Israel's security fence.

After having spent six days in Israel, I came away with the following conclusions: one cannot travel to the nation state of Israel without feeling the burden that rests on one's shoulders out of fear for one's personal safety. It may be more pronounced for those not born in Israel, but most certainly the air is thick with apprehension. Another observation is one of fatigue—the fatigue that obviously exists not only with Israelis but also with Palestinians; the fatigue that has arisen as a consequence of three years of intifada launched by the Palestinians against the Israelis, which has seen nearly 1,000 Israelis, mostly civilians, killed.

All in all, the Israeli security fence, from my observations in the six days I was there, is a most necessary element. Whilst there may be some discussion about the actual path it takes—whether or not it follows the green line—unless you have the opportunity to travel to Israel and witness first hand some of those instances where the security fence deviates from the green line, you cannot possibly be in a position to accurately judge the reasoning for it.

Agriculture: Dairy Industry

Mr ZAHRA (McMillan) (9.51 a.m.)—I have met with several groups of dairy farmers in my electoral district about some serious issues which their industry is confronting over the milk price. At the moment, at the farm gate the milk price is around 24c a litre. If you, Mr Deputy Speaker Causley, and I go down to the supermarket we pay about \$1.60 a litre. There is a massive disparity, probably one of the largest in Australian industry, between what consumers are paying for milk per litre and what farmers are getting paid for it. This creates an enormous problem for the dairy industry. The different groups of dairy farmers that I have been speaking to on this issue are telling me that it is putting their future plans for their farms at risk. They have no certainty in relation to the milk price that they might get next year or the year after. This makes it very hard for them to plan their investments, improve productivity on their farms and take out loans with some certainty of being able to meet the repayments.

I say to the parliament today that these people I have met with in the industry are right: there is something crook in the dairy industry. There is something very wrong when we have a situation in this country where dairy farmers are only able to choose between four or five different dairy companies, who all offer them almost exactly the same price. If you go to Murray Goulburn, the milk price is 24c. If you go to Burra Foods, it is 24c. If you go to United Dairy Power, it is 24c. If you go to Pauls, it is 24c. There is something crook in the dairy industry when people are charging more than \$1.60 per litre of milk and ordinary farmers—who are the ones who work hard in their daily lives, who make the investment and who take the risk—are only getting 24c a litre.

If we want to be serious about this industry, we have to give these people some certainty and we have to recognise how hard their work is. We must recognise that we need to put in place a principle of reward for effort in the dairy industry, like we do in all other industries. People are producing substantially more milk this year than they did last year and getting paid

substantially less. This is an appalling market signal. There is something crook in the dairy industry and we need to take it seriously in the federal parliament. The call from this group of farmers and other groups of farmers around the country for a proper inquiry into what is going on in the dairy industry, addressing some of these market power issues, is appropriate. I support their call for this inquiry. We should have a proper inquiry, instigated by the Commonwealth parliament, to address this serious issue.

Education: Funding

Ms GAMBARO (Petrie) (9.55 a.m.)—We have heard a lot lately about the alleged underfunding of state schools compared with Catholic and independent schools. In my electorate of Petrie we have plenty of proof that this is another Labor Party myth. We have proof that the federal government is generously funding schools which are in fact being short-changed to a shameful degree by the Labor state government. If the federal opposition wanted to see real short-changing of state schools, it could take a look at what state Labor is doing in Queensland.

Today I was able to advise the North Lakes College, a brand-new state school in one of the fastest-growing parts of my electorate, that it received \$2.5 million for new facilities under 2003 federal education funding. This \$2.5 million will build three new learning areas, a new teacher-student amenities area, a carpark and a sports oval. These facilities are vital for the school, which is now serving a new community that is estimated to grow to 25,000 people in the next few years. The college was only opened in January 2002—and do you know what one of their first tasks was, soon after opening? They had to write to me, a federal member, asking for a letter of support and begging for playground equipment. That is how well the state Labor government has funded this brand-new school in a growing suburb. A Labor government could not spend a few measly thousand dollars on playground equipment. No wonder the principal was so excited when I spoke to her earlier today and advised her that the federal government had awarded them \$2.5 million in major building funds.

What is really frightening is that what is happening at North Lakes is not happening just there. It is not an isolated case. In recent weeks I have received three requests for funding from state schools short-changed by Labor's state education authority. Another school approached me to fund some ramps for disabled children to get to the toilets. They had been turned down by state Labor for this and were told that disabled children would simply have to make do with the classroom which had been in use for 15 years and was still a demountable. That is the reality of the underfunding of state schools where I come from—and it is a Labor government that is doing it. By contrast, over the period 2001-04, the Australian government will provide around \$25.2 billion in direct funding to more state schools like North Lakes College. So before anyone swallows Labor's myth that state schools are being deprived under a federal coalition government, they should take a look at the reality of schools like North Lakes College getting massive funding from the federal government to make up the shortfall from the state Labor government.

The figures do not lie. While 2.25 million students of state schools get \$19.9 billion in public funding, 1.04 million Catholic and independent school students get \$6.2 billion. State schools like North Lakes College, which are the responsibility of the state government, are reliant on the generosity of the federal government to fund playgrounds and disabled toilet access. They are not getting that funding from state Labor. (*Time expired*)

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! In accordance with standing order 275A, the time for members' statements has concluded.

CUSTOMS LEGISLATION AMENDMENT (APPLICATION OF INTERNATIONAL TRADE MODERNISATION AND OTHER MEASURES) BILL 2003

Cognate bill:

IMPORT PROCESSING CHARGES (AMENDMENT AND REPEAL) AMENDMENT BILL 2003

Second Reading

Debate resumed from 4 March, on motion by **Mr Slipper**:

That this bill be now read a second time.

Mr CAMERON THOMPSON (Blair) (9.58 a.m.)—I began my remarks on the **Customs Legislation Amendment (Application of International Trade Modernisation and Other Measures) Bill 2003** and the cognate bill at an earlier sitting, and it is very good that I am able to continue now, because I want to move on to some of the other elements of this legislation. Anyone following this debate will recall that I spoke last time at some length about the impact of the various steps in firearms legislation that the Commonwealth government has undertaken and the impact of that in the wider community. This legislation does have some ramifications in relation to the importation of firearms. That is quite significant and I covered it at some depth in the earlier discussion.

However, there are other elements to this bill, and I think one of the major things we must look at is the improvement that it provides to the handling and processing of cargo, particularly through our wharves, modernising the processes so that we gain some advantages from it. Once again, this is in line with a series of initiatives that the Commonwealth has undertaken to improve the flow of cargo through our wharves.

I would like to draw members' attention—I know it has been done before but I want to do it again here—to the improvement under this coalition government in the crane rates for the various ports. I sought from the office of the Minister for Employment and Workplace Relations information on the improvement in crane rates following the earlier reforms of the waterfront made by the government. In 1998 in the March quarter, crane rates for the port of Brisbane, which is the one that is closest to my home town of Ipswich, were 21.6 lifts per hour—the crane lifting 21.6 times in an hour. In 2003 in the June quarter, crane rates for Brisbane were 26.7 lifts per hour. That is a significant improvement, in the region of a 25 per cent increase. In Sydney over the same period, crane rates have gone from 22.5 to 27.2 lifts per hour—once again, an increase of about 25 per cent. And in Melbourne crane rates have gone from 24.3 to 27.8 lifts per hour—once again, a significant improvement in the number of crane lifts per hour.

I looked also at total container movements in those ports for the June quarter 2003 compared to June 2001. I am not picking one or the other here; the reason I am saying June 2001 is that prior to 2001 there was no measurement that counted containers. It was purely a measurement of tonnage. Over the shorter period, between June 2001 and June 2003—two years—total container movements in Brisbane improved from 84,854 to 92,872; in Sydney, from 152,650 to 194,177; and in Melbourne, from 174,149 to 240,028. I think that is case closed as far as the contribution that this government has made to improve those movements.

Mr Danby—Mr Deputy Speaker, I have a question for the member for Blair.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Will the member for Blair accept the question?

Mr CAMERON THOMPSON—Yes.

Mr Danby—Have the productivity improvements described by the member for Blair led to any reduction in container costs for importers and exporters; and—

The DEPUTY SPEAKER—The question is to be brief.

Mr Danby—is that the purpose of microeconomic reform and all these productivity increases: a reduction in costs for importers and exporters?

Mr CAMERON THOMPSON—I appreciate the question from the member for Melbourne Ports. I think it is not only about improvements to be gained in the cost per container but also about businesses not having their product delayed on the wharves. This is something that has always dogged trade through those ports, and being able to improve that is also significant. I am sorry I cannot answer the member's question specifically, but I think on the face of it those increases that I have noted do show that there is a solid improvement to businesses' ability to progress their cargo through those ports without delay.

I was about to discuss the fact that we will have continued improvements under this legislation that is being put forward. We have seen increased burdens placed on Customs processes because of the 11 September 2001 terrorist attacks in New York. The world over we are seeing the need for stronger and stronger border controls to be implemented. Part of the absolute requirements is that Customs' scrutiny of cargo be done in the most efficient manner possible.

What is happening at the moment is that we are transiting from an existing system to a much more improved system. This legislation puts in place transitional arrangements that enable Customs and the importers and traders in cargo to finalise arrangements under the old system and that provide methods with which to transit to the other system. This will mean that there will be no uncertainty there. It is important when it comes to supporting trade that we do not leave areas of uncertainty and that we continue to progress and to move towards a more robust customs process while we endeavour also to make it more accessible for business in Australia.

This is an omnibus bill. It affects a range of different legislation: the Customs Act 1901, the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001, the Customs Legislation Amendment Act (No. 1) 2002, the Import Processing Charges Amendment and Repeal Act 2002 and the Migration Act 1958.

I am pleased to note that we will continue to progress towards this more effective system of customs monitoring. I would like to highlight that improvements in this regard will continue to provide benefits to the Australian economy over the forthcoming period. I hope that this government is able to continue to provide advances of the nature that I outlined earlier. The improvement in the crane rates has been significant, but if we can support business by making our customs system work more effectively then that also will provide a benefit all around. Once again, I would like to commend the legislation and urge members to support it.

Mr PROSSER (Forrest) (10.07 a.m.)—The **Customs Legislation Amendment (Application of International Trade Modernisation and Other Measures) Bill 2003** contains amendments to

various Customs related statutes: the Customs Act 1901, the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001, the Customs Legislation Amendment Act (No. 1) 2002, the Import Processing Charges Amendment and Repeal Act 2002 and the Migration Act 1958.

This bill has several purposes in terms of implementing and dealing with the operations of these acts. The bill has no central theme. However, a significant part of the bill deals with the transitional arrangements that will occur during the ongoing program of international trade modernisation in Customs and the transition between the current Australian Customs Service electronic reporting systems and the new Integrated Cargo System. The overall aim is to create an integrated system to replace the several computer programs now in use.

This platform is referred to as the cargo management re-engineering project. This bill clarifies aspects of the major reform associated with new electronic communications arrangements aimed at facilitating the program of international trade modernisation in Customs and the Integrated Cargo System which this parliament has examined on several occasions since 2000.

The mandatory electronic reporting requirements of cargo movements and the demands of the modern competitive trade environment have created a significant challenge in terms of information technology systems required by Customs. A significant amount of time has been necessary to focus on the system's sophisticated functionality. It has ultimately been designed to process and collect some \$6 billion annually. The current legislation provides for no overlap in the operation of the two systems and assumes the transition occurs immediately upon turning off the previous systems.

Consultation with industry has identified that the nature of the import business requires that there be a period of time for finalisation of import transactions commenced in the legacy system, as well as early access to the integrated cargo system, to allow compliance with reporting requirements. These amendments will ensure that importers can continue to operate during the transition without undue administrative burden or interruption to the flow of international trade.

The cargo management re-engineering project is being implemented in three stages. The first stage connected the new integrated cargo computer system, which handles risk assessment and reporting of imported and exported cargo, to the smaller number of express carriers. This stage served as a pilot to test some electronic reporting functions because of the large volumes of cargo and the limited number of express carriers. The first stage was successfully implemented in April 2003.

The second stage is to implement cargo integrated system export functions across the industry. Release of the Integrated Cargo System export software was due to be completed by 1 December 2003 but was delayed until early this year. Because the testing of components by the industry was delayed from May until August 2003, Customs will not cut over from the existing system until later this year.

The final stage of the cargo management re-engineering project is the implementation of Integrated Cargo System import functions. According to press reports, both industry and Customs agree that the import cargo declaration software is the most complex piece of the new system. This may be because there are many more categories of imports, they come from

more sources than our exports and there will be more users of the import software. Testing of the imports system by industry will commence in the first half of this year.

The statutory cut-off date for the completion of the cargo management re-engineering project has already been extended to July 2005. The act currently sets out the computer systems that must be used to communicate with the Australian Customs Service. There are several systems specified. The international trade modernisation reforms, including those covered by the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001, will see the specific legislative references to computer systems replaced by notices in the *Gazette*.

The act also contains transitional provisions that need to be modified, including the replacement of provisions relating to the arrival of ships and aircraft and to cargo reporting. The transitional provisions need to take into account that there is a period when the unamended Customs Act will apply and when new provisions dealing with imports under the Customs Act, as amended by the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001, will commence. Broadly stated, there is an overlap during which both computer systems will have to be used leading up to the turn-off time of the current computer systems.

The bill also contains amendments which will deal with cargo reporting requirements. These amendments include allowing timing requirements in respect of outward manifests to be amended by regulation, and removing the requirement to pay a cargo report process charge in respect of in-transit cargo reports. The requirement to provide in-transit cargo reports was introduced by the [Border Security Legislation Amendment Bill 2002](#), but it has always been the government's intention that there should be no financial impost on industry because of the new reporting requirements.

Division 2 of part VI of the Customs Act 1901 deals with the notification and clearance of goods for exporters. At present the provisions allow certain wharves used for bulk loading, such as the export of grain, to be exempted from the more detailed notification requirements. Some of these bulk-loading wharves are now expanding their operations to handle non-bulk exports. Item 14 will allow the exemption to be more specific—for example, on the basis of the nature of goods exported, such as bulk grain, rather than the bulk loading facility itself.

Schedule 1 deals with international trade modernisation import amendments and contains provisions relating to self-assessed clearance declarations and document retention and a number of minor amendments to the provisions of the Customs Act that will be inserted or amended by the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001. Information contained in the self-assessed clearance declaration enables the goods to be assessed by Customs and Quarantine for compliance with prohibitions and restrictions, and collection of duties and taxes where required. These amendments will provide certainty as to how electronic communications are processed and how the release of goods is communicated to the owner.

Section 68 of the Customs Act 1901 imposes an obligation to enter for customs purposes goods that are imported or intended to be imported that are on board a ship or aircraft that has commenced its journey to Australia—including, where applicable, the importation of a ship or aircraft itself. The requirement does not apply to personal items of the passengers or crew, containers, low-value items or certain goods that are exempted by regulations. However, sec-

tion 71 of the Customs Act 1901 enables Customs to require the owners of such excluded goods to provide information. Where necessary, Customs may refuse entry of goods or, alternatively, authorise the entry, subject to any duty that is payable. This is the self-assessed clearance declaration procedure.

