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SITTING DAYS—2015

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FORTY-FOURTH PARLIAMENT
FIRST SESSION—SIXTH PERIOD

Governor-General
His Excellency General the Hon. Sir Peter Cosgrove AK, MC (Retd)

House of Representatives Office holders
Speaker—Hon. Bronwyn Kathleen Bishop MP
Deputy Speaker—Hon. Bruce Craig Scott MP
Second Deputy Speaker—Mr Robert George Mitchell MP
Members of the Speaker’s Panel—Mr Russell Evan Broadbent MP,
Ms Anna Elizabeth Burke MP, Ms Sharon Catherine Claydon MP,
Mr Patrick Martin Conroy MP, Mr Alexander George Hawke MP,
Mr Ian Reginald Goodenough MP, Mrs Natasha Louise Griggs MP,
Ms Sarah Moya Henderson MP, Mr Stephen James Irons MP, Mr Ewen Thomas Jones MP,
Mr Craig Kelly MP, Ms Michelle Leanne Landry, Ms Clare Ellen O’Neil, MP,
Mrs Jane Prentice MP, Mr Donald James Randall MP, Mr Ross Xavier Vasta MP,
Mr Brett David Whiteley MP, Mrs Lucy Elizabeth Wicks MP

Leader of the House—Hon. Christopher Pyne MP
Deputy Leader of the House—Hon. Luke Hartsuyker MP
Manager of Opposition Business—Hon. Anthony Stephen Burke MP
Deputy Manager of Opposition Business—Hon. Mark Dreyfus QC MP

Party Leaders and Whips
Liberal Party of Australia
Leader—Hon. Anthony John Abbott MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Government Whip—Mr Scott Buchholz MP
Government Whips—Mr Andrew Alexander Nikolic, AM, CSC and
Ms Nola Bethwyn Marino MP

The Nationals
Leader—Hon. Warren Errol Truss MP
Deputy Leader—Hon. Barnaby Thomas Gerard Joyce MP
Chief Whip—Mr Mark Maclean Coulton MP
Deputy Whip—Mr George Robert Christensen MP

Australian Labor Party
Leader—Hon. William Richard Shorten MP
Deputy Leader—Hon. Tanya Joan Plibersek MP
Chief Opposition Whip—Mr Christopher Patrick Hayes MP
Opposition Whips—Ms Jill Griffiths Hall MP and Ms Joanne Catherine Ryan MP

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<tr>
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<td>Wood, Mr Jason Peter</td>
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PARTY ABBREVIATIONS
ALP—Australian Labor Party; LP—Liberal Party of Australia; NATS—The Nationals;
IND—Independent; NATSWA—The Nationals WA; CLP—Country Liberal Party;
AUS—Katters Australia Party; AG—Australian Greens; PUP—Palmer United Party

Heads of Parliamentary Departments
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Clerk of the House of Representatives—D Elder
Acting Secretary, Department of Parliamentary Services—D Heriot
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Each box represents a portfolio. **Cabinet Ministers are shown in bold type.** As a general rule, there is one department in each portfolio. However, there is a Department of Human Services in the Social Services portfolio and a Department of Veterans' Affairs in the Defence portfolio. The title of a department does not necessarily reflect the title of a minister in all cases.
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<tr>
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<td>Hon. David Feeney MP</td>
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<tr>
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BILLS

Medical Research Future Fund Bill 2015

First Reading

Bill and explanatory memorandum presented by Mr Hockey.

Bill read a first time.

Second Reading

Mr HOCKEY (North Sydney—The Treasurer) (09:01): I move:

That this bill be now read a second time.

The Abbott government is focused on ensuring our best and brightest Australian medical researchers remain at the forefront of developing treatments and creating cures that will improve the lives of Australians and millions of people around the world.

That is why, last year in the budget, we committed to creating the $20 billion Medical Research Future Fund—the biggest endowment fund of its kind in the world.

This is a game changer for Australia and for Australians.

The Medical Research Future Fund is a landmark coalition government initiative.

It will deliver enormous benefits for the health of all Australians.

It will be transformational, not only for Australia's 23,000 research professionals, but also for the medicines industry that stands behind that and employs nearly twice as many Australians.

It will provide funding for Australian scientists and medical researchers to become the best in the world.

The bill establishes the Medical Research Future Fund from 1 August this year—2015. The first $10 million in additional medical research funding is to be distributed in 2015-16 and over $400 million is estimated for distribution over the next four years.

Importantly, this funding is in addition to the government's existing budget for direct medical research of around $3.4 billion over the next four years.

But we know this is not enough, as only around 15 per cent of last year's grant applications to the National Health and Medical Research Council actually received financial support.

The establishment of the Medical Research Future Fund will encourage innovation, at all levels of health and medical research.

It will fund vital research to better enable the discovery and development of new medicines and technologies.
It will support investment across the research spectrum, from laboratory research, through clinical trials, the commercialisation of new drugs or devices, and the translation of new techniques or protocols into clinical practice and public health.

All Australians stand to benefit from this initiative, through a better health system and improved health outcomes. Medical research that can be exported to the world provides benefits to all.

But the true value of medical research is hope, the hope a mother needs when she has been diagnosed with breast cancer, the hope parents need when they are told their child has leukaemia—a cure for which is maybe five, 10 or 15 years away.

It is hope that vanishes with the passing of days. That is why we need to act now—today.

To give you one example: unlike other forms of cancer, survival rates for brain cancer have hardly changed over the past 30 years. It is a cancer that attacks the youth of this country. Brain cancer kills more children than any other disease.

This is a tragedy that needs not only national attention but national action.

I digress by reminding the House how many here were upset when Matt Price passed away from brain cancer during the 2007 election. He was a fine guy. Everyone at the time said, 'We have to do something about this', but nothing has happened that has made a difference. That is one of the things that can come out of today's legislation: we could find that cure for brain cancer that has been so elusive for so long—a cure for a disease with such a horrible impact on so many.

Finding the answers and cures for tragic diseases starts with this fund, and Australia is the place to get on with groundbreaking medical research.

We have a proud history of medical research, with 8 Nobel Prize winners in physiology or medicine, ranging from discovering the cure for peptic ulcers to helping to develop penicillin.

