



Speech by

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AUSTRALIAN WHEAT BOARD; QUEENSLAND AVIATION INDUSTRY

Mr McNAMARA (Hervey Bay—ALP) (12.26 pm): If the Howard government has one outstanding characteristic, it is its ability to look the other way while a small hot spot slowly turns into a bushfire and eventually becomes an inferno, and at that point declare that it never saw it coming and that it is not to blame. This week saw the release of the findings of the Cole royal commission into the dealings of AWB in Iraq. Those findings will stand as a monument to the ability of the federal government's three blind mice, Howard, Vale and Downer, to remain blissfully and officially unaware and uninformed about matters of the most serious import to the national interest, while warnings swirled around them for years.

The bribery of Saddam Hussein with \$290 million of Australian wheat farmers' money as the federal government did its best imitation of an ostrich is now history. Today I raise a different but nevertheless vitally important issue that, if left untended by the federal government, will also have far-reaching impacts right across the economy. I refer to the changes that are currently underway in the international aviation industry.

The Queensland government is working to establish Queensland as a major aviation and aerospace hub for the Asia-Pacific region. In excess of 6,000 skilled aviation jobs have been created so far as a direct result of government investment action and industry facilitation activities.

Companies such as Boeing, Virgin Blue, Smiths Aerospace and Australian Aerospace now call Queensland home. As a result of those companies now delivering on multi-million dollar world-class aerospace projects, Queensland is widely regarded as the centre of the Australian aerospace industry.

The Department of State Development is supporting business growth by assisting aviation firms to achieve greater access to global supply chains and developing regional aviation networks in such places as Cairns, Wide Bay, the Sunshine Coast and Brisbane. To further support smaller aviation firms, the department is also providing \$1.8 million over three years to assist those firms to upgrade business systems, adopt new technology, develop new products and undertake marketing.

However, the commitment of the Beattie government to growing aviation needs to be matched by a federal government that is alert to the issues that are confronting aviation worldwide. The international aviation industry has been losing \$US1 million per hour every hour for the past five years. It has lost about \$US45 billion worldwide since 2001. Fifty per cent of the US airline industry has filed for bankruptcy, including 'top six' airlines, Delta, United and Northwest Airlines.

While world travel numbers have grown by 34 per cent over the past 10 years, that growth has been driven by a 30 per cent drop in airfares. However, fuel prices have now put a stop to the capacity of the industry to keep price cutting. The industry that brought globalisation to the world is now facing its own shake out and the implications for Australia, and our tourism industry in particular, are immense.

Australia relies on international aviation to deliver 99 per cent of the five million foreign tourists who come to our shores every year. International and domestic tourism is absolutely vital to the future of my electorate of Hervey Bay. The story in Hervey Bay recently has been a very good one, with the number of visitors arriving by air up 66 per cent on the first quarter of this year compared to the first quarter of 2005. That reflects the opening of jet links between Hervey Bay and Sydney. However, tourism across Australia

is not going anywhere near as well. As was reported this week by the Tourism Forecasting Council, Australian domestic tourism declined by seven per cent last year and is only expected to grow by half a per cent per year to 2015.

Against these figures, Queensland has done very well to hold its share of total visitors at 23.4 per cent. But the risk to our international visitors base is real. The Northern Hemisphere airlines have continued to drop the long-haul destination of Australia one by one. Only British Airlines and Virgin Atlantic now fly to Australia from Europe, with KLM, Austrian and Lufthansa all giving the route away in recent years. That is why it has been so important that the Queensland government courted and won the support of Richard Branson and his Virgin Group.

What is the federal government doing? It has stood back with its hands in its pockets and watched Qantas get sucked into the storm that is now sweeping international aviation. It was mute when the ACCC said no to Qantas's attempts to shore up the Australia-New Zealand route with cooperative flights and scheduling with Air New Zealand. Australia needs a government that is driving transport integration, airport consolidation and regulatory reform to allow for both competition and route viability. Regrettably, we have Prime Minister 'Rip Van Winkle' and a federal cabinet full of ministers with their eyes wide shut.