This legislation also contains amendments to enhance Customs' border controls. The first deals with a provision that will allow the minister to order the detention of certain imported goods that are subject to Customs (Prohibited Imports) Regulations 1956 where the minister considers that it is in the public interest to do so. The second set of amendments relate to maritime provisions to amend the definition of a commander in relation to Commonwealth ships and aircraft, under the provision that allows ships to be detained, to make it clear that those ships can travel on the high seas to reach the place where they have been taken. Amending the definition of 'commander' will ensure vessels being used by Customs officers have the authority to detain and escort other vessels.

Under the Border Protection (Validation and Enforcement Powers) Act 2001, amendments were made to Customs legislation to the effect that a commander of a vessel in the service of the Commonwealth was defined to include a commissioned officer of the Australian Defence Force. This definition is being expanded by items 18 and 19 to include 'the most senior officer of Customs'. This recognises that Customs officers may also be on a state water police vessel or a chartered civilian vessel, rather than on an official defence vessel or an Australian Customs vessel, and the Customs officer may need to make a request to board or, if necessary, chase another vessel.

Item 35 makes the same type of amendment in relation to the Migration Act 1958. Items 20 and 36, in relation to the Migration Act 1958, clarify that moving a detained vessel may require travel by that ship across the high seas to an Australian port for the purpose of an inquiry before a competent authority. These provisions are consistent with paragraph 7 of article 111 of the United Nations Convention on the Law of the Sea.

The proposed amendment to the Customs Act expands the definition of arrival in respect of ships and aircraft and clarifies where an officer may impound goods without the need for a seizure warrant. This does not increase Customs seizure powers; rather, it clarifies an ambiguity in the Customs Act. Schedule 2 caters for other amendments, wherein items 1 and 3 amend existing provisions to broaden their application. The effect of item 1 is to specify that a vessel has arrived when it is in port, rather than being limited, as at present, to when it has docked and unloaded passengers and/or cargo. Item 3 corrects a legislative amendment made in 2002. The correction will include the nonmovement of aircraft until the removal of cargo destined for that port of call has transpired.

This bill also clarifies the calculation of customs duty on alcoholic beverages. Division 1 of part VIII of the Customs Act 1901 deals with the computation of duties. Division 1A deals with rules of origin of goods in respect of which a preference applies. Item 17 will insert a new division 1AA after the existing division 1 to remedy a technical problem in calculating duty by reference to the percentage alcoholic content of the import. The problem arose when some cans of alcoholic beverage were imported and labelled as containing five per cent alcohol by volume, but the technical measure of the fluid in the can turned out to be 4.8 per cent. Proposed new sections 153AA to 153AD provide rules on how to calculate the rate of duty that should apply. These amendments are therefore necessary to clarify any ambiguity under

the legislation. Finally, the bill contains three technical amendments that correct references to the goods and services tax, luxury car tax and wine tax legislation within the international trade modernisation legislation.

To demonstrate the increased complexity of the task facing the Australian Customs Service over time, I have researched the dollar value of imports over the periods 1988-99 and 2002-03. During that time, Australia's imports rose from some \$47.039 billion to \$115.445 billion—an increase of 145 per cent over 14 years, or an average of 6.6 per cent per annum. These figures, however, do not take account of fluctuations in the value of the Australian dollar or of other sources of changes in the prices of imports, some of which have been increased or decreased. Obviously over time, too, the composition of imports has altered with different source countries, different products and different relative weights.

I am further aware that the forms processed by Customs—each form being termed an entry—are perhaps the best representation of their workload over time. In 1985-86, 1.4 million import entries were processed; in 1992-93, 2.8 million import and export entries were processed; and in 2002-03, some 3.043 million import entries were processed. All this has led to Customs coping with an increased workload which has necessitated the change of systems, especially now, considering the examination requirements for containers.

The 1992-93 Customs annual report states that 735,680 containers were landed in Australia and 5,213 were examined. With new container X-ray facilities, it is expected that in the 2003-04 period sea cargo inspection rates will increase to around 80,000 a year, or five per cent of the total loaded import containers across the ports in which the facilities are installed. Obviously, the security stakes for Australia are now higher and examining containers is a far more complex activity than in the past. This represents an enormous task for the Australian Customs Service. Indeed, I agree with my parliamentary colleague Senator Chris Ellison, who reiterated last month to Emma Connors of the *Australian Financial Review* that the government's commitment to international trade modernisation and the cargo management reengineering project is one of the largest e-business undertakings currently under way in Australia. I commend the bill to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.23 a.m.)—in reply—At the outset, on behalf of the government, I would like to thank all of those honourable members who participated in the debate on these two very important bills, which are largely technical in nature: the **Customs Legislation Amendment (Application of International Trade Modernisation and Other Measures) Bill 2003** and the **Import Processing Charges (Amendment and Repeal) Amendment Bill 2003**. In particular, I commend the previous speaker, the member for Forrest, a former minister for customs, who perhaps knows more about this area of government activity than most other members of the House of Representatives.

The two bills being debated today introduce a number of important legislative changes to further enhance and improve the movement and control of cargo across our borders and other amendments involving maritime operations. I thank the member for Barton for the opposition's support of this legislation, although the government wishes to reject the unfair criticism that he uttered during his speech.

The details of these bills have been outlined in the second reading speech and discussed in the debate in the Main Committee. The bills include legislative changes to support the Austra-

lian Customs Service's international trade modernisation—in particular, transitional arrangements for imports as well as other measures relating to cargo-reporting requirements for the new Integrated Cargo System. International trade modernisation is a major project that will significantly improve Customs processes for managing the movement of cargo across Australia's borders. The legislative framework for this project was initially provided through the Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001.

The dates for implementing the new Integrated Cargo System have yet to be finalised. Customs has agreed a new approach with industry and will work with key industry stakeholders to ensure there is broad agreement that the new systems are ready before insisting on a new date. This way, Customs and industry can be certain that there will be time—about three months is proposed—for full deployment between systems readiness and production usage. A similar approach is expected to be adopted for the imports release. The contingency option created by last year's passage of the Customs Legislation Amendment Act (No. 2) 2003 will ensure that there is then sufficient time for all parties to prepare for imports cut-over.

Overall, the trading community has welcomed this extension of time to adapt to the new requirements for reporting cargo. This legislation also contains amendments to the Customs Act and related legislation in relation to Customs border controls. These include measures to restrict the delivery of goods where it is not in the public interest and the clarification of Customs impoundment powers, powers involving maritime operations and the transit of apprehended vessels across the high seas. The amendment to restrict the release of goods where this is considered to be in the public interest is a significant initiative to ensure that the government can more closely regulate the release into the Australian community of goods classified as prohibited imports by Customs regulations.

As you would imagine, this power will not be exercised by the minister every day and will be exercised only in exceptional circumstances. I want to reassure the Main Committee that this is not a power that can be delegated by the minister but a power which must be exercised by the minister personally. The introduction of this power will give the government greater flexibility to control the entry of prohibited imports and also to respond to community concerns at any given time.

When the member for Melbourne Ports, who is still in the Main Committee, spoke he claimed that the cost of imports and exports has risen. The situation is that the customs import processing charges have been changed for only two reasons since 1997. I am pleased to reassure the honourable member on this point. Those two occasions were entirely noncontroversial. Firstly, there was concern about foot-and-mouth disease and other diseases and, secondly, there were container X-ray facility charges. I do not think anybody, including the member for Melbourne Ports, would object to that. I am happy to point out to him that any concerns that he had are misplaced and that he can be quite happy with the bill and the government's performance in this area.

Mr Danby interjecting—

Mr SLIPPER—I thank the honourable member. The member for Barton mentioned, as I said earlier, that the opposition does support the bills, and we welcome this. He did, however, claim that he was worried about what he perceived as being the government's ongoing mismanagement of the CMR project and the negative impact on border security. The member for Barton went on to claim that he was concerned that industry had not been consulted and was

bearing an additional financial burden. Just as I reassured the member for Melbourne Ports, I am also happy to reassure the honourable member for Barton. The arrangements for CMR implementation are the result of a long period of consultation with the stakeholders, including industry. Mr Deputy Speaker Mossfield, as you would know, this government does take great pride in consulting with stakeholders, and this has certainly occurred with respect to the two bills currently before the Main Committee. Also, contrary to claims made by the honourable member for Barton, these bills will allow for a continuing collaborative approach with industry, and this is the best way to facilitate a legitimate import trade and protect our borders effectively from day one. So this is the approach of the government. I believe it is a meaningful and appropriate approach in all of the circumstances.

This legislation also makes amendments to the Customs Act to rectify anomalies or inconsistencies, to allow regulations to be made exempting specified communications from record retention obligations, to address tribunal decisions about the operation of the act and to address unintended consequences imposed by other legislative amendments. In summarising, this is important legislation that supports the activities of the Australian Customs Service in regulating the movement and control of cargo whilst also clarifying and enhancing border controls. On this basis, I am pleased to commend both bills to the chamber.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

IMPORT PROCESSING CHARGES (AMENDMENT AND REPEAL) AMENDMENT BILL 2003

Second Reading

Debate resumed from 4 December 2003, on motion by **Mr Slipper**:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

AUSTRALIAN SPORTS DRUG AGENCY AMENDMENT BILL 2004

Second Reading

Debate resumed from 19 February, on motion by **Mr Williams**:

That this bill be now read a second time.

Mr TANNER (Melbourne) (10.32 a.m.)—Labor supports in principle the **Australian Sports Drug Agency Amendment Bill 2004**, which outlines a number of changes to the Australian Sports Drug Agency Act 1990. Labor supports these amendments on the basis that the changes outlined are essential in enabling the Australian Sports Drug Agency to comply with provisions necessary to fully implement the World Anti-Doping Code.

Labor is fully committed to the fight against doping in sport and to the adoption and implementation of the World Anti-Doping Code. On a number of occasions in the past, Labor has raised concerns regarding the gross inconsistencies of current national and international doping policies. One of our major concerns has been that, up until now, each sporting organi-

sation had developed their own lists of prohibited substances and infraction bans. This resulted in significant variations in antidoping guidelines not only between sports but also within some sports at the national versus international level. Variations in prohibited substances lists and discrepancies and infraction bans being applied across sports for similar doping offences were issues that were largely overlooked up until 1988. It finally took the uncovering of a major doping scandal during the 1988 Tour de France to highlight these inconsistencies as major problems in the fight against doping in sport at both the national and international level.

In response to these concerns, the World Conference on Doping in Sport was held in 1999. The outcome of this conference was the creation of the World Anti-Doping Agency, an independent international body that was charged with the duty of developing and implementing a standardised set of antidoping rules across all sports and all countries. Subsequently, the World Anti-Doping Code was developed by WADA to provide a framework for standardising antidoping policies, rules and regulations within sporting organisations and among public authorities. The main purposes of the World Anti-Doping Code which was approved at the Copenhagen World Conference on Doping in Sport in 2003 were:

- To protect the *Athlete's* fundamental right to participate in doping-free sport and thus promote health, fairness and equality for *Athletes* worldwide; and
- To ensure harmonised, coordinated and effective anti-doping programs at the international and the national level with regard to detection, deterrence and prevention of doping.

The adoption of the WADA code would provide the opportunity to eliminate many of the discrepancies that were constantly arising as a result of inconsistent doping policies across sporting organisations. Knowing the importance of enforcing greater consistency across sports, Labor called on the Howard government to commit to the WADA code. In a move that was applauded by the federal Labor Party, Australia became one of the first countries to sign up in support of the WADA code at the Copenhagen conference in 2003.

With the acceptance of the WADA code came the requirement to accept a number of conditions for adoption of the code. These requirements included that the government sign a declaration of acceptance in which they state that they recognise and support WADA and the antidoping code and that they will implement the code in their legislation and other regulations before the 2006 Winter Olympics. The IOC, international sports federations, national Olympic committees and national antidoping organisations among others must sign an acceptance of the approval of the code and implement the code in their rules and regulations before the start of the 2004 Olympics in Athens.

National antidoping organisations are the entities designated by each country as possessing the primary authority and responsibility to, amongst other things, adopt and implement antidoping rules. As an identified national antidoping organisation, the Australian Sports Drug Agency therefore is required to make some changes to the current governing act in order to provide the relevant powers and functions required to adopt and implement the WADA code. The amendments outlined in the bill make the changes that are required.

While Labor supports the ASDA Amendment Bill before us today, a number of specific areas of concern have been raised. In particular, these concerns relate to the impacts that the new WADA code infraction notification requirements could potentially have on an individual's privacy. Under current guidelines, disclosures of an infraction to the relevant sporting

administration body are permitted after both A and B samples have been tested and returned positive and the competitor has the opportunity of making a written submission to the ASDA. Under the new WADA code, disclosure is required immediately upon the A sample revealing a positive test result and the ASDA being satisfied that there is no therapeutic approval and that the relevant international standard for testing has been complied with. This represents a substantial dilution of the protection afforded to competitors who are under suspicion but whose status has yet to be determined through B sample testing and hearing processes.

Under new WADA code guidelines there is also the requirement to make a public disclosure of information relating to entries on a register—in effect, to release the name of an athlete who tests positive. While this is not a concern in a case where an athlete is guilty of a doping offence, there is some concern that relaxing a number of current protective measures may increase the potential to name an innocent party. Should this situation arise, the avenues available for clearing an athlete's name are limited. In particular, the probability of removing the public stigma that comes with being named a drug cheat is very small.

Labor has been advised that these concerns relate to ASDA regulations which are currently under review. Labor has advocated that these regulations must provide a stringent set of guidelines to take every measure to ensure that the risks of this situation arising are minimal. Labor will continue to closely monitor the progress of this review to ensure that these issues are appropriately addressed. In the meantime, Labor supports the bill before the chamber today.

Mr BAIRD (Cook) (10.38 a.m.)—The key purpose of the [Australian Sports Drug Agency Amendment Bill 2004](#) is to allow the Australian Sports Drug Agency, ASDA, to comply with the World Anti-Doping Code. It is important to have these changes in place before the Olympic Games to be held in Athens this year. In the 1988 Seoul Olympic Games the world saw the first confirmed evidence of doping entering the sporting arena. When Canadian sprinter Ben Johnson was stripped of his gold medal after returning a positive result in a drug test the world saw the beginning of what was to become a very controversial issue in sport. In 1987 Johnson set a world record time of 9.83 seconds and then broke it at Seoul. He lost both world records and the medal when he tested positive for an anabolic steroid. After Mr Johnson's lifetime ban, which was handed down in 1993, doping became an issue for all professional bodies. It was decided that doping was destroying the essence of sport and the spirit of sportsmanship.

Australia has enjoyed a good record of drug-free competition with few exceptions. We have been at the forefront of antidoping since it became a global issue. In fact, a number of Australian officials serve on antidoping boards within the IOC. Australia should also be at the forefront of establishing within our own legal system changes that will seek to create a better spirit of sportsmanship. The [Australian Sports Drug Agency Amendment Bill 2004](#) does just that. As well as the aim to have the ASDA adopt the World Anti-Doping Code's new requirements by the start of the Athens Olympic Games, the bill also aims to build upon Australia's world-class reputation with respect to its anti-drugs in sports programs, by ensuring a timely implementation of the code. This is especially important considering Australia's very active role in campaigning for the code and our impeccable standards and record for the disciplining and administrating of athletes caught doping.