But you do not have to be a Nobel Prize winner to change the world. Australia has led the way with other life changing medical advances—cochlear implants, for example, which have given over 300,000 people around the world the ability to hear again, or the development of spray-on-skin, which is a vital treatment for burn victims.

The legislation I introduce today will establish the fund from 1 August this year.

The fund will then receive an initial contribution of $1 billion from the uncommitted balance of the Health and Hospitals Fund. In addition, the estimated value of savings from the Health portfolio will be contributed until the fund breaches a target capital level of $20 billion.

Based on these contributions, and as outlined in the budget papers, the Medical Research Future Fund is projected to reach $20 billion by the middle of 2020.

The Medical Research Future Fund will be managed by the Future Fund Board of Guardians, which has a proven track record of managing investment portfolios on behalf of the government, and maximising returns over the long term.

The bill requires the Treasurer and the Minister for Finance to issue directions setting out the government's expectations as to how the fund will be managed by the Future Fund and invested by their board, including setting a benchmark return for earnings.
The Future Fund Board of Guardians will have responsibility for preserving the capital of the fund in perpetuity. The Board of Guardians will also be responsible for advising the government on the amount of earnings that have been raised in a given year. Those funds will then be available for disbursement to medical research in the following year.

The government will establish an advisory board to provide strategic advice to the government on medical research priorities and expenditure of the disbursements from the fund. This advice will inform how the new medical research funding is allocated in each budget cycle.

The establishment of the Medical Research Future Fund will provide a new, secure, predictable revenue stream for medical research, supporting a sustainable health system into the future.

Innovations in health and medical research play an important role in increasing the efficiency of health services and improving health outcomes.

As I said during last year's budget, as a result of the Medical Research Future Fund, it may be an Australian who discovers better treatments and even cures for dementia, Alzheimer's, heart disease or cancer.

By investing now, this new and historic commitment in medical research may achieve even greater breakthroughs in years to come and save the lives of those people that are closest to us.

I commend the bill to the House.

Debate adjourned.

Medical Research Future Fund (Consequential Amendments) Bill 2015
First Reading
Bill and explanatory memorandum presented by Mr Hockey.
Bill read a first time.

Second Reading
Mr HOCKEY (North Sydney—The Treasurer) (09:10): I move:
That this bill be now read a second time.

The Medical Research Future Fund (Consequential Amendments) Bill 2015 facilitates the establishment of the Medical Research Future Fund through amendments to related legislation.

The consequential amendments to these acts enable the effective operation of the Medical Research Future Fund at commencement.

Commencement and further details can be found in the explanatory memorandum.
Debate adjourned.

Renewable Energy (Electricity) Amendment Bill 2015
First Reading
Bill—by leave—and explanatory memorandum presented by Mr Hunt.
Bill read a first time.
Second Reading

Mr HUNT (Flinders—Minister for the Environment) (09:12): I move:

That this bill be now read a second time.

The Renewable Energy (Electricity) Amendment Bill 2015 will implement changes to the Renewable Energy Target to better reflect market conditions and allow sustainable growth in both small- and large-scale renewable energy.

The bill will lead to more than 23½ per cent of Australia’s electricity being sourced from renewable energy by 2020—not 20 per cent but 23½ per cent.

It also addresses problems which emerged more than three years ago with the Renewable Energy Target. Despite the presence of the 41,000 gigawatt-hour target, it was unlikely that it would be met.

First, there was a significant drop in electricity demand which occurred following the global financial crisis and it coincided with the closure of energy-intensive manufacturing plants. Together, they played havoc with wholesale electricity prices.

This was compounded by rising retail electricity costs associated with the carbon tax, network charges and feed-in tariffs resulting in households and industry changing their consumption patterns.

Second, the changes to the Renewable Energy Target introduced by the Rudd government and the subsequent creation of the phantom credit bank of what is currently 23 million certificates is still being felt today. This overhang continues to suppress demand for renewable energy certificates and stymie the signing of power purchase agreements.

These combined to make it increasingly difficult for renewable energy projects to attract finance.

Added to this, the increasing realisation that new subsidised capacity was being forced into an oversupplied electricity market made it likely that financial institutions would be approaching the new investments in the renewable energy space with significant caution and reluctance.

It is in this context that we have sought to place the Renewable Energy Target on a sustainable footing and to overcome the legacy of the problems created by the phantom credit scandal.

So this then brings me to the fact that the Renewable Energy (Electricity) Amendment Bill 2015 amends the Renewable Energy (Electricity) Act 2000 to:

- adjust the large-scale renewable energy target (LRET) to 33,000 gigawatt hours in 2020. This will reflect a commitment to achieve approximately 23½ per cent of electricity from all renewable sources by 2020;
- increase the partial exemptions for all emissions-intensive trade-exposed activities to full exemptions. This will be of particular importance to trade-exposed industries throughout the country, as recognised by the opposition and as in particular has been championed by many members such as the members for Bass, Braddon, Lyons, Wannon and Corangamite;
- reinstate biomass from native forest wood waste as an eligible source of renewable energy; and
• remove the requirement for Labor's legislated biennial reviews of the RET.

These changes will ensure that there is continued support for sustainable growth in the large scale renewable sector. And, the 33,000 target, I repeat, is higher in its ultimate effect than the originally conceived objective of 20 per cent, which was the purpose, the intended outcome and the stated objective of the original legislation.

There will be no changes to the Small-scale Renewable Energy Scheme. The scheme will continue in line with household and small business demand.

The removal of Labor's phantom credit scheme federally and the rationalization of feed-in-tariffs at the state level have reduced many of the distortions outlined in this week's Grattan Institute report. I am delighted that this bill is proceeding in a bipartisan fashion.

Key features of the revised Renewable Energy Target

The Large Scale Renewable Energy Target

This then leads me to the fact that the bill will adjust the large-scale renewable energy target, or LRET, to reflect the 23½ per cent target. We will therefore adjust the LRET from 41,000 gigawatt hours in 2020 to 33,000 gigawatt hours in 2020. It will adjust the profile of annual renewable generation targets from 2016 to 2030 so that the target reaches 33,000 gigawatts in 2020 and is maintained at 33,000 gigawatt hours per annum from 2021 to 2030. This target is separate to the 850 gigawatt hours that is to come from waste coalmine gas generation each year until 2020 under pre-existing transitional arrangements previously agreed between the parties.

