



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**  
**PROOF**  
**ADJOURNMENT**  
**China**  
**SPEECH**

**Tuesday, 1 September 2020**

BY AUTHORITY OF THE SENATE

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## SPEECH

<p><b>Date</b> Tuesday, 1 September 2020  <b>Page</b> 91  <b>Questioner</b>  <b>Speaker</b> Fierravanti-Wells, Sen Concetta</p>	<p><b>Source</b> Senate  <b>Proof</b> Yes  <b>Responder</b>  <b>Question No.</b></p>
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**Senator FIERRAVANTI-WELLS** (New South Wales) (20:44): Following my prescient warnings in early 2018 regarding the Chinese communist regime's debt-trap diplomacy activities, especially in the Pacific, I was pleased that an international debate ensued. Debt-trap diplomacy refers to the strategy used by China to lure or trap developing or underdeveloped countries to borrow money to be used mainly for infrastructure projects. The terms of these loans are not transparent. They are often debt-for-equity so that, when a country cannot repay the loan, China takes the equity and ends up owning the asset. Interest imposed is generally higher than that of the international financial institutions. The international debate focused on the communist regime's Belt and Road strategy. Suddenly, the world started to understand the repercussions of BRI—BRI is debt-trap diplomacy. The CCP is using the pandemic as a cover to take advantage of economically stressed nations and companies.

I have continued to advocate that, as part of decoupling, it is also vital that we overhaul our critical infrastructure and foreign investment framework. This includes expanding the parameters of national interest to ensure we protect our national sovereignty. We need to look at practical ways to protect our sovereignty, starting with the Port of Darwin. Any reform of foreign investment policy will require more areas to be subject to scrutiny. More restrictions will need to be placed on foreign ownership and control. Following the acquisition of the Port of Darwin by Chinese company Landbridge, some changes were made to foreign investment rules. However, the exemption from foreign investment review still exists for acquisitions from Commonwealth, state or local governments unless the purchaser is a foreign government investor and the subject of the sale is public infrastructure. Consequently, businesses carried on by governments at any level in Australia are exempt from Foreign Acquisitions and Takeovers Act 1975 scrutiny. For example, a government-owned insurer could be sold to an overseas insurance company without FIRB oversight. Hence, unless we remove the exemption so that all acquisitions by foreign entities are subject to scrutiny and the national interest test, we will not address the elephant in the room: namely, investment by the CCP and its entities in Australia, especially in strategic assets.

This brings me to the recent announcement by Scott Morrison and Marise Payne regarding arrangements that states, territories, councils and universities have with foreign governments. It will only cover state or territory entities, including departments and agencies, local governments, and only universities established under state or territory law. The Commonwealth will ask the states and territories to undertake a review—a stocktake of their current arrangements. Due diligence will apparently then be done. I ask though: is it the intention to overturn existing arrangements or merely put in place a framework for future arrangements? Already, the government has said that the Port of Darwin has been excluded because commercial arrangements are not covered. This legislation will have little or no credibility in the eyes of the Australian public unless the starting point is taking back the Port of Darwin.

We are told that an open-source review has identified over 135 agreements from 30 different countries over about 10 subjects. But let's be clear: the Australian public has no problems where the agreements are with democratic countries or their entities. What the Australian public will no longer tolerate is business as usual with the communist regime in China. What troubles the Australian public are the insidious practices of those loyal to Beijing in Australia. Publications by Professor Clive Hamilton and ASPI's Alex Joske have demonstrated the extent of these activities, especially by the United Front Work Department. The proposed legislation will be very limited in its application. It does not cover commercial arrangements, where the bulk of the issues exist.

In Australia, there are 588 sister city relationships held with 52 countries—99 relationships are with China. Indeed, Canberra itself has a sister city relationship with Beijing—not surprising given the number of fellow travelers residing here! Australia also has 76 friendship city affiliations, 32 of which are with China. Friendship relationships, being partnerships of a more limited scope, require only one exchange per year in contrast to three undertaken by sister cities.

I now turn to the Confucius Institutes. They are run by an agency of the Chinese Ministry of Education called Hanban, which provides teachers, textbooks and operating funds. Its website shows where they are located around

the world and their Chinese partnership arrangements. The first institute in Australia was founded in 2005. There are now 14 Confucius Institutes located at 13 universities, all with a counterpart university or institute in China. In 2015 an institute was founded at the New South Wales department of education and communities with the education department of Zhengzhou province. Since 2009, we have also seen over 60 Confucius classrooms founded at schools and colleges in Australia.

Only agreements entered into by universities, colleges or schools established under state laws would be part of this review. Agreements entered into by private universities, colleges and schools will not be covered. On the issue of universities, I am pleased that finally there will be an inquiry into foreign interference. It is time measures were put in place so that we do not see a repeat of the disgraceful conduct of the University of Queensland in the Drew Pavlou affair and the University of New South Wales impeding free speech.

We need also to uncover the tentacles of the Thousand Talents Program. Universities do incredibly important research, often with large levels of public funding. We need to protect against intellectual property theft, cyberattacks and incursions on freedom of speech. The problem for many of our universities is that they were prepared to turn a blind eye to Beijing's skulduggery so long as the rivers of gold were flowing from China. They relied primarily on Chinese students. They clearly did not follow the advice of their own business schools in practising diversification of income streams. Universities are now billions of dollars in debt and some are looking to the Australian taxpayer to bail them out. This cannot occur. My strong advice to those universities is to accept the government's higher education reform package and accept that they alone are responsible for the bad decisions that they made.

In my speech of 10 June to the Senate, I referred to a study entitled 'Mapping the legal landscape: Chinese state-owned companies in Australia', by Professor Tomasic and senior lecturer Ping Xiong. Its precision would indicate that the authors had good sources. There has not, as far as I know, been any update to this listing. There is no public listing of PRC companies or PRC invested projects in Australia. The most accurate sources for PRC investment and corporate presence in Australia, both state owned enterprises and others, is held within the Treasury. These figures are not publicly available and are often simply approvals rather than records of actual investments. China obviously has the best figures, but they are not publicly available.

China has in fact established a chamber of commerce in Australia to oversee the activities of its state owned entities, both national and provincial. This body is highly influential, given it represents the owners of many billions of dollars. The chamber has branches across Australia and economic sphere committees, including legal, aviation, energy, foreign relations and financial industry sectors. The massive financial power and thus influence of this body on Australian companies and governments has not yet been fully appreciated.

It is time the Australian public is made aware of the corporate reach of these PRC SOE companies, and this includes details of what government agencies know of their holdings and activities. An open source search of the entities listed in the Tomasic-Xiong paper will be slow and laborious. It would not yield a comprehensive picture, given that these companies do not necessarily provide details of their assets, or all their assets, on their website. A public database of Australian assets owned by Chinese entities would be an informative national resource for economic and security purposes, but to my knowledge such a database does not exist.

As we move to decouple from China and increase self-sufficiency, especially with vital supply chains, it is essential Australians know full well who and what they are dealing with. They need to know who owns what.