Prior to the Sydney Olympic Games in 2000, the government launched its Tough on Drugs in Sport campaign, which detailed measures for funding antidoping research and supporting Australia's commitment to the World Anti-Doping Agency—known as WADA. In 2001 there was a new sports policy launched by the government, Backing Australia's Sporting Ability—A More Active Australia. This extended on the federal government's original commitment to cracking down on drug cheats in sport. The existing legislation governing the ASDA does cover certain aspects of the new World Anti-Doping Code. However, an amendment is required in order to extend the boundaries of the current legislation to better allow for the ASDA to maintain these standards.

The Australian Sports Drugs Agency is responsible for the detection of doping in Australia and is currently governed by the Australian Sports Drug Agency Act 1990. Its primary mission is to deter the use of doping practices in sport. It aims to do this through effective education, testing and coordination of Australia's antidoping program. It does it predominantly through educational programs. The agency also works in cooperation with other agencies and organisations, both in Australia and internationally, to improve the antidoping standards. The ASDA is required to administer drug tests to all elite sports men and women competing in Australia, often without them knowing that the test is about to occur.

The World Anti-Doping Agency set out the new code last year. The WADA was formed by the International Olympic Committee after the Copenhagen conference in 1999 and is responsible for conducting unannounced doping control tests amongst professional athletes both during and out of competition. It is also responsible for the development of an antidoping code to be followed by those parties associated with the WADA, to fund scientific research into the development of new detection methods; to provide education to athletes, coaches and administrators about antidoping; and to foster the development of specific national antidoping organisations. Its funding is sourced equally by the Olympic movement and governments around the world. I am sure we would all agree that those are worthy objectives. The Minister for the Arts and Sport, Senator Rod Kemp, is one of 11 members of the executive committee of WADA.

This amendment bill aims to recognise a better flow of technical and operational antidoping procedures which are designed to be incorporated into each country's antidoping program. Given the international nature of sport these days, it is important to have this interrelationship between the codes in different countries. These standards will also provide specific technical detail required for the implementation of the code.

As well as the new technical and operational procedures, the bill proposes new antidoping rule violations. If certain requirements of the code are not followed, the ASDA is permitted to issue offenders with these rule violations. Examples include more stringent requirements on athletes to notify their whereabouts so they can be tested. Failure to do so will result in an antidoping rule violation. A refusal of testing or evasion or failure of a test will also result in a rule violation. Tampering at any stage in the process, be it collection, analysis in a laboratory or a hearing or appeal, will also result in a violation of the antidoping rule.

The bill permits the ASDA to share and report information, which it has previously not been able to do. Australian athletes will be required to provide details of their whereabouts, so they can be tested on a regular basis. This information, including other personal details, will be permitted to be relayed to relevant bodies such as WADA, other international sports

federations, national sports federations within Australia, or other national antidoping agencies for the purpose of administering a regime which falls in compliance with the antidoping code.

While it is important to protect the rights of competitors in these circumstances, there are also compelling reasons for the relevant agency to be able to deal with the issue quickly and effectively once it has been raised. Under appropriate conditions and circumstances, the ASDA will be permitted to publicly name athletes who have committed an antidoping rule violation after the process has been completed justly and fairly. They will also be able to publish the names of those who return negative results, which is also fair.

They will be able to pass on any relevant information to the Australian Federal Police and the Customs Service in relation to criminal activities associated with the antidoping code, such as possession or trafficking of banned substances. ASDA will have the ability to notify the relevant sporting bodies of a possible positive test at the A-sample stage. This will allow an organisation to conduct its own provisional hearings and apply the necessary sanctions or action against an athlete who is subject to the ASDA result management process. As mentioned by Minister Williams on 19 February, Australia's domestic anti-doping program has a reputation as a world leader, and we want to keep it that way.

The World Anti-Doping Code and Agency, WADA, were established to protect an athlete's fundamental right to participate in doping-free sport and promote healthy, fair and equal competition for all athletes on a worldwide basis. It ensures harmonised, coordinated and effective antidoping programs at the international level with regard to detection, deterrence and prevention of doping. The code lists a range of banned substances, from steroids to stimulants and blood-boosting hormones. Of course, there are some issues involved with the masking drugs that could hide the actual drugs being used; however, with new testing methods, most performance-enhancing drugs can be detected at an early stage and we are able to catch the drug cheats. The legislation will allow ASDA to conduct tests in line with WADA's worldwide out of competition testing program. It encourages more testing on the part of antidoping organisations.

The program adds to existing programs in ADOs by providing the world with test planning and sample collection which is completely independent of sports federation countries. WADA has formed partnership agreements with authorised collection agencies, such as the national antidoping agencies, for sample collection and with accredited laboratories for sample analysis. In 2003, WADA established or renewed agreements with 26 out of 28 summer Olympic federations and all seven winter Olympic federations. Additional agreements are in place with six other sporting federations. We would ask why the others have not signed up yet. It is important that Australian legislation allow for ASDA to confirm these regulations.

In summary, this is a forward step. It allows for Australia to coordinate its own legislation with WADA's requirements and with the IOC requirements in the lead-up to the Olympic Games. It attempts to provide an environment in which drug-free sport is possible and to undertake testing out of schedule, the timing of which is unknown to the competitor. It also ensures that the relevant agencies are brought into coordination and it effectively coordinates on a global basis the crackdown that is necessary on drugs in sport. What we want to see with our young people involved in these elite sports is an environment that not only promotes being higher, faster and stronger, which is the aim of all of the Olympics, but also recognises the integrity of those individuals who put in the hard yards—who do the work—and do not want

to be gazumped by the drug cheats we have seen in previous years. I think ASDA have been effective in achieving these objectives. We wish the organisation well in the lead-up to the Olympics. The Olympics will be the critical test to see how drug free the current environment is, but this piece of legislation does assist in coordinating Australia's requirements into the international regime.

Mr JOHNSON (Ryan) (10.49 a.m.)—I am pleased to follow my colleague in the parliament the member for Cook and I acknowledge his very strong interest in and commitment to sport in this country and to promoting a climate in sport where drugs are not used by our athletes, particularly our elite athletes. I am pleased to speak on the [Australian Sports Drug Agency Amendment Bill 2004](#). This will amend the Australian Sports Drug Agency Act 1990 and has some important implications which I think members of parliament should be aware of, particularly those with an interest in sport. As the federal member for Ryan it is important for me to convey to my constituents what is happening in this very important area. All Australians have an appreciation of sport. It is very much part of our culture, and all of us would wish that our athletes, particularly at the elite level, perform without these drug and medical enhancements.

Australia has a very proud sporting tradition in a great many sports, and our athletes have a great reputation for fair play and sportsmanship in the international arena. One of the biggest highlights for all Australians in recent years was hosting the Olympics in Sydney in 2000. It was a wonderful occasion for our country and a wonderful occasion for all Australians to come together and showcase for the world our enviable climate, our warm hospitality and our sporting excellence. Last year we had the Rugby World Cup, which again showcased our sporting success. More than that, these were opportunities for Australians to showcase our belief in fairness and honesty in sport, to demonstrate on the world stage what we mean by having a go and doing our best. Australians expect nothing more of their elite athletes than to do their very best and to do it without performance-enhancing drugs.

We are very much a country defined by the characteristic of trying to do our best, whether we are students at the local school sports carnival or elite athletes pursuing record times and Olympic gold medals. The use of performance-enhancing drugs and therapies flies in the face of the great tradition that I just alluded to. It offends our sense of justice and honesty and very much sullies the reputation of all Australian sports men and women who perform to the best of their natural abilities. But, more than this, it also endangers the very lives of the athletes. This country has a very proud reputation as a world leader in antidoping technology and administration, and all Australians feel very strongly about the importance of this administration and this stewardship.

I will comment very briefly on doping. Doping is the use of a banned substance or method to unfairly enhance sporting performance. Doping degrades the value of sport by creating an artificial performance and can seriously damage the health of athletes who take such substances. Just as science and technology are making great changes in health, the unscrupulous are also using scientific and technological advances to cheat in international sports. This is completely unacceptable to all Australians. As efforts to stamp out drug use and abuse are stepped up by the international community and national sports bodies, the efforts to cheat become in fact more insidious and dangerous as some athletes try to get away with as much as

they can, with new methods of enhancing performance such as growth hormones, blood doping and gene doping.

The dangerous effects of steroid abuse on athletes' bodies and long-term health are well known to us now, but these new methods are more invasive and more dangerous, involving experimental and questionable techniques, with little known about their long-term consequences. We must be ever vigilant to stop these practices. The Australian government is very much at the forefront of trying to do this and I know that it will have the full support of the Australian community in trying to protect the integrity of sport at both national and international competition levels.

The [Australian Sports Drug Agency Amendment Bill 2004](#), as I said, will amend the Australian Sports Drug Agency Act 1990. The amendments will enable the agency, ASDA, to perform the functions required to meet the World Anti-Doping Code. ASDA and the Australian Sports Drug Medical Advisory Committee will be empowered to adopt and implement the code's requirements by the commencement of the Olympic Games in Athens in August. This will position Australia as a leading nation in the implementation of the code and the fight against those who would cheat in international sport.

ASDA is recognised as the leading antidoping organisation in Australia. ASDA is a government statutory authority that deters the use of banned doping practices in sport. Education is a very important means by which it tries to promote sport without the use of drugs and illegal substances. Through these activities—drug testing, education, advocacy and coordination of Australia's antidoping program—ASDA tries very genuinely and very proactively to protect the value of sports and the right of all athletes to compete on a level playing field. Sport is a very powerful cultural force in our country. All of us would acknowledge that it promotes health and a spirit of community mindedness as well.

These proposed amendments will allow ASDA to recognise the new international standards while retaining a strong base of an already effective and efficient antidrug regime for sport. The amendments will introduce more stringent antidoping regulations and comprehensive rights for ASDA to release information on testing to the World Anti-Doping Agency, other sporting bodies and other government agencies.

My colleague the member for Cook spoke very eloquently about some of the details and I will not go into them to the extent that he did. But I will make some references to what I think are some of the important points. Terms such as 'trafficking' and 'possession' are clearly defined in relation to sports. The definitions take into account the new technologies that drug cheats have adopted. For instance, trafficking can mean selling, giving, transporting, sending, delivering or distributing or—in relation to a doping method—trafficking the skills, knowledge, substances, equipment or technology to engage in doping.

The code provides for the public release of athletes' identities as a further disincentive to cheating. This is a very important step in addressing this important issue in our country. ASDA will be permitted to record violations on the register of notifiable events and make all relevant information public—within the context of the nation's privacy laws. Those athletes who record negative results will also have their results released for the purposes of accountability. This will also act as a way to encourage and, equally, to commend those athletes doing the right thing and promoting the values and the importance of drug-free sports in the wider community.

This country has exceptional sporting superstars. We compete with the very best on the world stage. I might mention some of those. From my home state of Queensland we have Cathy Freeman, Grant Hackett, Ian Thorpe and Susie O'Neill. They all are Olympic gold medallists. All have in their own way achieved great success in their respective sports through their natural talent and abilities without ever contemplating the use of illegal substances to promote their performance. They are wonderful role models for all Australians. They are wonderful role models particularly for our young people who aspire to achieve equal success with them in international sport. We can hold them up not only as individuals who have performed successfully in the world of sport but as individuals of character and integrity who stand as shining lights of how to be the very best in the world—how to be No. 1 in the world—without the aid of illegal substances in terms of drugs.

Unambiguous guidelines and consequences are established for athletes who fail to comply with requests for samples. Violations are recorded as antidoping violations. ASDA will be able to register the names of competitors who fail to comply with a request for samples. It will also inform government agencies which provide support to competitors. A clear appeal mechanism will also be set in place for therapeutic use exemptions. This will be overseen by the Australian Sports Drug Medicine Advisory Committee. Guidelines for dealing with tampering are also introduced. Tampering will now be a registrable and notifiable event. Where the tampering is not necessarily by a competitor but by someone who is involved in the sport, ASDA will be able to inform the relevant sporting administrative body.

The World Anti-Doping Agency produced the antidoping code in 2003 as a world standard to align international and national regulations on drugs in sport across all sports and all countries. As the representative of the people in Ryan in Queensland, I commend them on doing that. I know that my constituents will be pleased that such an important agency is doing its bit to ensure that international sport is free from substances that we would wish it to be free from.

I want to congratulate the government on supporting the work of the agency. I also take this opportunity in the parliament to congratulate those at ASDA who are doing a very fine job. They are part of a statutory body that ensures that the very best is achieved in our sporting fields through our athletes doing their best through natural talent. On behalf of the people of Ryan, whom I very proudly represent in this parliament, I extend my congratulations. I know that the government is very vigilant in this area. I commend the bill to the House.

Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (11.00 a.m.)—in reply—The concerted efforts of government and sport have come together to develop the World Anti-Doping Code which, at its core, is all about ensuring that athletes have the confidence that they are competing in an environment that is free from performance-enhancing substances. The **Australian Sports Drug Agency Amendment Bill 2004** will enable the Australian Sports Drug Agency and the Australian Sports Drug Medical Advisory Committee to adopt and carry out functions required as a result of the introduction of the World Anti-Doping Code. It is about ensuring that those who compete in sport do so without the aid of performance-enhancing substances and that those who do attempt to cheat have more chance of being caught than ever before.

In the interests of accountability and transparency, athletes and sporting organisations want to know that everyone is treated equally. In particular, the code aims to ensure that all athletes are treated in the same way by sports bodies and governments on antidoping issues. Changes

to the result management requirements within the act will see no diminution of athletes' rights; while the amendments will see ASDA advising the athlete and the relevant national and international sports bodies, ASDA is not permitted to publicly name any athlete until the due process is completed.

The issue of harmonisation is of great concern both nationally and internationally amongst governments and the wider sporting community. Athletes want the harmonisation of antidoping programs at the national and international levels. They also want an internationally coordinated testing program where they are not subject to multiple tests by different agencies. The introduction of the World Anti-Doping Code is a significant step forward in the harmonisation of antidoping policies and practices. That is precisely why the Australian government has put so much effort into achieving harmonisation of the antidoping effort through its Tough on Drugs in Sport policy.

The work of ASDA is critical to the success of the tough antidoping regime in place in Australia. In putting forward the proposed amendments the government has given consideration to Australia's existing procedures, structures and legal system. Importantly, the amendments will ensure that the operation of the Privacy Act 1988 is not limited and that athletes' rights are protected.

Athletes want to know that sporting administrators and governments are doing everything possible to ensure that their right to compete in an environment which is free from performance-enhancing substances is protected. The proposed amendments will strengthen Australia's existing antidoping framework and ensure that we are well positioned to meet the continuing challenges in the fight against doping in sport in the lead-up to the 2004 Athens Olympic Games and beyond.