As highlighted in our energy white paper released by the Minister for Industry, Australia has an over-supply of generation capacity and some of that is aged. From 2009-10 to 2013-14, electricity demand has fallen by approximately 1.7 per cent per year on average.

This is due to many factors: sadly, declining activity in the industrial sector; increasing energy efficiency, which is a positive for Australia; and strong growth in rooftop solar PV systems, which is also a benefit for Australia, which does, however, reduce demand for electricity sourced from the grid.

While the Government welcomes a diverse energy mix in Australia, it also recognises that circumstances have changed since the original target of 41,000 gigawatt hours was set in order to achieve what had been hoped would be a 20 per cent outcome.

This new target of 33,000 gigawatt hours directly addresses these issues and gives the industry an opportunity to grow. It represents a sound balance between the need to continue to diversify Australia's portfolio of electricity generation assets, the need to encourage investment in renewables while also responding to market conditions, the need to reduce emissions in the electricity sector in a cost-effective way, and the need to keep electricity prices down for consumers.

Most importantly, this new target of 33,000 gigawatt hours by 2020 is achievable. It will require in the order of six gigawatts of new renewable electricity generation capacity to be installed between now and 2020.

Even at the adjusted level of 33,000 gigawatt hours, the renewable sector will have to build as much new capacity, on the advice that I have, in the next five years as it has built in the
previous fifteen. This will not be an easy task, but, on all the advice we have, it is achievable and therefore real construction will occur.

This new target will therefore be good for jobs in the renewable energy sector and, as I have said, lift the proportion of Australia's electricity generation to approximately 23½ per cent by 2020.

**Assistance to emissions-intensive trade-exposed industries**

When the RET scheme was expanded in 2010, partial exemptions were introduced for electricity used in emissions-intensive trade-exposed activities. These were hard-fought and negotiated by the coalition. The exemptions only apply to the additional RET costs that were incurred as a result of the expansion of the scheme.

The RET scheme regulations currently prescribe that electricity used in activities defined as highly emissions intensive and trade exposed is exempted at a 90 per cent rate, and electricity used in activities defined as moderately emissions intensive and trade exposed is exempted at a 60 per cent rate.

This bill will increase support for all emissions-intensive trade-exposed activities to full exemptions from all RET costs—that is, from the costs of the original target as well as the costs of the expanded target. A full exemption will protect jobs in these industries and ensure they remain competitive. This has been of particular concern, as I mentioned earlier, to the members for Bass, Braddon, Lyons, Wannon and Corangamite—each of whom has played an extremely important role in securing this agreement between the parties.

The reduction in the direct costs of the RET resulting from the lower large-scale renewable energy target will more than offset the impact on other electricity users of the increase in assistance for emissions-intensive trade-exposed activities.

**Reinstating biomass from native forest wood waste as an eligible source of renewable energy**

Native forest wood waste was in place as an eligible source of renewable energy under Labor's own legislation until November 2011.

The use of such native forest wood waste for the sole or primary purpose of generating renewable electricity has never been eligible to create certificates under the scheme. Eligibility was subject to several conditions, including that it must be harvested primarily for a purpose other than energy production. This is about the use of wood waste; it is not about cutting down biomass to burn.

Consistent with our election commitment, as was set out in our forestry policy on the first page and further within the policy, this bill reinstates native forest wood waste as an eligible source of renewable energy under the RET, basing eligibility on exactly the same conditions—precisely the same conditions—as were previously in place under the ALP when they were in government.

One of the objectives of the RET is to support additional renewable generation that is ecologically sustainable. We are reinstating, therefore, the provision allowing native forest wood waste as an eligible renewable energy source, because there is no evidence that its eligibility leads to unsustainable practices or has a negative impact on Australia's biodiversity. This was the experience of the 10 years during which this provision was in place.
We believe that the safeguards that were in place previously were, and are still, sufficient assurance that native forest wood waste is harvested and used in a sustainable way. The regulations were underpinned by ecologically sustainable forest management principles which provide a means for balancing the economic, social and environmental outcomes from publicly owned forests.

In all cases, the supply of such wood waste is subject to the Commonwealth and state or territory planning and environmental approval processes, either within, or separate to, the regional forest agreement frameworks.

Using wood waste for generation is more beneficial to the environment than burning the waste alone on the forest floor or simply allowing it to decompose and to produce methane—a greenhouse gas with very high global warming potential. Its inclusion as an eligible energy source is another contribution to the target.

We understand that regular reviews of policy settings create uncertainty for investors, business and consumers. That is why this bill removes the requirement for two-yearly reviews of the RET. Providing policy certainty is crucial to attracting investment, protecting jobs, and encouraging economic growth.

Protecting electricity consumers, particularly households, from any extra costs related to the RET, has been a priority from the start and the government understands that the 33,000 gigawatt-hour target remains a challenge for industry.

For these reasons, instead of the reviews, the Clean Energy Regulator will prepare an annual statement on the progress of the RET scheme towards meeting the new targets and the impact it is having on household electricity bills.

Again, this bill is about appropriately balancing different priorities; replacing the biennial reviews with regular status updates better meets the needs of industry and the needs of consumers, and any concerns within the parliament. It is about increased transparency at the same time as increased certainty.

Importantly, both the government and the opposition have agreed to work cooperatively on a bipartisan basis to resolve any issues which may arise with the operation of the Renewable Energy Target through to 2020. Against that background I do wish to thank many people, beginning with the opposition. We have negotiated in good faith with Mark Butler, Gary Gray and Chris Bowen. I particularly thank my opposite, the shadow minister for the environment, Mark Butler, and his staff for their work. These negotiations can be difficult but I believe both sides conducted an honourable process, and this was an example of the parliament operating as a parliament for an outcome which will be, ultimately, beneficial to Australia. So I acknowledge and appreciate the work of my colleagues on the opposite side of the chamber.

I want to thank my colleagues, in particular: Ian Macfarlane, whose knowledge of the electricity is peerless, not just within the parliament but arguably almost anywhere within Australia; the Prime Minister who, himself, proposed the compromise and suggested the notion of the Clean Energy Regulator providing the annual outdates—it was an important breakthrough and step forward and he engaged deeply in this process and was always seeking a balanced outcome; as I have mentioned, my colleagues Dan Tehan, Sarah Henderson, Eric Hutchinson, Andrew Nikolic and Brett Whiteley; and Angus Taylor, whose knowledge of the electricity sector and whose concerns for his electors were absolutely vital in helping us to
achieve this outcome. He is a very informed individual and the parliament benefits from having another Rhodes Scholar enter this chamber.

From within the Department of the Environment, David Parker and Brad Archer played a critical role throughout the review process. I thank Lyndall Hoitink and John Jende—whose knowledge of the Renewable Energy Act and the implications are extraordinary. Mark Scott, Candice El-Asmar, Kieran McCormack and Peter Nicholas all played critical roles.

From the Clean Energy Regulator I thank Chloe Monroe, who performed an extraordinary role in executing the first Emissions Reduction Fund auction and also provided invaluable advice. She and her team are outstanding policy professionals. Although appointed by a previous government, we have proudly and happily continued her role. As far as I am concerned, she is invited to stay in the job for as long as she wishes to do it. She is really one of the great public servants in Australia. Similarly, she is supported by people such as Mark Williamson and Amar Rathore, both of whom have done a great job.

At the Office of Parliamentary Counsel I thank Iain McMillan and his staff. From others who have contributed significantly there is Jessi Foran from Ian Macfarlane's office. From within industry Miles George, as chair of the Clean Energy Council, and Kane Thornton, CEO of the Clean Energy Council, were indefatigable and fundamental in pressing the concerns and needs of their sector. This deal would not have been achieved without their work, and I honour and acknowledge it.

Similarly, Miles Prosser, from the Aluminium Council; Innes Willox, from the Australian Industry Group; and Kate Carnell and John Osborn, from the Australian Chamber of Commerce and Industry, all played critical roles in helping to bring us to this point.

Finally, I want to acknowledge two people from my office: my chief of staff, Wendy Black, whose counsel and guidance on every topic is really outstanding; and Patrick Gibbons, who is my senior adviser and whose knowledge of the electricity sector is surpassed only by that of Ian Macfarlane, who has spent hundreds and hundreds of hours helping to bridge the gaps between different parties. Again, this would not have been possible without him.

To all of those parties I say thank you. Let me conclude by saying this: this bill is consistent with the government's conviction that policy decisions must be based on sound economic principles and real-world experience. It also represents the government's commitment to maintain stable and predictable settings that encourage growth, encourage competitiveness, encourage efficiency and that produce better outcomes for electricity consumers.

The RET had to be reformed in response to changing circumstances. This bill achieves balanced reform. It will provide certainty to industry, encourage further investment in renewable energy and better reflect market conditions. It will also help Australia reach its emissions targets, and it will protect jobs and consumer interests.

As the energy white paper points out, Australia has world-class solar, wind and geothermal resources, and very good potential across a range of other renewable energy sources. In addition to the support for small- and large-scale renewables, which this bill provides, the government is providing over $1 billion towards the research, development and demonstration of renewable energy projects.
This bill recognises that renewable energy is an important part of Australia's future, while also recognising that its deployment must be supported in a responsible way with minimal disruption to our energy markets. I thank all of those involved in reaching this point. I am delighted that we have achieved a sensible balance which will allow the industry to grow to 23½ per cent of Australia's total energy production by 2020.

I commend the bill to the House.

Debate adjourned.

National Health Amendment (Pharmaceutical Benefits) Bill 2015
First Reading
Bill and explanatory memorandum presented by Ms Ley.
Bill read a first time.

Second Reading
Ms LEY (Farrer—Minister for Health and Minister for Sport) (09:33): I move:

That this bill be now read a second time.

The National Health Amendment (Pharmaceutical Benefits) Bill 2015 will amend the National Health Act 1953 to implement measures in the PBS Access and Sustainability Package.

The bill contains changes to medicines supply and services designed to deliver a more sustainable Pharmaceutical Benefits Scheme (PBS), cheaper medicines for consumers, better value for money for Australian taxpayers, and continued and improved access to innovative medicines. It also includes measures from the successful negotiation of the Sixth Community Pharmacy Agreement (6CPA)—the new five-year agreement with the Pharmacy Guild of Australia, as well as the strategic agreement reached with the Generic Medicines Industry of Australia.

Cooperation and consultation

This package is the result of extensive consultation and negotiation across the whole PBS supply chain. The government has worked constructively over the past four months with the Pharmacy Guild of Australia, the Generic Medicines Industry Association, the Consumers Health Forum of Australia, Medicines Australia and other key stakeholders to develop a strongly supported package of measures that will ensure ongoing access to innovative medicines through a sustainable PBS. Not all stakeholders agree with all components of the package. However, all components have a solid body of support from across the stakeholder groups recognising that everyone must contribute in order to share the benefits.

For the first time, the negotiations regarding access to, and sustainability of, the PBS were not confined to the Pharmacy Guild of Australia and Medicines Australia. Instead, there was cross-sector consultation with over 20 stakeholder groups. Inputs and ideas were canvassed from all sectors, about all sectors. Meetings ranged from a roundtable, to group discussions, to one-on-one meetings. Ideas canvassed in these meetings have resulted in a broad package of over 20 measures which will achieve net savings of $3.7 billion over five years.

Key components of the package
The key components of the Access and Sustainability Package will modify the operation of the PBS to reduce costs for innovative and generic medicines via new PBS-pricing policies; increase pharmacy competition by allowing pharmacies to discount the copayment for subsidised medicines; create capacity to list new medicines by removing certain over-the-counter medicines from the PBS; change the structure of pharmacy remuneration to remove the link to PBS prices; and provide for pharmacy to expand its role in the community.

Together, the measures provide a fair and balanced approach, where all participants in the PBS contribute to the required savings, risks are managed, efficiencies are gained, and access to medicines and pharmacy services for consumers is improved. The changes will allow the PBS to respond to the increasing demand for very expensive medicines and allow pharmacy to continue to evolve.