I thank those who have contributed to the debate: the members for Melbourne, Cook and Ryan. I believe that the issues raised in the debate have been well covered in the drafting of the bill. I commend the bill to the Main Committee.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

COMMITTEES

ASIO, ASIS and DSD Committee

Report

Debate resumed from 1 March, on motion by **Mr Jull**:

That the House take note of the report.

Mr RUDD (Griffith) (11.05 a.m.)—The pre-emptive war on Iraq, more than any other in modern times, was driven by intelligence. In the lead-up to the conflict, intelligence assessments prepared in the UK and the US, with some contribution from Australia, painted a picture of Saddam Hussein building threatening stockpiles of chemical and biological weapons and seeking to reconstitute his nuclear program. The political case for war derived its urgency and power from the grave and gathering threat this supposedly represented. The international community could not afford to wait for Hans Blix's weapons inspections to conclude—so the argument went. Saddam had to be disarmed immediately. This was, in fact, the totality of the

Howard government's rationale for war—not the desirability of regime change in Iraq or the obligations of the US alliance.

In June 2003 the opposition called for an Australian parliamentary inquiry into intelligence on Iraqi WMD. Let us not forget that this was not entirely embraced by the government at the time, which by that stage was running the argument that Australians had 'moved on' from the Iraq war. Before turning to the findings of this inquiry, it is worth recalling the terms of reference it was given. In referring this matter to the committee, the Senate asked it to examine and report on: (1) the nature and accuracy of intelligence information received by Australia's intelligence services in relation to the existence of, the capacity and willingness to use, and the immediacy of the threat posed by, Iraq's WMD; (2) the nature, accuracy and independence of the assessments made by Australia's intelligence agencies; (3) whether the government presented accurate and complete information to the parliament and the Australian public on Iraq's WMD; and (4) whether Australia's preconflict assessments of Iraq's WMD capability were sufficiently accurate and comprehensive to underpin decisions to commit the Australian Defence Force to war.

While the first two terms of reference dealt with the quality and accuracy of intelligence assessments, both Australian and foreign, the last two put the spotlight firmly on the government's use of this intelligence in making a public case for war and in committing the ADF to prosecute that war. The parliamentary committee report devotes a great deal of attention to the accuracy and honesty of the government's intelligence related claims—an entire chapter, in fact. This chapter is in many ways the centrepiece of the report. It offers example after example of exaggeration, selectivity and misleading statements from Australian government ministers. The opposition has identified at least 12 examples—although there are probably more—of this sort of exaggeration of the prewar Iraqi WMD threat. It is important to catalogue those examples for the parliamentary record.

In paragraph 2.5 of the report there is a reference to an Office of National Assessments report admission that intelligence on Iraq is 'slight on the scope and location of Iraq's WMD activities'. This contrasts, of course, with statements by the Minister for Foreign Affairs, among others, who said:

I don't think there's any doubt about Saddam Hussein having stockpiles of biological and chemical weapons.

Paragraph 2.40 of the parliamentary report states:

The agencies provided hardly any explicit assessment on the question of the immediacy of threat posed by Saddam Hussein.

This contrasts with the statement of the Minister for Foreign Affairs when, in reference to the UN Security Council veto, he said it had:

... denied the Security Council any further role in the disarming of Iraq, but it did not deny ... the clear and immediate threat posed by Iraq's weapons of mass destruction to global security.

Paragraph 4.40 of the report says:

Both the US and UK documents, as published in September/October 2002, ... did not recognise the gaps in the intelligence, the problematic nature of much of the new intelligence or the uncertainties and disputes within the agencies about what the intelligence meant. Taken together, the omissions and changes constituted—

A division having been called in the House of Representatives—

Sitting suspended from 11.10 a.m. to 11.18 a.m.

Mr RUDD—As I was saying before we were interrupted by developments in a different incarnation of this place, paragraph 4.40 of the parliamentary report states—and I think I was at this point of the quotation:

Taken together, the omissions and changes constituted an exaggeration of the available intelligence, since established as an exaggeration of the facts.

But the report also notes:

The statements by the Prime Minister and Ministers are more strongly worded than most of the AIC judgements. This is in part because they quote directly from the findings of the British and American intelligence agencies.

I refer there specifically to paragraph 5.20 of the report. Paragraph 4.82 of the report says:

There was an expectation created prior to the war that actual weapons of mass destruction would be found and found in sufficient quantities to pose a clear and present danger requiring immediate pre-emptive action. Such action is only sanctioned under international law where the danger is immediate ... The existence of programs alone does not meet that threshold.

This is in fact the most fundamental challenge to the credibility of the government's pre-emptive case for going to war in Iraq. Furthermore, it was reinforced by subsequent statements by the chair of the parliamentary committee, Mr Jull, when he said in a television interview that it was also his personal view that that threshold test had not been met—that is, the international legal legitimacy of the government engaging in a pre-emptive attack on Iraq. Paragraph 5.16 says:

... the case made by the government was that Iraq possessed WMD in large quantities and posed a grave and unacceptable threat to the region and the world, particularly as there was a danger that Iraq's WMD might be passed to terrorist organisations.

Paragraph 5.17 goes on to say:

This is not the picture that emerges from an examination of all the assessments provided to the Committee by Australia's two analytical agencies.

Paragraph 5.21 says:

In response to a question about the threat of Iraq's WMD being 'real and unacceptable', Mr Lewin-

camp—

of the Defence Intelligence Organisation—

thought it was not a judgment that DIO would have made.

This is a clear repudiation of the Prime Minister's statement to the parliament, where he explicitly referred to Iraq's WMD threat as real and unacceptable. Paragraph 5.22 says:

Government presentations were in some areas incomplete, notably in respect of some of the available United Nations information on Iraq.

Here the report refers specifically to the debriefing of Kamal Hussein—once again an example of government selectivity in the use of the information at its disposal. Paragraph 5.23 says:

Similarly, one aspect only of the UNMOVIC/IAEA conclusions was used in government speeches ...

Here there was a specific reference in the report to the selective use of Hans Blix's report to the United Nations Security Council on behalf of UNMOVIC—once again an example of the government's selective use of information. Paragraph 5.28 says 'the conclusions of the IISS were more complicated than is suggested'—in the 17 September 2002 presentation of the Minister for Foreign Affairs to the parliament. Once again, a reference to the government's selective use of information. Paragraph 5.29 says:

Other significant intelligence not covered in the government presentations included an assessment in October 2002 that Iraq was only likely to use its WMD if the regimes survival was at stake—

Once again, we see the government's selective use of the information at its disposal and, in this case, its complete omission of that aspect of the intelligence advice to government—

... and the view of the Joint Intelligence Committee of the UK, available at the beginning of February 2003, that war would increase the risk of terrorism and the passing of Iraq's WMD to terrorists.

Once again, we see the government's selective use of information and, once again, this material omitted from the government's public presentation to the Australian people. Paragraph 5.32 says:

... the Australian agencies did not think the amounts of WMD to be large—they were described as 'small stocks'—and the Defence Intelligence Organisation always expressed doubts about any production of biological or chemical weapons beyond 1991.

The presentations by the government seemed to suggest large arsenals and stockpiles, endorsing the idea that Iraq was producing more weapons and that the programs were larger and more active than before the Gulf War in 1991.

What I have read out are 12 sets of excerpts from this parliamentary committee of inquiry's report. It was a committee chaired by the Liberal Party, a committee dominated by the Liberal Party and it was a unanimous report. These are 12 direct criticisms of the government's exaggeration of the prewar Iraqi WMD threat. Yet Mr Downer, in his statement on the day this report was handed down, said to the Australian people that this report vindicated the government's handling of prewar intelligence on Iraq. Mr Downer's understanding of this report is, I think, remarkable. I have not been in this place when a majority report, a unanimous report, has come down with such a telling series of condemnations of the way in which the government has dishonestly handled information at its disposal and the way in which it has communicated that information to the Australian people.

The other part of this committee of inquiry's terms of reference dealt with the question of intelligence accuracy and intelligence failure. The findings there are equally explicit and they point to a pattern of flaw and of failure. Paragraphs 441, 451 and 438 all point to the fact that the Office of National Assessments in particular produced a series of assessments which relied on faulty intelligence from untested sources even though doubts were expressed about the trustworthiness of that intelligence at the time.

However, the question that arises in the public debate is: given the intelligence failure, why did it occur? There are two major reasons which I think the Australian people need to address. One is the way in which this government resources the intelligence community. It is now more than two years since September 11 and it is more than 12 months since October 12 and the horrible events of Bali. We have a government which has said repeatedly, 'We are living today in a war against terrorism in which intelligence is at the front line.' We have also had a government this last year or more which has embraced publicly a doctrine of global military

pre-emption and regional military pre-emption where once again the accuracy of first-class intelligence is paramount.

Yet what we have catalogued here is an extraordinary series of intelligence failures. We have a government which has preached loudly on the centrality of intelligence in the new security age in which we live, yet it is a government which, when it comes to the first substantive test, is found to be fundamentally wanting in terms of the way in which it has resourced, tasked and equipped our intelligence community to deal with the particular challenges represented by Iraq. Who is to blame for that? The Prime Minister has been Prime Minister for eight years. He has run the show. He has told us that intelligence is at the forefront of the national security debate. Yet, despite all of that, he embarks upon a pre-emptive military attack on Iraq without increasing the resources significantly to the Office of National Assessments to deal with this challenge, mindful of the fact that the ONA in its entire bureaucratic history of nearly a quarter of a century has never had to deal substantively with major military crises in the Middle East where a direct, on-the-ground Australian military commitment was contemplated. The traditional concentration of Australia's intelligence assets has always been here, in broader East Asia, South-East Asia and the South-West Pacific. This Prime Minister embarks upon a strategy of global military pre-emption with the United States and we find ourselves in an exotic theatre of operations but with an intelligence community fundamentally under-resourced to deal with the challenge. There were three part-time staff in the Office of National Assessments dealing with the avalanche of incoming assessments from the US and UK and the expectation by government was that they could provide effective independent vetting of the intelligence material coming towards them—you have got to be dreaming.

The second reason which is pointed to in this report as to why we have had intelligence failure is equally important. It deals with the whole dilemma of policy driven analysis and what the report describes as 'policy running strong'. What does that mean? It means an intelligence community which sees the fact that government, to all intents and purposes, has made an internal decision to go to war—a policy and political decision already taken—and then subtle, indirect, covert influence being exercised on the intelligence community to shape their analyses in a manner which fits the policy and political decision already taken. If you look back at the chronology of 2002, that is precisely what happened. The intelligence community is made up of intelligent people. They saw a government whose Prime Minister and foreign minister went to Washington in the middle of 2002. They saw a Prime Minister address the US Congress and come back. Internally, the debate then began in Canberra as to what quantum the Australian military commitment would be to Iraq—not whether there would be one but what quantum it would be. The internal debate began about whether there would be an Australian battalion committed to Iraq, and we all remember that debate well. It surfaced from time to time in parts of the Australian media.

The intelligence community, therefore, by September 2002 had gotten the message loud and clear that this government was taking us off to war. Is it any surprise, then, that the intelligence community felt that it was under the political thumb when it came to producing analyses which substantiated the government's already taken political decision to go to war? The commission of inquiry—the Flood inquiry, which has been established to examine these matters—will not deal with this whole problem of policy driven analysis. That is its fundamental

flaw. Its terms of reference are inadequate and that is why Labor has no confidence in the inquiry. (*Time expired*)

Mr WILKIE (Swan) (11.28 a.m.)—In speaking to this report, I note that it was less than 12 months ago that the Howard government unnecessarily placed Australian Defence Force lives at risk in the US-led war against Iraq based on a fallacy—a fanciful fallacy, cleverly manipulated and deceptively exaggerated by the Prime Minister in the prewar scare campaign. The government were so selective in the review of the intelligence evidence they received that they had convinced all involved in the debate that Saddam Hussein had a mammoth stockpile of weapons of mass destruction. That mammoth stockpile has, of course, never been found. Perhaps if the Prime Minister, the Minister for Foreign Affairs and the Minister for Defence were less subjective in their assessment of the intelligence provided to them, had taken their Bush and Blair blinkers off and read a little more carefully the advice provided to them by Australian intelligence agencies, Australia would not have committed to war—a war that did not have United Nations sanction.

To highlight a few examples of where the government chose to ignore intelligence advice, in September 2002 the Office of National Assessments reported that intelligence was ‘slight on the scope and location of Iraq’s weapons of mass destruction activities’. But at the same time the Prime Minister was declaring on the *7.30 Report* on 9 September 2002:

There’s no doubt, on the evidence—intelligence material available to us—that not only does Iraq possess chemical and biological weapons but Iraq also have not abandoned their nuclear aspiration.

Australia’s intelligence agencies provided initial advice that did not pre-empt large stocks of weapons of mass destruction, and the Defence Intelligence Organisation has always expressed doubts about any production of biological or chemical weapons beyond 1991. However, as the parliamentary committee report points out, the government presentations prewar all ‘seemed to suggest large arsenals and stockpiles, endorsing the idea that Iraq was producing more weapons and that the programs were larger and more active than before the Gulf War in 1991’. Of course, by early May 2003, not one single weapon of mass destruction had been found in Iraq. At this stage, even the United Nations Chief Weapons Inspector, Hans Blix, was questioning intelligence information sources. Even in mid-June 2003, the Prime Minister was continuing with his same line of reasoning and justification for involving Australia in the war against Iraq. When asked if he thought weapons of mass destruction would be found in Iraq, he replied:

Yes I do. I have no reason to doubt the intelligence information that we were given and that information was not in any way massaged or induced by the Government. It’s information that came from our intelligence agencies, they formed a view, it was my view that Iraq had a WMD capacity at the time the war started.

Where did they go, Prime Minister? You can hardly think that Saddam Hussein could fit 819 Scud B missile launchers in his back pocket as soon as the United Nations weapons inspectors knocked on his front door.

The Howard government chose to tell half-truths to the Australian public in their premature assessment and commitment to the war with Iraq. The government were warned before the war that there was an unclear assessment of Iraq’s weapons of mass destruction, and Australian intelligence agencies provided hardly any explicit assessment of the question of the immediacy of the threat imposed by Saddam Hussein. The Howard government were told in

October 2002 by the ONA, via Greg Thielman from the US Bureau of Intelligence and Research, that claims about Iraq importing uranium from Africa for a nuclear program were not correct. However, in his ministerial statement of 4 February 2003, the Prime Minister said:

Iraq continues to work on developing nuclear weapons—uranium has been sought from Africa ...

Minister Downer also massaged the facts for political expediency. Mr Thielman says the Howard government were told before the war that the imported aluminium tubes were not destined for Iraq's nuclear program. But the Minister for Foreign Affairs went on later to say:

Australian intelligence agencies believe there is evidence of a pattern of acquisition of equipment that could be used in a uranium enrichment program. Iraq's attempted acquisition of ... aluminium tubes may be part of that pattern.

The government simply chose to read what they wanted in the intelligence assessments provided to them. They went ahead and committed Australian Defence Force personnel to a US led war based on inconclusive information provided in good faith by Australian intelligence agencies. The Prime Minister admits that the intelligence basis on which he took Australia to war may have been inaccurate. He said on 3 February this year:

History may... in the fullness of time it might be demonstrated that the advice was inaccurate, but to say it was bogus, is an unfair observation on the integrity of an intelligence agency.