**Savings—pricing policy changes**

**F1 medicines—one-off five per cent reduction**

The changes affect single-brand innovator medicines in the F1 formulary and multiple-brand medicines in the F2 formulary.

For medicines on F1, there will be a one-off statutory price reduction of five per cent on 1 April 2016 for all medicines which have been PBS-listed for at least five years. A similar one-off five per cent reduction will apply every April from 2017 to 2020 for other medicines when they reach their five-year anniversary on the PBS.

This is the first time the government has proposed statutory price reductions for F1 medicines. However, this is the fastest growing part of the PBS by price for individual medicines and by cost to the PBS. Every new drug is an additional investment by government in companies in the innovative medicines sector and contributes directly to that sector's growth.

Every four months, government invests new money in this sector by actioning the recommendations of the Pharmaceutical Benefits Advisory Committee (PBAC). In May 2015, this government announced that $1.3 billion of new high-cost listings had been approved to fund high-cost cancer treatments and medicines for the treatment of blindness associated with diabetes. The positive outcomes from the March 2015 PBAC meeting mean the Department of Health is currently negotiating another $2.5 billion of listing recommendations from that meeting.

This is a significant and continual pipeline of reinvestment and revenue for the innovator sector. It is reasonable that, after a period of time, a small percentage is recouped to help support further new listings. Delaying the reduction until five years after PBS listing recognises that manufacturers need time to recoup the investment in developing and bringing new medicines to market.

**Price disclosure—remove originator**

Price disclosure is important to the PBS as it allows market forces to play a part in the PBS, in a way that would not otherwise occur for subsidised prices. It makes medicines cheaper not only for government, but also for consumers.
Price disclosure will be accelerated for medicines that have been listed on the F2 formulary for three years or more. This will be achieved through the removal of the originator brand as part of the calculation of the weighted average disclosed price. Calculations will then be based on sales data for generic medicines only.

Removing the originator from the price disclosure calculation will result in increased price reductions for government and consumers because the weighted average prices will be lower. This is because originators tend to maintain higher prices than other brands and therefore draw the weighted average up.

The first price reduction day under this policy will be 1 October 2016.

It takes time for generic brands to acquire market share. In Australia generic medicines tend to achieve 50 per cent market penetration by year 3. To ensure free-market competition principles have a chance to be established and multiple supply sources secured in the Australian generics market, all brands of a drug will be retained in price disclosure calculations in the early years of brand competition. This is why the originator will be removed from the calculation after three years. With less than 50 per cent of F2 medicines undertaking discounting after three years due to market dynamics reaching a floor price, this measure will only affect those medicines that are still engaged in significant market competition. In this way, medicines not undertaking significant discounting are still protected by the existing safeguards in the system.

My department will consult with pharmaceutical companies regarding implementation well in advance, to ensure they understand the effect of the new calculation method for their brands.

Price disclosure—protection for low volume medicines

The bill will also provide a mechanism to protect low-volume, high-need medicines where there is little room for price reductions. This will reduce the risk of essential medicines becoming unviable and being withdrawn from the Australian market.

Price disclosure—flow-on reductions to drugs in F2 combination items

For combination medicines on the F2 formulary, flow-on pricing rules will be changed to enable price disclosure reductions to be proportionately flowed on from single-molecule medicines to combination items.

At present, there is a loophole in the price disclosure framework. It has allowed some companies to avoid flow-on price reductions of component medicines by listing a second brand of their own combination drug. Under the current policy, combination items in F2 have price adjustments only if there is a price disclosure reduction due to direct competition between brands of that item. It has resulted in an inconsistency between the pricing of component medicines and the combination item, providing companies with a revenue windfall at the expense of government. This practice has already cost the government, that is, taxpayers, some $250 million.

This change will address the anomaly by ensuring appropriate price reductions are applied to combination items on the PBS and ensuring that the PBS pays the right amount for the same drug treatment.
Sixth Community Pharmacy Agreement (6CPA)

For the pharmacy sector, the Sixth Community Pharmacy Agreement provides revised remuneration arrangements that will enable pharmacy to innovate and transition from a focus on medicines supply to medicines management and pharmacy services. The terms of the agreement increase the transparency and accountability of community pharmacy remuneration and remove linkages to drug prices; introduce mechanisms to ensure that expanded health services are cost-effective and clinically appropriate; and provide for a review of pharmacy remuneration and regulation arrangements.

Extension of expiry for Pharmacy Location Rules

The current Fifth Community Pharmacy Agreement expires on 30 June 2015, as does the legislation which underpins the use of Pharmacy Location Rules. Amendments in the bill will enable location rules, and the Australian Community Pharmacy Authority which administers them, to continue until 30 June 2020.

Pharmacy Location Rules

Pharmacy Location Rules have been in place since 1990. Their purpose is to ensure a suitable geographic spread of pharmacies approved to supply PBS medicines, including in rural and remote regions of Australia.

There has always been considerable interest in the regulation of community pharmacy. There has also been frequent criticism of the existence of Pharmacy Location Rules. Most recently, the National Commission of Audit, the Competition Policy Review by Professor Ian Harper, and the Productivity Commission Research Paper: Efficiency in Health have all suggested that the location rules affect competition and that they should be revised or removed.

The Australian National Audit Office's review of the administration and negotiation of the Fifth Community Pharmacy Agreement also questioned whether the government receives value for money for expenditure on remuneration for community pharmacy.

Review of pharmacy remuneration and location rules

Because the details of the Pharmacy Location Rules are determined separately, the effect of extending the expiry is that current arrangements can continue without interruption past the end of June.

Pharmacy Location Rules have been reviewed in the past and have been updated several times as a result. Whether they should remain in their current form or be updated in the future will be considered as part of the independent review of Pharmacy Location Rules and remuneration.