I could go on. There are numerous examples of where advice from the ONA was glossed over by the government to compel the Australian public to think that Australia was doing the right thing by following the US lead. Perhaps the Prime Minister had dug a hole too deep for himself in mid-2002 when he addressed the US Congress, effectively committing Australian troops to support an US led incursion, while selectively considering advice from his own national intelligence sources.

The opposition has noted the government's recent not-so-subtle shift away from the weapons of mass destruction reasoning for going to war and their new focus on Saddam Hussein, who had to be removed to save Iraq's innocents. Once the weapons of mass destruction interpretation of intelligence was exposed as the fallacy that it was, Mr Howard quickly back-flipped to justify Australia's involvement by walking the humanitarian line of reasoning. It bewilders me no end. The Iraq war is now all about military intervention to dispose of a dictator who was in breach of humanitarian rights. No-one would disagree that Iraq is better off without Saddam Hussein, but using this argument to justify war does not stand up without the weapons of mass destruction.

Whilst not advocating this course of action, if you use the government's new-found logic, why then shouldn't Australia pursue a similar course of action against Zimbabwean President Robert Mugabe? Perhaps his breach of international human rights warrants a similar type of war as that against Saddam Hussein. The Minister for Foreign Affairs said on 26 March last year:

The government is appalled at the unprovoked, violent repression and intimidation that has taken place. Just in the last few days, several hundred—possibly as many as 500—opposition activists have been arrested. Many of those people have been beaten and some of them have even been tortured. Over 250 people have been hospitalised and one opposition member has apparently died. Children have been beaten and soldiers have been sexually assaulting women. Australian diplomats have witnessed first-hand the result of several vicious beatings by army personnel, including beatings with sticks wrapped in

barbed wire. It is disturbing that this violence follows a speech which was made last Friday by President Mugabe in which he said he could be 'a black Hitler tenfold'.

The foreign minister has also acknowledged that in Zimbabwe seven million people are in desperate need of food. It is a graphic picture—one that the Minister for Foreign Affairs paints clearly. However, given the argument now used to justify the Iraq war, wouldn't the Howard government have been right if they had used military intervention to quash Mugabe? But no; on this occasion the Prime Minister thought about seeking some special intelligence on the Mugabe regime and, just to be sure, he sent the Australian cricket team to Zimbabwe. Perhaps Ricky Ponting, Adam Gilchrist or another member of the Australian World Cup cricket team was sent to Zimbabwe on double duty: intelligence gathering between overs, perhaps.

It is not fair to be flippant about Australia's World Cup cricket champions in this way. But, going on his past record, I would say that the Prime Minister treated the Iraq assessments of the Office of National Assessments and the Defence Intelligence Organisation in the same way he would treat an intelligence assessment by a member of the World Cup cricket team: with scant regard. The sudden turnaround by the government, with the legal justification for war on the grounds of possession of weapons of mass destruction debased and the new focus now firmly on the regime of Saddam Hussein, brings me to the point that the Prime Minister and his trigger-happy government should have acknowledged right from the beginning: the war action was unnecessary. Iraq could have been disarmed peacefully, without loss of life and without risking the lives of Australian Defence Force personnel.

The United Nations resolutions did not authorise action against Iraq without Security Council consent. Perhaps, in hindsight, a diplomatic resolution, originally called for by the opposition, would have been a better choice. Given the failure to locate the stockpiles of chemical and biological weapons and the failure to date to establish any evidence of the rebuilding of Iraq's nuclear weapons capability, the opposition was right in taking a resolutory rather than a reactionary position.

The matter of intelligence on Iraq's weapons of mass destruction was referred to the Parliamentary Joint Committee on ASIO, ASIS and DSD in June last year. I welcomed the decision although, along with many others, I questioned the terms of reference of the inquiry and was also curious as to why the Prime Minister believed that the consideration was premature. Surely after the UK and US realised the insufficiencies in their intelligence, wouldn't it be obvious that Australia's intelligence information would be compromised? As the opposition knew all along, the Howard government jumped the gun. They were so keen to deploy Australian troops to Iraq that they failed to listen to their own specialists. The joint committee report at section 4.82 finds:

There was an expectation created prior to the war that actual weapons of mass destruction would be found and found in sufficient quantities to pose a clear and present danger requiring immediate pre-emptive action.

Clearly the government exaggerated the urgency of the situation in Iraq and further consultation with Australian intelligence sources would have been more suitable. The committee report states:

... the case made by the government was that Iraq possessed WMD in large quantities and posed a grave and unacceptable threat to the region and the world, particularly as there was a danger that Iraq's WMD might be passed to terrorist organisations.

However, the report goes on to conclude in section 5.17:

This is not the picture that emerges from an examination of all the assessments provided to the Committee by Australia's two analytical agencies.

As I said before, the government presented a scenario of massive stockpiles of weapons of mass destruction in Iraq. However, Australian intelligence agencies did not think that the amount would constitute anything more than small stocks. There is a clear gap here between what the government claim and what the Australian intelligence community advised.

I welcome the findings and recommendations of the committee's report and I agree that there needs to be a further inquiry. The government's handling of the pre-war intelligence assessments provided to them needs to be assessed. As I have outlined, these assessments were massaged to suit the policy decisions of the government of the day. An independent assessment of the process that led to Australian commitment to the war in Iraq needs to be able to fully expose individual representations to the government from agency personnel and how the government used selective information for their own purposes. Furthermore, the agencies themselves need to be reviewed. Recommendation 1 of the committee's report states that the capacity of the Office of National Assessments needs to be evaluated, especially in the current global climate. Government intelligence agencies need to be independent to provide advice that protects our national security and protects the Australian public. These recommendations are fine; however, government policy in these matters should not be the basis for assessments. As the Prime Minister said in March 2003, prior to announcing that Australian troops would join US military action against Iraq:

... if there is a military conflict there will be casualties, there will be civilian casualties.

Just last week, figures showed that the liberation of Iraq claimed an estimated 55,000 lives, including 9,600 civilians. These numbers will grow as unexploded cluster bombs are detonated in urban areas by ill-fated civilians. The joint committee, chaired by the Liberal member for Fadden, David Jull, should be commended on their work. I agree with the chair's opening statements in the report, where he makes the following observations in relation to the inquiry and its recommendations for a further inquiry:

The reference, like the matter into which the inquiry was conducted, involved some controversy. There was a view by the Prime Minister that the inquiry was premature. Some Senators were unhappy with what they perceived to be the limited scope of the Committee. The limitations imposed by the statute under which the Committee operates are real: it does not have a broad right to call witnesses, reports written by the Committee must be vetted by the Ministers for Foreign Affairs and Defence and the Attorney-General ... to ensure that no matters affecting national security are revealed in the report's contents.

In other words, they were gagged. Further, the committee notes:

... unlike the Intelligence Services Committee of the British Parliament, which conducted a similar inquiry, we received excerpts only of the assessments made prior to the war in Iraq. The Committee's conclusions, therefore, must be qualified. The Committee recommends that a more comprehensive inquiry should be conducted by suitable experts ...

The committee has also unanimously agreed that Australia's intelligence assessments prior to the war in Iraq were flawed and that the government chose to pursue military intervention regardless of prewar acknowledgement that the intelligence provided was compromised. I believe there is a need for a royal commission into this whole sordid affair, an independent commission of inquiry to review material and interview witnesses to fully assess the process of representation to the government on issues of national security. Sadly, the inquiry announced by the government falls well short of what is required. Its terms of reference are limited to intelligence agencies and not the manipulation of the facts by government. An inquiry will not have the powers of a royal commission.

I am reminded of an episode of *Yes Minister* in which the minister, following a departmental leak, calls for an inquiry. Sir Humphrey stuns both the minister and Bernard by suggesting an independent inquiry. When the minister departs, Bernard asks Sir Humphrey: 'Why an independent inquiry? Surely such an inquiry with a mind of its own may actually get to the truth of the matter.' Humphrey is not fazed. He advises Bernard that an independent inquiry is a little bit like a freight train: 'Both have a mind of their own, but lay down the tracks and that's the path they follow.' Sadly, that is what this government have done with the terms of reference for this further independent inquiry. They have laid down the rails in order to get to the destination they want. What I want to see exposed is the truth.

Mr ORGAN (Cunningham) (11.42 a.m.)—I welcome the opportunity to rise today to speak to the report of the Joint Standing Committee on ASIO, ASIS and DSD entitled *Intelligence on Iraq's weapons of mass destruction*, the Jull report. As members may be aware, on Monday I introduced into the parliament a bill for a royal commission to follow up on the work of the committee as outlined in this report, and to follow on from its various recommendations, conclusions and findings. The serious findings of this report warrant an independent royal commission—and the previous speaker, the member for Swan, has suggested that as well—rather than the half-baked emasculated inquiry recently announced by the Prime Minister.

Whilst I congratulate the members of the committee on their work in compiling this report, I nevertheless have grave concerns about the process involved in the final product. The committee registered concerns about the limited access it had to documents and information in order to make definitive conclusions. I will refer to some of those issues in more detail in a moment. Of more concern is the fact that the committee's report was managed and vetted in some unknown way by the offices of the Minister for Foreign Affairs and the Attorney-General prior to its final release. I would hazard a guess that some of the final recommendations are the result of the vetting process, for, based on my reading, they seem to appear out of nowhere yet tie in nicely with the government's announcement last week that former diplomat and intelligence boss Philip Flood would head an inquiry into Australia's intelligence agencies. This will not get to the bottom of the government's deception. The circumstances of the deception which led Australia into war are clearly revealed in the Jull report handed down just last week. For example, the committee came to the conclusion, in paragraph 5.32, that the presentations by the government seemed to suggest that Iraq possessed large stockpiles of chemical and biological weapons. The report states:

In addition, there appears to be a gap on the matter of immediacy of threat.

And that goes to the heart of the matter. The Australian people were lied to. There was no immediate threat. There were no large stockpiles of chemical and biological weapons or nuclear weapons of mass destruction. It was a beat-up. There was no need for the coalition of the willing. At paragraph 4.79, the committee concluded:

The Committee does not have a complete set of the AIC—

Australian Intelligence Community—

assessments. The Australian agencies told the Committee they were in possession of the whole picture insofar as they received all there was to receive from partner agencies. Our judgements are based on an analysis of what we were given. The AIC assessments are more moderate and cautious than those of their partner agencies, particularly those in the United States. However—

and this is the clincher—

even within their caution, it is arguable that they overstated the degree to which WMD existed.

There are serious unanswered questions here, and the committee realised this. The committee chair, in his introduction to the report, stated:

The Committee's conclusions, therefore, must be qualified. The Committee recommends that a more comprehensive inquiry should be conducted by ... experts into Australia's intelligence sharing and intelligence liaison arrangements.

Note that the chair had pointed to the need for an inquiry to be conducted by experts.

The Australian community deserves to know the precise extent to which it was misled over the invasion of Iraq. The Jull report, at paragraph 4.80, clearly states that various Australian intelligence organisations held intelligence at the beginning of 2003 that Iraq had:

... no known CW—

chemical weapons—

production ... no specific evidence of resumed BW—

biological weapons—

production ... Iraq does not have nuclear weapons.

So that is what the intelligence community knew at the beginning of 2003, whereas, on 4 February 2003, the Prime Minister told the House of Representatives:

The Australian government knows that Iraq still has chemical and biological weapons ...

He said:

... Iraq must not be allowed to possess weapons of mass destruction ... it must be disarmed.

The question is begging: what weapons? There was no smoking gun, no nuclear reactor and no mass of chemical or biological weapons pointed at us, the United States or the United Kingdom. Even the government's staunchest advocates would be sure to concede the point: the reasons for going to war were deficient, wobbly and flawed.

The government's answer to its credibility problem is to provide another report and, to make absolutely sure that this report does not go anywhere, make sure the report is presented to cabinet—a secret report which the public will not see for 30 years. The Prime Minister proposes to have another inquiry. A report will be prepared but it will only be a cabinet-in-confidence report. Basically, it will again be a cover-up and we will not know what is going on or what really happened. How utterly convenient and utterly disgraceful.

As I have mentioned, I was very concerned that the recommendations of this report did not reflect its substance. The implications of that must not be underestimated. Indeed, the implications of the actions of the coalition of the willing will resound for many years to come. To think that three nations, claiming to be acting in their own interests and in the interests of the globe, led their nations into war on the basis of a lie is abhorrent and devastating. The implications of this, as I said, cannot be understated. And to think that intelligence services and government representatives knew of this deceit is an abomination. This nation declared war on a sovereign state, the most serious of government decisions, and it made this decision under false pretences.

It is clear that the government led this nation into war with a lie. Not only did this government risk the lives of thousands of Australians who served their nation in good faith but we were part of the coalition of the willing, responsible for the deaths of thousands of Iraqis—once again, an act committed under false pretences. And here we are considering this fact in the Main Committee. This decision to go to war must be placed under the brightest spotlight, but it appears that even this report that we are considering here today has been vetted and doctored by the government. The decision to go to war on a sovereign state under false pretences deserves the most intense scrutiny, but it has received nothing like that.

The conclusions of the report are nothing less than damning, even though I suspect they were subject to doctoring and vetting by the government. The best that can be said of the government, and it is what the report says, is that they did not dramatise the threat of war quite as badly as the Americans. The report says:

The Australian Prime Minister and other ministers did not use highly emotive expressions such as those used in the United States.

How comforting that is! The President of the United States and his National Security Adviser made comments such as:

‘We don’t want the smoking gun to become a mushroom cloud.’ ‘The Iraqi dictator must not be permitted to threaten America and the world with horrible poisons and diseases and gases and atomic weapons.’

The final paragraph of the conclusions of this report proves that this government chose to mislead the Australian people about the threat of war in Iraq. It says that the government were advised that the threat was not as imminent and as serious as they were suggesting. But the government chose to mislead the Australian people anyway. The final paragraph clearly states:

The government’s emphatic claim about the existence of Iraqi WMD reflected the views of the Office of National Assessments after 13 September 2002. ONA said it was ‘highly likely’ that Iraq had WMD. However, the Australian agencies did not think the amounts of WMD to be large—they were described as ‘small stocks’—and the Defence Intelligence Organisation always expressed doubts about any production of biological or chemical weapons beyond 1991. The presentations by the government seemed to suggest large arsenals and stockpiles, endorsing the idea that Iraq was producing more weapons and that the programs were larger and more active than before the Gulf War in 1991. In addition, there appears to be a gap on the matter of immediacy of threat. Assessments by Australian agencies about possible degradation of agents and restricted delivery capability cast doubt on the suggestion that the Iraqi ‘arsenal’ represented a ‘grave and immediate’ and a ‘real and unacceptable’ threat.

Out of that comes the following recommendation, which does not in any way address the fact that the report found that the government ignored the intelligence provided by their own

agencies. This is the crux of the matter. The final recommendation of this report completely ignores those previous facts and reads as follows:

The Committee recommends that there should be an independent assessment of the performance of the intelligence agencies, conducted by an experienced former intelligence expert with full access to all the material, which will report to the National Security Committee of Cabinet and which, in the light of the matters raised by the consideration of the pre-war intelligence on Iraq, will recommend any changes that need to take place for the better functioning of the agencies.