This comprehensive and publicly accountable review will be conducted over the next 18 months, and its findings published within two years of the 6CPA commencing. It will cover pharmacy remuneration, Pharmacy Location Rules and wholesaler arrangements. The review will allow the government to be better informed about components of the PBS supply chain and to ensure distribution and supply of medicines is cost-effective, and regulations are appropriate to their purpose.
Sixth Community Pharmacy Agreement—investment and changes

Through a robust negotiation process the government and the guild have come to an agreement on a package of additional funding and structural reforms that will benefit the sector and most importantly consumers, and in the long term will demonstrate value for money for taxpayer dollars.

The 6CPA is a strong package which will deliver up to $18.9 billion to community pharmacy and wholesalers over the next five years. This is an increase of over $3 billion on the 5CPA. And this does not include an estimated $4.8 billion in under co-payment scripts that provide additional revenue to community pharmacy. In total, the potential revenue for this sector from the PBS is $23.7 billion over the next five years.

This investment will be vital to manage changes that may arise from the review of pharmacy remuneration and to transition to new models for dispensing medicines and pharmacy services.

Increasing pharmacy competition by allowing discounting of co-payments

This bill will also allow pharmacies to discount the patient co-payment for PBS medicines by up to $1 per prescription. This discount is not mandated. Pharmacies can choose whether to offer a reduction and they can also decide the level of the discount, up to the $1 maximum.

This will be the first time that PBS legislation will allow pharmacists to offer reduced PBS patient co-payments. The change will increase competition between pharmacies and benefit patients by reducing out-of-pocket costs at the point of sale.

At present there is inequity in the system. General patients—that is, non-concessional patients—already access over 70 million scripts per year for less than the patient co-payment amount of $37.70 and those prices are discounted by pharmacists based on market competition. The final price paid by the general patient can be counted towards their safety net.

But concessional patients cannot benefit from these practices, as all PBS prescriptions are priced above the concessional co-payment amount of $6.10 because we, the government, pay pharmacy a dispensing fee of $6.76 plus mark-ups. To offer a concessional patient a medicine such as amoxicillin at the discounted price of $5.90 that could be offered to a general patient, the payment would not count towards their safety net. Alternatively, they must pay the higher price of the concessional co-payment in order to register the payment towards their safety net. This is not a fair outcome.

Consumers, particularly concessional patients, will benefit from paying less for their medicines under this measure. More affordable medicines is an important outcome for patients. It is important to remember that more than 80 per cent of concessional patients do not reach the safety net threshold so they will benefit from cheaper medicines under this measure.

The average concession card holder uses 17 scripts per year. They could save $17 per year, while average concessional patients over 65 could save $43. High medicine users will still have the full protection of their safety net, but could benefit from reduced monthly costs for their medicines in the lead-up to reaching the safety net and thereafter receiving their medicines free of charge.
Extending safety net early supply rule

In conjunction with the changes for patient co-payments, the safety net early supply provisions will be amended to include a wider range of medicines and a wider range of resupply intervals. This will allow the use of a medicine, the listed quantity and the resupply interval for a medicine to be better aligned.

Safety net early supply arrangements have been in place since 2006, when the current policy, known as the Safety Net 20 day rule, was introduced. Under the policy, the financial incentive for patients to obtain excess supplies of PBS medicines in advance of treatment need is removed. If a repeat dispensing of a prescription is obtained earlier than the specified resupply date, the person's usual co-payment applies—not the reduced safety net amount—and the payment does not count towards the safety net threshold.

These rules currently apply to certain medicines used for chronic conditions and for which the resupply interval is 20 days. The changes in the bill will enable early supply rules to apply to PBS medicines as recommended by the PBAC and for any resupply interval appropriate for that medicine.

Early supply rule medicines and implementation

The change to the early supply rules is being made on the basis of recommendations from the PBAC. The committee has recommended additional medicines it considers suitable for inclusion under early supply rules. It has also advised on medicines it considers are not suitable for inclusion under the extended rule. These include treatments for cancer, palliative care items and medicines with high dosage variability.

Existing arrangements that allow pharmacists to dispense an early repeat supply with the usual PBS subsidy but with no safety net benefits will continue.

This measure was strongly supported in the stakeholder consultations as experience with the measure for over eight years shows that it is a good quality use of medicine measure, and has not disadvantaged patients. Early supply rules promote responsible use of PBS entitlements, discourage waste, and reduce the quantity of unused medicines in the community.

Removing over-the-counter medicines from the PBS

While it is not part of this bill, there is an important opportunity to mention another measure which will be implemented as part of the PBS Access and Sustainability Package. This is the removal of low-cost over-the-counter medicines from the PBS.

Over-the-counter items are a class of medicines that can be sold directly to a consumer without a prescription from a healthcare professional. Some relieve aches, pains, and itches. Others treat conditions such as athlete's foot.

The majority of subsidised medicines dispensed on the PBS are prescription only medicines. However, around 20 million prescriptions, about 10 per cent of the total, are for over-the-counter medicines.

Most of the PBS prescriptions for these items are dispensed for concessional patients who have reached the safety net threshold. While they are free of charge to the patient, the effect for the PBS is very different.
In 2013-14, there were 6.7 million prescriptions for paracetamol supplied at cost to government of $73 million; 1.1 million prescriptions for aspirin at a cost of $4 million; and for antacids 219,000 prescriptions for $2.6 million.

The savings on subsidising paracetamol alone would fund the potentially lifesaving drug ipilimumab for late stage melanoma.

In recommending these changes the PBAC was also clear in recommending those over-the-counter medicines that should remain listed on the PBS. These include medicines listed for use by Aboriginal and Torres Strait Islander people and palliative care listings.

It is no longer possible, and it is not in the interests of patients or taxpayers, to continue to subsidise relatively low-cost, non-essential items that are available directly from pharmacies. Remove over-the-counter medicines from the PBS—implementation—risks support

There have been claims that this change will increase the risk of adverse drug events and that it will compromise consumer safety because patient demand and PBS prescribing might shift to other more expensive prescription products.

Prescribers are highly aware of those risks and are also aware of their professional responsibility and need for clinical judgement to manage the risks.

The department will be monitoring usage patterns of prescription therapies to assess whether there are signs of transfer prescribing or inappropriate use.

PBAC changes

This government came to office promising to respect the independence of the PBAC and to improve listing times on the PBS. We have demonstrated that commitment by acting on all PBAC recommendations and improving the monthly listings from eight per month under Labor to 30 per month since October 2013.