What a joke. This does not address the issue. The problem is not with the intelligence; the problem is that the government chose to ignore the intelligence.

Earlier this week in the chamber, I proposed a royal commission into the question of Australians going to war under false pretences. I once again point out the need for a royal commission to highlight the seriousness of the worst deception of the Australian people, possibly ever in our history. The objects of my bill were, firstly, to establish a royal commission to investigate the intelligence advice that was provided to the Australian government that related to the decision that was made to invade Iraq in 2003 and to continue the occupation of Iraq in 2004. Secondly, it was also to expose any misrepresentation, neglect or omission of advice provided to the Commonwealth government by the Australian Public Service or other sources that related to this invasion. Thirdly, it was to expose any representation, neglect or omission in the Commonwealth government's public communication of this intelligence.

We know that royal commissions have a long history in Australia with regard to espionage, spying and broader intelligence, such as the Petrov royal commission back in 1954, which inquired into Soviet espionage in Australia. The previous speaker, the member for Swan, and I have raised the issue of the need for a royal commission. We feel that it should be composed of three persons appointed by the Governor-General, each of whom shall be a former judge of the High Court or of a Supreme Court of a state or territory one of whom shall be appointed to be the chair of the royal commission.

The present proposal by the government does not go to these lengths. The terms of reference which flow on from this report should include: determining the nature and extent of the intelligence provided to the Commonwealth government relating to its decision to commit Australian military forces to the invasion in 2003 and to continue to occupy Iraq in 2004; the accuracy and independence of this intelligence; how the Commonwealth government verified this intelligence; and the accuracy with which the Commonwealth government—

The DEPUTY SPEAKER (Ms Corcoran)—Order! I interrupt the member for Cunningham. You would be aware that there is a bill on the *Notice Paper*; you need to be careful not to anticipate that bill too much.

Mr ORGAN—conveyed this intelligence to the public. In closing, I welcome this report that we are currently dealing with. I call on the government to go further and take on board the information that has been provided in this report and to act on the report—to allow a fuller investigation into the intelligence that was received by the government and how the government dealt with that intelligence, and really get to the bottom of the matter. We cannot, out of this report, have an investigation set up which will, as I said, result in a report that goes to cabinet and then disappears into the archives for another 30 years. The Australian people want to know what was going on with regard to our reasons for going to war. It is only when the full picture is revealed that the concerns of the people of Australia about going to war under

false pretences will be adequately addressed and we will know exactly where the government was coming from, how we were deceived and how that came about, so that it will not happen in the future.

Mr SNOWDON (Lingiari) (11.56 a.m.)—I am pleased to be able to participate in this debate and want to acknowledge the contributions made by the member for Griffith, the member for Swan and the member for Cunningham. I must say I thought the member for Cunningham's speech was quite erudite and was a very good examination of this report and its implications. The flaws that he has seen in the recommendations, as opposed to the body of the report, bear some consideration.

In early February, Archbishop Desmond Tutu gave a speech to the British Prison Reform Trust. In his speech regarding the current situation in Iraq he said:

We see here on a global scale the same illusion that force and brutality can produce security as we note at national and communal levels that harsh sentences and being tough on crime necessarily make our neighbourhoods safer. How wonderful if politicians could bring themselves to admit that they are only fallible human creatures and not God and thus by definition can make mistakes. Unfortunately they seem to think that such an admission is a sign of weakness. Weak and insecure people hardly ever say "sorry". It is large hearted and courageous people who are not diminished by saying "I made a mistake". President Bush and Prime Minister Blair would recover considerable credibility and respect if they were able to say "Yes, we made a mistake".

I would argue that the same could be said of our Prime Minister, Mr Howard, and his government.

I am sure you recall vividly, Madam Deputy Speaker, the debate in this parliament over committing our troops to war. I am sure you also recall the way in which individuals and groups who took umbrage at the decisions taken by the Australian government at that time were vilified and attacked as undermining Australia's national interests, as supporting Saddam Hussein and as being anti-American. I vividly remember them. We still have the Minister for Foreign Affairs perpetuating the view that those of us who took a contrary position to the government are supporters of Saddam Hussein. That is an absolute insult. It is even more of an insult—apart from the rhetorical flourish that it obviously is in the first instance—when you analyse the reasons why Australia went to war and read this very informed document, the report under consideration, because you are left undoubtedly to conclude that we have been led up the garden path. Far from being vilified, the people who asked questions at the time Australia went to war should be applauded. We should be seen as people who took the interests of the Australian community to heart, espoused what we thought were the positive values of being Australian and questioned the authority of the Prime Minister to take us to war.

It is worth remembering that on 20 March 2003 the Prime Minister, in taking us to war, declared—and he made it very clear—that the war was all about weapons of mass destruction. He said:

We are determined to join other countries to deprive Iraq of its weapons of mass destruction, its chemical and biological weapons, which even in minute quantities are capable of causing death and destruction on a mammoth scale.

... ..

And the more countries that have these weapons—countries run by despotic regimes—the greater becomes the likelihood that these weapons will fall into the hands of terrorists.

... ..

That is the reason above all others why I passionately believe that action must be taken to disarm Iraq. But was the Prime Minister sure about this? Surely he had other reasons for the war: for example, to replace the regime of Saddam Hussein. This question had been put to the Prime Minister a week earlier in the National Press Club on 13 March 2003. He was asked whether he would invade Iraq regardless of whether it had WMD in order to remove Saddam. The Prime Minister, as we know, makes unequivocal statements. He said:

... I would have to accept that if Iraq had genuinely disarmed, I couldn't justify on its own a military invasion of Iraq to change the regime. I've never advocated that. Much in all as I despise the regime.

These were the words of the Prime Minister repudiating the Bush doctrine of regime change, as well he should have. The more we learn about the intelligence services of Australia, Britain and the United States and what they knew and the more we learn also about what the Prime Minister and his government knew, the more it becomes apparent that this war was founded on a deliberate lie. The advice our intelligence services actually gave the government regarding Iraq's stockpile of weapons of mass destruction has been discussed widely and made very clear in this report. It is certainly my view that the advice that was given by the respective intelligence agencies was not taken or, at the very minimum, was dealt with selectively. It was put through a filter so that when we received advice from the government it was very partisan.

We need to comprehend, understand, appreciate and remember that the rationale put by the government for this war was based on three simple points: Iraq had access to nuclear materials and technology and was close to developing nuclear weaponry, Iraq had chemical and biological weapons ready for deployment, and Australia must support the United States because they are our primary military ally. It is not my business here to go through and rebut all of those points. Suffice it to say that it is now a matter of public record that each of them—certainly the ones about the weaponry—has been repudiated. We now know that there were no weapons of mass destruction in Iraq at the time. None have been found since and it is unlikely that there will ever be any found. We can remember in relation to nuclear materials the Minister for Foreign Affairs telling us this in July 2002:

And there is deep concern about his—

with 'his' referring to Saddam Hussein—

having access to fissile material and having the capacity to build a nuclear weapon—albeit of a very crude kind.

The Prime Minister said on Radio 5DN on 7 August 2002:

It is believed they have the capacity to develop a nuclear strike capacity within the not too distant future.

Senator Hill reinforced it on 15 August 2002:

We're talking about biological, chemical and ultimately nuclear weapons ...

Then on 10 September 2002 the Minister for Foreign Affairs told Triple M:

I know that the Americans have talked a bit about the Iraqis purchasing equipment that could be used for the enrichment of uranium, and of course you need enriched uranium to build a nuclear weapon ... There is this information about purchasing equipment that could be used for the enrichment of uranium.

On 11 September 2002 our Prime Minister told the *Sunrise* program:

... the unanimous view of intelligence agencies that we deal with is that Iraq does have a desire for nuclear weapons and the capacity that I've described to actually develop them ...

On 17 September 2002 the Minister for Foreign Affairs told the House:

Australian intelligence agencies believe there is evidence of a pattern of acquisition of equipment that could be used in a uranium enrichment program.

We know that the former US Ambassador Joseph Wilson travelled to Niger to investigate the uranium claim. He later told the *New York Times* that it was 'highly doubtful that any such transaction ever took place'. People will recall that Mr Wilson was punished for his revelation by having his wife's identity leaked to the media. His wife's career as a covert CIA field operative was destroyed. We also know that the Office of National Assessments had been told the Niger claim was nonsense by early 2002, yet the claim was repeated by the government over 2002. Greg Thielmann, the former director of the strategic proliferation and military affairs office at the US Department of State's intelligence bureau, made this clear to *Four Corners* on 27 October 2003. He said that the ONA:

... would have known in the ... spring of 2002 ... that we were dubious about the information ... we had pretty good contacts and sharing with representatives of ONA.

The government knew. The same is true of the aluminium tubes. Mr Thielmann said Australia knew the tubes were unlikely to be associated with a nuclear program by 2002. He told *Four Corners*:

...at that time, we had a very strong feeling ... there was a growing consensus within not only the US intelligence community, but also ... our close allies with whom we shared a lot of the results. And the consensus was that this was not bound for the nuclear weapons program ...

... ..

I do know that the Australians knew about the dissenting position ... of the Intelligence Bureau, the State Department and the Department of Energy ...

In relation to chemical weapons, in July 2002 the Minister for Foreign Affairs told *Lateline*:

... I don't think there's any doubt about Saddam Hussein having stockpiles of biological and chemical weapons.

On the *7.30 Report* three weeks later he repeated this claim, when he said:

... the intelligence tells us, without going into too much detail ... he has chemical and biological weapons capabilities and stockpiles ...

On 7 August 2002 the Prime Minister said:

Iraq does have weapons of mass destruction.

On 27 January 2003, UNMOVIC, the body most expert in the question of Iraqi weapons of mass destruction, explicitly warned the UN Security Council that the weapons may no longer exist. We know from a report in the *Age* that Australian intelligence agencies warned the government of the same eventuality. And we know that this advice was ignored.

The whole thing has now shifted because the government have been exposed by the failure to find any weapons of mass destruction, by the outcome of this inquiry, by their own acceptance that the intelligence they received required further examination and by the recommendation in the report for the establishment of a further inquiry. I have a great deal of sympathy with the view expressed by the member for Cunningham about the nature of that inquiry and the need to perhaps have a royal commission. The government would have been aware of the pieces of advice that are clearly contained in this report. They made judgments about what

information they gave the community. They also made judgments about how they would use that advice. And, despite that advice, they decided that the reason we should go to war in Iraq was, primarily, weapons of mass destruction.

Since then we have heard the revisionist view consistently coming out of the government that in fact the reason they went to war was regime change. This view was rejected at the time but now, because of the intelligence reports and information and the transparency and exposure that have now taken place, the government have been forced into a position where they have to repudiate their position in a post facto sense by saying to us that, despite the assertions they were making in 2002 and 2003 being the basis on which we went to war, the real reason we went to war was to get rid of Saddam Hussein.

There is no-one in this parliament and no-one I have come across in the Australian community who does not believe the world is a better place without Saddam Hussein running Iraq. But that is not the reason that we went to war. As I said at the outset, the whole reason we went to war was a lie. Those of us who stood our ground in the community and took a principled position in opposition to the war—even though we were forced to accept their advice on issues to do with weapons of mass destruction—were pilloried by this government.

As I said at the outset, I have read the words of Desmond Tutu about the need for people to accept their mistakes and the need for people to be large enough to come to the community and say, 'We made a mistake and we are sorry.' We have not seen that from this Prime Minister, from the foreign minister or from any government representative. We hear a lot about truth and honesty in politics. Truth and honesty in politics, I would have thought, means saying to the Australian community, when it is required, that you have made a mistake. This government made a mistake. Whether they deliberately made that mistake is of course a matter of conjecture. In my view, they did. In my view, they constructed a case for war based on lies which they knew about.

Mr JENKINS (Scullin) (12.11 p.m.)—It is well known that I opposed Australia's involvement in the war in Iraq. I did so at that point in time because there was a mechanism that had been commenced by the United Nations that was being continued and which, if given time, would have succeeded in the intent of that action. Why do I say that? I say that because we now have the value of hindsight into the situation that abounded in Iraq with regard to weapons of mass destruction.

The organisation that had been put together by the United Nations, UNMOVIC, had been carrying out its inspections and had reported on a number of occasions to the UN. It had indicated that it had made progress and that it felt that, given time, it would succeed, and this was ignored by a number of members of the United Nations community, including Australia. When, as has been his wont over the last couple of months, the Minister for Foreign Affairs has latched onto UN resolution 1441 as giving justification for the action that was carried out, he glosses over the debate that was going on in the UN Security Council at that time, when a number of countries disagreed that that was a reading of where we were as a result of that motion.

The parliamentary report on intelligence on Iraq's weapons of mass destruction does not go into a number of those matters, but it is a very important work of this parliament. I believe it is an illustration of the way in which the parliamentary committee system can work to its best. It is an illustration of the way in which the parliamentary committee system can review the

actions of a government and its bureaucracy and come to conclusions from the perspective of the parliament and make recommendations and give commentary as to what should happen in the future.

My interests in the outcomes of this report go to the way in which a future government might analyse the information that is before it and make a commitment on behalf of the Australian public to a decision to commit troops to armed conflict. This is what we have to return to in the Australian public debate—a confidence that a government will act properly and that that action will be as a result of proper analysis of good information.

I am pleased that as an outcome of this inquiry the government has adopted the need to investigate our intelligence gathering capacity. I share the concerns of a number of my colleagues on this side of the chamber about the breadth of that inquiry, but I think that what we see in this case is an attempt to make sure that we equip our intelligence community to be able to give Australia the best advice.

As the report outlines, we were greatly dependent on the intelligence that was shared with us by other powers. There was a limited capacity for Australia on its own behalf to make independent analyses of that intelligence. But that does not excuse the way the conclusions by those intelligence organisations were used by government and the political spin that that material was given. It does not excuse the fact that that political spin continues even in the reaction to this report. The selective quoting completely out of context by both the Prime Minister and the Minister for Foreign Affairs to try to suggest that this committee report exonerates the government from any ill-doing in the run-up to the Iraqi conflict is completely erroneous. There can be no conclusions that people can come to that do not indicate that this government has a number of lessons to learn from this saga. Most commentary in the media has suggested that and has indicated that the government is absolutely out of touch if it thinks that in some way this report exonerates its actions.

I want to concentrate on the UN processes that abounded at the time of the decision by the Australian government to commit troops, because I think that is an important aspect of this debate that in the aftermath was glossed over. Certainly there has been a great deal of rewriting of history about the intent of Australia's involvement. But all of us remember that the main intent surrounded Iraq's possession of weapons of mass destruction and the possible use that Iraq, under Saddam Hussein, would make of those WMDs—nothing more, nothing less.

If in fact, as now the government are wont to explain to the Australian community, the reason for our involvement was regime change, the government were pretty reluctant at the time to indicate that. In fact, the real problem was that they went out of their way to indicate that that was not their intent. We have the Prime Minister at the National Press Club on 13 March saying:

... I couldn't justify on its own a military invasion of Iraq to change the regime.

So let us not be too high and mighty, as the government have been, in saying that now that Iraq is rid of Saddam Hussein anybody who was against the war in some way was acting in support of Saddam Hussein. There is a great deal of agreement that Iraq will be potentially much better off now that it is rid of Saddam Hussein; my proviso is that we have to see the type of regime that replaces the deposed regime. Hopefully, with the progress that might be made once the international community can play its part in getting the affairs of Iraq under

control, that will be the case. But certainly the continuing hostilities and the continuing loss of life amongst the civilian population and military personnel from the United States indicate that we still have a way to go.

Having said that, as I have said before in this place, the fact that Saddam Hussein has gone—as an unintended consequence, if you read the black and white of what the government was saying at the time of the action—is a good thing. But is it now a doctrine that this government will wish to go forward with in other international disputes? Will we see it being used against other leaders with as dastardly records on human rights as Saddam Hussein's? That is the point that this debate has got to if the opposition is to be harangued and if it is to be somehow suggested that our actions and our criticism were or are in support of Saddam Hussein. That is a nonsense. It was not the point at the time in the UN processes when the decision was made for a commitment of troops.

Under United Nations Security Council resolution 1441, as I said earlier, the inspection team had been put in place. That inspection team had reported back. But let us look at the way in which the conclusions of that inspection team were distorted by the government to try to justify its actions at the time. We see in UNMOVIC's report that, when Dr Blix said that he believed that Iraq was cooperative on process but not on substance, he expanded on that view and said that UNMOVIC also noted increasing cooperation and numerous initiatives from the Iraqi side. UNMOVIC reported that the results of inspections were consistent with Iraqi declarations and that no weapons of mass destruction had been found. They were fairly important statements because what UNMOVIC were saying was that they were making progress and believed that in time they would get a result.

But, as this report outlines, when we compare the resources that were available to UNMOVIC to those that were available to the present Iraq Survey Group, it was extraordinary that any progress had been made. As the report says, in comparison to UNMOVIC's size and resources, the Iraq Survey Group has impressive capacity. In February 2003 UNMOVIC had a staff of 250 people from 60 countries. When we compare that to what the Iraq Survey Group started off with when it commenced its operations in mid-June 2003, the number of personnel was in the order of 1,200 to 1,600. This included 100 WMD experts, 50 human intelligence case officers, 33 interrogators, 130 personnel for mobile site exploration and over 200 Arab linguists. Let us compare the resources post the start of the conflict when the ISG went into bat with what UNMOVIC were struggling with over the months in the run-up to the conflict. That is glossed over; the government ignores that.

There was a process in place. That process had the support of the opposition and was fundamental to our case and our position at the time of the commitment by the government of troops to involvement in the Iraqi war. This is where the Australian public wish the debate to go back to: matters that were germane at the time the decision was made. They do not want history to be rewritten in a political sense on the basis of events that have followed. To do that would mean that we would still have this concern about the way in which a future Australian government might make decisions of similar ilk.

That is why the outcomes of these inquiries, if we are to really see a proper investigation of the capacity of Australia's sovereign intelligence gathering organisations, are of the utmost importance. This report of the parliamentary Joint Committee on ASIO, ASIS and DSD is a very important aspect of that work. Australians should be confident that Australia itself has

the capacity to know what actions it should take in its own national interest and not do things on the basis that we believe there is some advantage for Australia by just following the whims of a president in Washington or a prime minister in London. If they have come to the conclusion that that was one of the main reasons that Australia was involved, the public understands that the question needs to be asked: was that necessarily in Australia's national interest?

Of course, it is likely that from time to time there will be similar situations that Australia has to confront. I believe we need to learn the lesson that the military solution should not be the only way that we can resolve these matters. There needs to be continuing use of international forums such as the UN and other wider international collectives that search for solutions to these problems in a peaceful manner. Now that we have this hindsight, it is clear that the work of UNSCOM was indeed successful in weakening the ability of the Saddam Hussein regime to do what it had been doing. I believe this parliament should look at this report and the government should take notice of the reaction to it. (*Time expired*)

Mr ALBANESE (Grayndler) (12.26 p.m.)—I am pleased to make a contribution to this discussion of the report of the parliamentary inquiry into the handling of prewar intelligence on Iraqi weapons of mass destruction. However, I wish that it was not necessary. There has been enormous concern in my electorate, which reflects the concern throughout the international community, that the decision to go to war in Iraq was based upon false assessments and a political position which was simply not justified. One of the statements used by some members of the government is that it is fine to discuss these issues in retrospect—that they thought in good faith that there were weapons of mass destruction there and that no-one was saying anything different. What this report systematically outlines is, indeed, that the government did have access to quite a great deal of alternative assessments. It should be noted that this inquiry was very limited. It did not have access to all of the ONA and DIO assessments. Only 26 ONA assessments and just 14 of 189 DIO assessments for the period were provided to the committee.

The report examines four issues regarding intelligence and whether Iraq possessed weapons of mass destruction which it could use. The four intelligence issues were uranium from Africa, the importation of aluminium tubes, mobile biological laboratories and UAVs for a biological weapons program. The first three of those issues were used by the government to justify its case that Iraq had weapons of mass destruction. The report says that all these were either wrong or disputed at the time, or both. As to the issue of UAVs for biological weapons, it certainly is unproven. The report essentially outlines a contrast between what the assessments were that the government was receiving and what actually was occurring.

It is interesting to compare the intelligence assessments with the rhetoric of the Prime Minister and the Minister for Foreign Affairs and to note how different the pitches were. The government would like to suggest that it did not doctor or sex up any of these reports. However, it is pretty clear that the government was very selective in the use of the intelligence that it was receiving. Furthermore, it did not convey to the Australian people any of the qualifications or the doubts in the intelligence material that it received. If you go back and look at the comments of the Prime Minister, the Minister for Foreign Affairs and the Minister for Defence you will see that they were all very deliberate and all very clear. Statements such as 'we know that Iraq has weapons of mass destruction'—not 'we think' but 'we know'—were made over and over again in order to establish the case for war.

The government says that it is okay to be right in retrospect, but it argues that it could not have known about WMD. That is an interesting position because it suggests that it was prepared to go to war on the basis of not knowing what the facts were with regard to Iraqi WMD. But, at that time, contrary views were being put by the intelligence community, by the political community and indeed in this parliament by members of the Australian Labor Party. I went back and had a look at some of the statements that had been made and how they stacked up to the reality. On 18 September 2002, in this House, in response to the ministerial statement on Iraq by the foreign minister, I said:

The case has not been made for a link between Al-Qaeda, the Iraqi regime and the events of September 11. What is more, the case has not been made that there has been an escalation in the development of weapons of mass destruction which provide a clear and present danger, which is the appropriate term under the United Nations operations.

My colleagues were saying the same thing at that time. We spoke of the importance of UN processes. It is very clear indeed that the UN weapons inspectors did a good job—Iraq had been effectively disarmed. Of course, one of the attractions of the US military machine in going to war was the knowledge that the greatest superpower the world has ever seen was engaged in a war against a military that had effectively been disarmed.

It was not just in the parliament that those warnings against going to war were occurring. I was very proud to join perhaps half a million of my fellow Sydneysiders in the Walk Against the War on Sunday, 16 February. I wrote to my constituents, every single one of them, and encouraged them to participate in that walk. I received responses from people such as Alexandra Martyn, Jamie Shaw, Jane Bradfield, Julie Nyland, Paul Wilson, Ann Leahy, Sue Leahy, Kerry Murphy, Marilyn Fairskys and literally hundreds of other constituents of my electorate of Grayndler, all saying that they would be there with me on that day. I want to read just one email, because I think it is indicative of the sorts of responses I got. It is from Simon Abbott, whom I have never met. Simon lives in Marrickville, and back on 3 February 2003 he wrote:

Dear Anthony

I just received your letter today titled "Iraq—time for peace".

I strongly agree with your stance and you have the support of both myself and my family on this issue.

War is not the solution to the issue of Iraq. It does seem to be the solution for the United States (despite the protest of other countries) as it benefits their political and economic interests. It shouldn't be our solution either and this needs to be said loud and clear.

At the very least, John Howard in his eagerness to be led by George W Bush, is portraying Australia as just a lap dog of the US. At worst, he is involving Australia in the deaths of many innocent people and endangering the life's of our military personnel.

I'm often struck by the fact that despite the millions of life's lost last century through war and conflict, that we (the human race) continue to utilise military action as a solution to the worlds problems.

I have never written to a politician before, but the absolute stupidity of John Howard's decision has compelled me to do so. I have never before took part in a demonstration but I will be there on February 16 at the Walk Against the War.

All the best Anthony.

Regards

That was typical of the response of ordinary Australians, but the government could not see it. The government was determined to rush into this military action.

Another excuse that has been made retrospectively is: it does not matter about the WMD because we have had regime change. This is the ultimate retrospective analysis. It was never said—indeed, the opposite was said—prior to going to war. All of us in this parliament, every single man and woman in the House of Representatives and in the Senate, and indeed, I would hope, every Australian regarded Saddam Hussein as an evil tyrant and is glad to see him gone. But he is not the only evil tyrant in the world, and you do have to have orderly international relations and a process other than one country simply deciding unilaterally to remove another country's leader. Throughout the world there are dictators who have been and who continue to be brutal butchers, yet the argument is not put that military action needs to be taken. The hypocrisy, given the arming of the Saddam Hussein regime by the United States in Iraq's war against Iran, is quite breathtaking.

The third defence that comes up is that of pre-emption—that if we did not take action then somehow there would be action against us or against some other nation which represented a threat to Iraq. It is quite clear that that is a nonsense argument. Indeed, the world is a less safe place because of the action in Iraq, and the intelligence assessments make it very clear that there is a greater possibility of terrorist action against Australia as a result of our participation in that war.

I conclude my comments but I argue that the committee's report is important. It is not just about analysing the past as an academic exercise. There is no more important decision than the decision to go to war, and it is important that we understand that the basis for going to war in Iraq was wrong.

Mr QUICK (Franklin) (12.40 p.m.)—I am proud to follow the honourable member for Grayndler, who has a deep commitment to the antiwar movement. I value the remarks that he has made. I welcome this opportunity to speak on and to take note of the report of the Joint Standing Committee on ASIO, ASIS and DSD on the inquiry into intelligence on Iraq's weapons of mass destruction. As one of the limited number of members of the House who publicly opposed at every turn our involvement in the war at Iraq, it is very interesting to see what is being said now here in Australia, in the UK and in the USA, to read newspaper articles and journal articles and to see what I think is a remanufacturing of the truth.

During the lead-up to the war, during our engagement and the subsequent pacification of Iraq by the coalition forces, I was inundated by emails, letters and phone calls. At the beginning, colleagues on both sides of the House told me that this correspondence was emanating only from the 'crazies', the left-wingers or the loonies and to disregard them all. How wrong they were! Despite the hysterical rush by many in this country to join the coalition of the willing and to join in the war against Iraq, there were many sane, normal, quietly spoken and thoughtful people who questioned our obscene haste. They and I were not blinded by the mirror that was shone in our faces—the mirror that spoke of the imminent and frightening unleashing of WMDs by Saddam Hussein. Despite the dossier that was delivered by Tony Blair to both the USA and Australia—a dossier that I might say was taken as almost an announcement from God on high—we who opposed the war were not seduced by the alleged facts contained within it.

Then the three leaders started beating the drum of patriotism to try to ensure that the stragglers joined the Pied Piper's line of complete compliance. To my mind, once you start to beat the drum of patriotism you start to lose. Those who refused to blindly acquiesce were la-

belled—and to my mind harshly so—‘unAustralian’; ‘unpatriotic’; ‘anti-American’; and, the worst slur of all, ‘tacit supporters of Saddam Hussein and all that he stood for’.

My pacifism derives from the experiences of my father, who, as a young 18-year-old, had his birthday on the way to Gallipoli and then had the fortune, or misfortune, of being involved in the battle of Fromelle on the Western Front with 5,335 of his colleagues in the 58th, 59th and 60th battalions. It is interesting to see the member for Ballarat here; many of those young boys were from the Ballarat region. My father lay in no-man’s-land for a couple of days and a couple of nights and was invalided home at the ripe old age of 19. Because of that, his subsequent treatment and lots of other issues that I will not raise here, he became a pacifist, and I have followed his views.

My white-armband protest saw me receive through the mail the ultimate emblem of cowardice—a white feather—which rather threw me. I remember my father telling me a wonderful story of one of his colleagues who received the VC at Lone Pine: Keith Dunstan’s father. Keith was a contributor to the Melbourne *Sun-Herald* for many years and his father got the VC at Lone Pine along with two or three others. He was invalided home and one day was riding on a tram in Melbourne in a suit—it must have been in about 1916 or 1917—when a young lady quietly walked up to him and, without saying a word, handed him a white feather. It was an assertion that, because he was an outwardly appearing healthy young Australian male, he should be ‘over there’ doing his bit. Little did she realise that he had almost given his life for his country and had received the greatest honour our country could bestow on a serviceman.

In hindsight, the report entitled *Intelligence on Iraq’s weapons of mass destruction* gives us an inkling into the thoughts of those who are employed in our intelligence agencies. I might have been a bit harsh in the antiwar speeches I made in Canberra, Melbourne, Sydney and Hobart when declaring that ‘American intelligence’ was an oxymoron. I was rather harsh and cruel in my views of President George W. Bush. Upon his visit here I sought in some small way to alert him and the American administration to the fact that there were people who thought they had been fed lies in an effort to convince them to become involved in what they should not be involved in. It is interesting to see what has been written since.

I am grateful to Anthony Lee from Queensland, who today emailed me regarding a couple of articles that have appeared. Being a busy MP, I do not necessarily get to read all articles that are published. He reminded me of another aspect of ‘if you’re not with us, you’re against us’. William Rivers Pitt, in his book entitled *Selling Death for Fun and Profit*, states:

They—

the American administration—

lied to the American people day after day after day about the nature of this non-existent threat, painting pictures of a rain of poison gas from Iraq pelting down on the innocent so as to scare people into line, and have suffered no consequences.

Then probably one of the cruellest things that the Bush administration did was to destroy:

... the career of a deep-cover CIA agent in retaliation for the exposure of their lies, an agent running a network to keep weapons of mass destruction out of the hands of terrorists ...

Once again, this administration has suffered no consequences. Finally, he states:

It is, as ever, the dead and maimed soldiers, along with their families, who have taken on the burden of suffering those consequences.

The President of the United States is in campaign mode. It is interesting to see the new advertisements that he is putting on air to try and convince people that he should get a second term and Senator Kerry should not be given the chance to be President. Like many others in this world, I was horrified to see these ads. The book *Selling Death for Fun and Profit* states:

The new ads are wretched enough.

These are the ads of George Bush: ground zero, the coffin, the firefighters—and the hand over the heart. It then states:

Imagine Franklin Delano Roosevelt using images of the Pearl Harbor attacks to frighten people into supporting him, and you will apprehend the gall of these new commercials. A recent editorial cartoon captured the essence of the matter nicely. It showed a grave and headstone reading '9/11 Victims'. Pounded into the soil of that grave is a sign reading 'Vote Bush 2004'. To the side is George himself, hands folded, saying, 'What? I thought the sign was tasteful.'