As part of continuing initiatives to improve the operation of the Pharmaceutical Benefits Advisory Committee, a number of changes are proposed to build capacity for the committee and streamline processes for listing drugs on the PBS.

PBAC membership changes

The first step to streamlining the process and improving the listing time frames for medicines on the PBS is to increase the number of PBAC members.

Over recent years, there has been a marked increase in the number and complexity of submissions made to the PBAC. Five years ago, the average number of major submissions considered at each meeting was 19. The average number of major submissions today is more than 30. The agenda for the March 2015 meeting included the largest number of submissions ever with 40 major submissions and 21 minor submissions.

Over the last year, the PBAC has considered an average of nearly $4 billion worth of submissions at each meeting. The estimated cost of new listings from the November 2014 and March 2015 meetings alone is more than $4 billion over five years.

Submissions for new medicines are involving increasingly complex new technologies, biological products, drug-test combinations, and very high treatment costs. Assessing the comparative cost-effectiveness of these therapies requires detailed consideration by
committee members skilled in assessing matters relating to health economics, epidemiology, therapeutic options and patient outcomes.

In spite of this dramatic increase in workload and complexity, there has been no increase in the size of the PBAC since 2006. It has been operating with a chairperson and 17 members since that time.

To respond to this, amendments in the bill will increase the number of members by three to a total of 21, and establish a new position of deputy chairperson.

The amendments also provide for industry to be one of the professional groups from which members can be nominated. They also provide for engagement with a broader range of consumer groups through expanding the range of nominating bodies and facilitate the option of a second consumer position on the PBAC.

**Changes to regulations**

For some measures, amendments to regulations and legislative instruments will be required. Consultation with interested stakeholders will be conducted regarding those changes. This will ensure companies, health providers and consumers have an opportunity to provide comments regarding implementation and understand how changes affect their businesses, their prescribing practices and their access to medicines.

**Summary**

The government has worked constructively with pharmacy, the pharmaceutical industry, and medical and consumer groups to develop a strongly supported package of measures.

The package contains savings contributions from all sectors of the pharmaceutical supply chain, with benefits to consumers through cheaper medicines, enhanced pharmacy services, and funding for access to innovative medicines.

The changes in this bill are sensible and necessary. The savings contributed from price reduction for medicines on F1 formulary are reasonable and the policy is not something we should step away from. All new listings represent new funding, which is a direct reinvestment in the innovator medicines sector.

The changes to price disclosure for originator brands on F2 acknowledge that Australians should be benefiting further from the competition that occurs at the generic end of the market.

Together these will create capacity for the listing of new, expensive medicines which would otherwise be unaffordable for most people—for example, medicines such as trametinib for the treatment of BRAF-positive metastatic melanoma, costing $437 million over four years.

The revised PBAC membership structure will provide more flexibility for handling a complex workload and help to streamline consideration of applications for PBS listings.

**Closing and acknowledgements**

Many people have worked hard to put these measures together and many more contributed their experience and ideas.

I would like to thank all stakeholders who have worked with the government in recent months to develop the proposals and costings.
This is a balanced package of measures which, taken overall, provide fair outcomes for pharmacy, the medicines industry and consumers. It is also a reasonable deal for the Australian community who, as taxpayers, are the real funders of the PBS.

I thank the House.

Debate adjourned.

Private Health Insurance (National Joint Replacement Register Levy) Amendment Bill 2015

First Reading

Bill and explanatory memorandum presented by Ms Ley.

Bill read a first time.

Second Reading

Ms LEY (Farrer—Minister for Health and Minister for Sport) (09:57): I move:

That this bill be now read a second time.

The Private Health Insurance (National Joint Replacement Register Levy) Amendment Bill implements the government's budget measure to amend the cost recovery arrangements for the National Joint Replacement Registry, the NJRR, to a utilisation based calculation.

The Commonwealth has funded the NJRR since its initial development in 1998. The NJRR collects demographic data related to joint replacement surgery in Australia and monitors the performance of all joint replacement prostheses used in Australia by collecting information on all joint replacement surgeries, including revisions, complications and other outcomes from device use. This results in improved quality of care for patients receiving joint replacement surgery.

In fact, thanks to the National Joint Replacement Registry, Australia was the first country in the world to recognise, and subsequently take regulatory action to remove, ASR hip replacements from the market. This happened eight or nine months before anywhere else in the world. Members of the House may remember that the ASR hip had extremely poor outcomes. As a result of this early evidence, fewer Australians were implanted with this dire device.

Since 2009 the NJRR has been funded on a cost recovery basis by a levy payable by manufacturers and distributors of those joint replacement prostheses listed in the Private Health Insurance (Prostheses) Rules. This ensures ongoing funding for the registry.

Under current arrangements, joint replacement prostheses manufacturers and distributors currently contribute to the cost recovered funding on a proportional basis. This is based on the number of different prostheses models they have available for sale compared with the total number of models available on the market. This methodology does not take into account utilisation or the revenue derived by a manufacturer or distributor from the sale of prostheses.

For example, under the current cost recovery arrangements, a joint replacement prostheses that is included in the prostheses rules, but has never been provided to a patient and never reported to the Joint Replacement Register will attract the same amount of levy as a prosthesis that generates a much higher volume of work because the prostheses is frequently provided to patients and reported to the register.
Over time, consultations with industry have indicated a strong preference for changes to the cost recovery arrangements of the National Joint Replacement Register, to determine individual companies' contributions using a utilisation based calculation. This bill allows for the implementation of that change.

Under the changes proposed in this bill, the NJRR levy will now be collected by taking into account the number of times a joint replacement prosthesis is recorded on the NJRR in a particular period.

Importantly, the current rules set a maximum levy of $5,000 for sponsorship of any one joint replacement prosthesis in any one financial year. The amendments made by this bill will similarly restrict the maximum amount of levy that a sponsor may pay for any individual joint replacement prosthesis to $5,000.

These changes will mean that over 85 per cent of companies will now be paying smaller individual contributions, and will result in a more equitable distribution of the cost recovery across the industry.