What has been the response in America to these disgusting and tasteless ads? Harold Schaitberger, General President of the International Association of Fire Fighters, has said:

I'm disappointed but not surprised that the President would try to trade on the heroism of those fire fighters in the September 11 attacks.

... ..

The use of 9/11 images are hypocrisy at its worst. Here's a President that initially opposed the creation of the Department of Homeland Security, and now uses its first anniversary as cause to promote his re-election.

What has happened here in Australia? I do not mind being vilified, but Air Marshal Ray Funnell, Chief of Air Staff from 1987 until 1992, told the *Melbourne Age*:

"As someone who opposed the war ... I find it deeply offensive that I'm categorised as someone who wished Saddam to remain in power ..."

If you listen to the speeches of the honourable member for Mayo, our foreign minister, you will find such assertions and allegations. They suggest that there was no alternative other than going to war. There were alternatives, but they were not tried. Some of those alternatives may well have led to regime change. How would we ever know? General Peter Gratton, Chief of the Australian Defence Force from 1987 to 1993, was similarly tarred with this unpatriotic, pro-Saddam Hussein brush. The *Age* reported:

General Peter Gratton ... said it was absurd and silly to argue that those who opposed the war wanted Saddam to remain in power. "I opposed the war because the Government's case for going to war, which was based principally on the weapons of mass destruction, was unconvincing and weak. Our Government didn't argue its case for war on the basis of regime change but, if they had, it would have been vigorously opposed ... it's simply not acceptable international behaviour to take the extreme step of going to war without UN backing because you don't like a particular regime, however bad it may be. I think the Government realised this and that's why they didn't use it as a principal argument."

We have had three inquiries, in the US, the UK and Australia. To my mind, even as a pacifist, the arguments to support our involvement have not been proven, but now the idea of pre-emption is out there. It was interesting to listen to the talk this morning at the parliamentary Christian breakfast by the chaplain of the armed services, Bishop Frame. He highlighted the fact that he has just written a book which will be launched on Anzac Day, called—off the top

of my head—‘The Ethics of Pre-emption’, or something along those lines. We have now moved, and to my mind it is horrible, to this acceptance of pre-emption.

As the honourable member for Grayndler said in his speech, all of us can think of two or three other leaders—even some who used to be in the Commonwealth of Nations—who are just as destructive, homicidal and anti their national interests, and who are still in our region. Are we going to get stuck into them, or are we just going to blindly follow our other two partners in the coalition of the willing?

I urge not only the people in this place but the general Australian populace to read the excellent report released by the joint committee. There are some salutary lessons contained therein. Rather than following the Pied Piper, let us have a serious, long hard look before we involve ourselves in any other wars either in our region or in the far-flung regions of the world. I would like to think that we will seriously look at the truth before we commit our young people to another war.

Debate interrupted.

Main Committee adjourned at 12.56 p.m.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Government Departments: Legal Services**(Question No. 2465)**

Mr Murphy asked the Treasurer, upon notice, on 18 September 2003:

Further to the answers to questions Nos 1620 to 1635 and 1637 (*Hansard*, 12 August 2003, page 18168) what are the Chief Executive Officers of the Minister's departments and agencies doing to ensure that they do not retain the services of any barrister or solicitor who has previously been made bankrupt.

Mr Costello—The answer to the honourable member's question is as follows:

Department of Treasury

In accordance with Government policy, Treasury seeks not to engage legal counsel who have used insolvency as a means of avoiding tax.

The Department can engage legal counsel both through the Australian Government Solicitor (AGS), which provides general legal services to the Department, and through private legal firms which are periodically engaged to provide legal services for specific tasks.

When engaging counsel, AGS takes into account any available information suggesting that the counsel is insolvent and informs the Department accordingly. In such cases the Department would instruct AGS to check the National Personal Insolvency Index to confirm such information. Where this information was confirmed, the Department would then instruct AGS to seek to establish whether the insolvency was attributable to an intention to avoid taxes.

In cases where private legal firms engage counsel on behalf of the Department, staff overseeing these contracts are required to notify the legal firm in question of the Government's policy not to engage legal counsel who have used insolvency as a means of avoiding tax and to instruct the firm to pursue appropriate enquiries.

Australian Accounting Standards Board

The Australian Accounting Standards Board has primarily used the services of the Australian Government Solicitor to address legal issues since the AASB was established on 1 January 2000. It is presumed that the AGS staff comply with any requirements of the government in relation to their suitability and compliance with professional requirements so no specific action has been taken to review the background of the solicitor(s) involved.

The AASB has on occasion retained the services of Mallesons Stephen Jaques for legal advice. Given the large size of the firm and their professional reputation and length of time in operation, no specific action was taken to review the background of the solicitor(s) involved.

Australian Bureau of Statistics

The Australian Bureau of Statistics has engaged a panel of nationally based legal firms through a public tender process.

These legal firms were subjected to independent financial viability checks prior to their appointment to the ABS panel of legal advisers.

Australian Competition and Consumer Commission

The ACCC acquires its legal services from a panel of six national law firms. They are selected by means of a formal tendering process which, among other things, is designed to ensure the probity of successful tenderers.

Following receipt of a copy of the Attorney-General's letter of 6 March 2001 to all Ministers, each firm was formally instructed that the ACCC would not brief counsel who had been made bankrupt and that it was their obligation to ensure that any counsel who was being considered for briefing was not in fact a

bankrupt. The ACCC regularly liaises with the firms and monitors this requirement as part of liaison discussions.

Australian Prudential Regulation Authority

In retaining barristers, APRA acts in accordance with Appendix D of the Attorney-General's Legal Service Directions ('Directions on Engagement of Counsel'). We also seek advice from the Office of Legal Services Coordination (OLSC) in the Attorney-General's Department as to whether counsel under consideration have been briefed before by Commonwealth agencies and to obtain fee details. In almost all cases, APRA has briefed counsel on a list which OLSC maintains. Consistent with the Commonwealth policy, APRA is not aware of ever having briefed counsel who have used insolvency as a means of avoiding tax.

In cases where APRA is instructing the Australian Government Solicitor to act on its behalf and counsel is retained, APRA takes advice from AGS as to counsel's suitability for a particular matter. In such cases, where a particular counsel is seen as potentially suitable, AGS take into account any information which APRA provides to them or that is otherwise available to AGS suggesting that the counsel was insolvent.

Australian Securities and Investments Commission

ASIC is aware of Government policy that legal counsel who have used insolvency as a means of avoiding tax should not be retained on behalf of Commonwealth agencies such as ASIC. Such policy was expressed in a letter from the Attorney-General to the Treasurer dated 21 March 2001, a copy of which was forwarded to ASIC.

In accordance with Government policy ASIC will not retain a barrister or solicitor if it is aware that the barrister or solicitor has used insolvency as a means of avoiding tax. Prior to retaining counsel ASIC, as a standard procedure, contacts the Office of Legal Services Coordination (OLSC) in the Attorney-General's Department. That contact is necessary to ensure that ASIC is complying with Government policy on counsel fees. The OLSC provides ASIC with details taken from OLSC's database about the appropriate level of fees to be paid to the particular counsel proposed to be retained. ASIC understands that counsel who are known to have used insolvency as a means of avoiding tax are removed from the OLSC database.

If ASIC otherwise had reason to be concerned about the insolvency history of particular counsel it can also conduct a search by requesting the Insolvency and Trustee Service (ITSA), which is part of the Attorney-General's Department, to examine the history of particular counsel. ASIC will then take that history into account in its decision of whether or not to retain counsel.

ASIC also notes that entry to the legal profession is a matter regulated by the States and Territories and each of the States and Territories has laws and regulations dealing with legal practitioners who have committed acts of bankruptcy.

Australian Taxation Office

In the majority of cases, the Australian Taxation Office (ATO) retains its barristers through the office of the Australian Government Solicitor (AGS). In such instances, the ATO is reliant on the checking processes utilised by AGS. AGS engages Counsel consistently with the requirements set out in the Legal Services Directions issued by the Attorney General's Department pursuant to section 55ZF of the Judiciary Act.

The directions do not identify steps which a Commonwealth agency or its lawyers can take to enquire that barristers have not used bankruptcy as a means of avoiding taxation obligations.

Wherever possible, AGS relies on existing knowledge of a barrister's reputation and, in particular, that the barrister has not used bankruptcy as a means of avoiding taxation obligations. Similarly, in those instances where the ATO directly briefs a barrister, the ATO relies on prior knowledge of the barrister's reputation that they have not used bankruptcy as a means of avoiding taxation obligations.

The Commissioner is currently seeking advice from the Attorney-General's Department about the circumstances in which it would be appropriate not to engage a barrister or solicitor who has previously been made bankrupt, and also about the means by which the Commissioner can obtain reliable information about whether a barrister or solicitor has previously been made bankrupt.

Corporations & Markets Advisory Committee

The Corporations and Markets Advisory Committee does not retain the services of any barrister or solicitor.

National Competition Commission

The National Competition Council engages barristers and solicitors on the basis of their qualifications and experience, and suitability to represent the Council in the matter concerned. The Council has no specific prohibition against retaining Counsel who have been previously made bankrupt, but it is unlikely that such a person would be considered suitable to represent the Council.

Superannuation Complaints Tribunal

All Solicitors/Barristers briefed are checked before we engage them.

Productivity Commission

Since 1999 the Productivity Commission has sought legal advice exclusively from the Australian Government Solicitor whose employees are taken as meeting the necessary standards of professionalism. If the Commission has cause to seek advice beyond the Australian Government Solicitor, it would take the necessary steps to satisfy itself as to the professionalism of the legal service provider.

Finance and Administration and Special Minister of State: Conclusive Certificates

(Question No. 2922 and 2935)

Mr Danby asked the Minister representing the Minister for Finance and Administration and the Minister representing the Special Minister of State, upon notice, on 10 February 2004:

- (1) How many conclusive certificates has the Minister issued under each of sections 33, 33A, and 36 of the Freedom of Information Act 1982 in each of the last six financial years.
- (2) In each of the last six financial years, how many appeals against those certificates were (a) lodged with the AAT, (b) successful, and (c) unsuccessful.
- (3) What are the case names of all the appeals lodged with the AAT in each of the last six financial years.

Mr Costello—The Minister for Finance and Administration has supplied the following answer to the honourable member's question:

- (1) Neither the Special Minister of State nor I have issued any conclusive certificates under sections 33, 33A or 36 of the Freedom of Information Act 1982.
- (2) (a), (b) and (c) Not applicable.
- (3) Not applicable.

East Timor: Oil and Gas Fields

(Question No. 2986)

Ms Hoare asked the Minister for Foreign Affairs, upon notice, on 10 February 2004:

- (1) Is he aware of an article that appeared in *The Guardian* on 14 October 2003 concerning negotiations between Australia and East Timor over the Greater Sunrise gas reserves.

- (2) Did he tell the East Timorese leadership “We don’t have to exploit the resources. They can stay there for 20, 40, 50 years. We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics – not a chance”.
- (3) Can he explain why he took this attitude to negotiations over the Greater Sunrise gas field.
- (4) Would he deprive East Timor of this source of revenue for 20, 40, or 50 years so the East Timorese would agree.
- (5) Can he provide information on further developments since the Darwin negotiations held on 12 November 2003.

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

- (1) Yes.
- (2)-(3) It would be inappropriate to comment on the details of confidential bilateral discussions.
- (4) With the entry into force of the Timor Sea Treaty and the conclusion of an International Unitisation Agreement for Greater Sunrise, there is already in existence a legal framework for developing the petroleum resources of the Timor Sea for the mutual benefit of both East Timor and Australia. The Treaty gives East Timor 90 per cent of production from the Joint Petroleum Development Area (JPDA). Revenues as a result of this distribution will be a major contribution to creating a sound economic base and long-term stability in East Timor.
- (5) Following scoping talks on the maritime boundary delimitation process, formal negotiations are due to commence in April this year.

Defence: Military Awards

(Question No. 3005)

Mr Brendan O’Connor asked the Minister Assisting the Minister for Defence, upon notice, on 11 February 2004:

- (1) Is the Government committed to monitoring the issue of military awards and ensuring that any genuine anomalies brought to its attention are rectified as soon as possible.
- (2) Were any anomalies with medal entitlements brought to the Minister’s attention in 2003; if so, what were these anomalies and what was the Government’s response.

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

- (1) Yes.
- (2) No. However, there have been a number of perceived anomalies presented, but none have been yet assessed as genuine anomalies in accordance with existing policy.

Veterans: Vietnam

(Question No. 3006)

Mr Brendan O’Connor asked the Minister Assisting the Minister for Defence, upon notice, on 11 February 2004:

- (1) Is the Minister aware that the Nominal Roll of Vietnam Veterans has been extended to be in line with the definition of Warlike Service to include Australian Defence Force (ADF) personnel who served in Vietnam after the signing of the Paris Agreement on 27 January 1973 until the fall of Saigon on 30 April 1975.
- (2) Does the Minister intend to extend eligibility for the Vietnam Medal and the Australian Active Service Medal (with clasp “Vietnam”) to those members of TSF Butterworth and Headquarters Richmond Detachment S who, in March and April 1975, operated flights into the active war zone

in Vietnam under Australian Operational Command; if not, why not; if so, when does the Minister intend to inform eligible Vietnam Veterans of their entitlements.

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

- (1) Yes.
- (2) No. The Australian campaign medals awarded for service in South Vietnam between 1962 and 1973 are the Imperial General Service Medal with Clasp 'South Vietnam' (1962-64), the Vietnam Medal (1964-73) and the Vietnam Logistic and Support Medal (1964-73). These medals recognise Australia's effort during the campaign of the Free World Military Forces (FWMF) to repel communist forces in their attempt to conquer South Vietnam. This campaign, which involved active combat duties and postings to Vietnam of 12 months, concluded with the signing of the Agreement to End the War and Restoring Peace in Vietnam (The Paris Agreement) on 27 January 1973.

On 28 March 1975, the Australian Government made available Royal Australian Air Force (RAAF) personnel and aircraft for use in a humanitarian role in Vietnam and other parts of South-East Asia with the United Nations. The task, which lasted only a matter of weeks, was to ferry supplies and materials intended to meet immediate critical human needs. They were also used in the transport of orphans from Vietnam to Australia and finally in the evacuation of the Australian Embassy in April 1975 during the fall of Saigon. These short activities were not a campaign, nor did they involve active combat duties like the earlier period of Australian involvement during period 1962 to 1973 with the FWMF. For this service, former RAAF personnel are awarded the Australian Active Service Medal (AASM) with Clasp 'Vietnam 1975', which is equal in status to the AASM 1945-75 with Clasp 'Vietnam' for the earlier period. The Vietnam Medal was not established to recognise RAAF service in 1975 and, therefore, is not warranted given the distinctly different nature of that service.

Recognition for service in Vietnam is well established and documented, and therefore does not need to be separately advised to Vietnam veterans.