The number of joint replacement surgeries taking place in Australia is increasing every year, and these changes to the cost recovery arrangements will ensure that this important resource will continue to be available in the future.

Debate adjourned.

**Crimes Legislation Amendment (Penalty Unit) Bill 2015**

**First Reading**

Bill and explanatory memorandum presented by Mr Keenan.

Bill read a first time.

**Second Reading**

Mr KEENAN (Stirling—Minister for Justice) (10:02): I move:

That this bill be now read a second time.

The Crimes Legislation Amendment (Penalty Unit) Bill 2015 will ensure that the penalties imposed under Commonwealth legislation remain effective deterrents of crime to make our communities safer.

Penalty units are used to set the maximum fines which can be imposed for Commonwealth criminal offences, as well as those in territory ordinances. Commonwealth penalties are generally expressed in terms of penalty units rather than specific values to allow penalties across the statute book to be easily updated.

The bill will increase the amount of the Commonwealth penalty unit from $170 to $180, and will provide a mechanism for the amount to be indexed every three years according to the consumer price index (CPI). These measures will apply to all offences across the Commonwealth statute book.

Maintaining the value of the penalty unit over time is necessary to ensure that financial penalties for Commonwealth offences keep pace with inflation and continue to remain an effective deterrent to unlawful behaviour.
This bill gives effect to a measure in the 2015-16 budget. The increase in the penalty unit amount will take effect from 31 July 2015. The first indexation of the amount based on inflation will occur on 1 July 2018, and then again every three years following that.

The increase to the penalty unit amount will strengthen financial penalties for all Commonwealth offences, including those related to white-collar crime and serious and organised crime.

Strong financial penalties are important for deterring unlawful behaviour and making Australia a hostile environment for serious organised crime.

This government places a high priority on tackling crime and keeping our community safe. The Crimes Legislation Amendment (Penalty Unit) Bill 2015 will further our efforts to do this, by ensuring that our financial penalties remain an effective deterrent to criminal behaviour.

I commend the bill to the House.

Debate adjourned.

Tax and Superannuation Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2015

First Reading

Bill—by leave—and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:05): I move:

That this bill be now read a second time.

This Bill amends the Medicare Levy Act 1986 to increase the Medicare levy low-income thresholds for singles, families and single seniors and pensioners in line with increases in the consumer price index. These changes will ensure that low-income households who did not pay the Medicare levy in the 2013-14 income year will generally continue to be exempt in the 2014-15 income year if their incomes have risen in line with, or by less than, the consumer price index.

In addition to providing a concession to low-income households, the Medicare levy low-income thresholds ensure that people who pay no personal income tax due to their eligibility for structural offsets—such as the low-income tax offset or the seniors and pensioners tax offset—do not incur the Medicare levy.

The changes to the thresholds mean that, for individual taxpayers with income under $20,896 in 2014-15, no Medicare levy will be payable. Single seniors and pensioners with no dependants who are eligible for the seniors and pensioners tax offset will not incur a Medicare levy liability if their income is less than $33,044, and couples and families (who are not eligible for the seniors and pensioners tax offset) will not be liable to pay the Medicare levy if their combined income is less than $35,261.

It is not proposed that the threshold for couples seniors and pensioners will be increased at this time. Couples who are eligible for the seniors and pensioners tax offset do not incur a Medicare levy liability when their combined income is less than $46,000. This threshold will
remain sufficient to ensure that those eligible will not be liable for the Medicare levy when they are not otherwise liable to pay income tax.

The increase in thresholds will apply to the 2014-15 year and future income years.

Full details of the measure in this bill are contained in the explanatory memorandum.

Debate adjourned.

Private Health Insurance (Prudential Supervision) Bill 2015

First Reading

Bill—by leave—and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:08): I move:

That this bill be now read a second time.

Today I introduce a package of bills to transfer the prudential regulation functions of the Private Health Insurance Administration Council, which I will refer to as the council, to the Australian Prudential Regulation Authority, which I will from here on refer to as APRA, from 1 July 2015. The legislation will also abolish the council effective from 1 July 2015.

With this package of bills, the government is continuing to deliver on its commitment to a smaller, more rational, government. This will, over time, result in lower costs for industry, while ensuring that Australia’s private health insurance industry remains stable and well regulated.

These bills are also designed to stop unnecessary duplication. Where previously one regulator was responsible for the prudential supervision of general and life insurers while another was responsible for the prudential supervision of health insurers, APRA will now supervise all three industries. APRA is also responsible for regulating the superannuation industry, except self-managed superannuation funds, and the banking sector.

The government has taken opportunities to harmonise, where possible, with APRA’s existing legislative framework, and to eliminate unnecessary duplication within the private health insurance regulatory framework. This is consistent with the government’s deregulation agenda.

The council is the prudential regulator of the private health insurance industry in Australia, and is currently responsible for monitoring the prudential performance of registered private health insurers. This role includes the registration and prudential supervision of private health insurers; developing solvency, capital adequacy and other prudential standards for the industry; publishing circulars, statistics and reports on insurer activities and performance; and administering the Risk Equalisation Trust Fund. From 1 July 2015 these functions will be undertaken by APRA.

The decision to abolish the council and move its functions to APRA was announced in the 2014-15 budget as part of the government’s Smaller Government Reform Agenda.

This package of measures aims to streamline government bodies and reduce duplication of government agencies. As a result, a number of statutory bodies are being abolished and rationalised where activities are no longer needed or can be managed within existing
departmental resources. The abolition and merger of statutory bodies, including the council, is expected to improve coordination and accountability and reduce the costs associated with separate governance arrangements on industry.

It is important to note that this package of bills will not fundamentally change the regulatory requirements currently faced by the private health insurance industry. The approach outlined in the legislation is intended to minimise the disruption to industry and the risks to sound supervision. APRA will continue to provide the private health insurance industry with the prudential supervision services that were provided by the council.

At the same time, the transfer of the council's prudential supervision functions to APRA is expected to deliver economies of scale, resulting in savings for the private health insurance industry over time.

The valuable knowledge held by council staff regarding the supervision of the private health insurance industry will also be retained, with nearly 80 per cent of the council's staff being expected to transfer to APRA from 1 July 2015.

Under these new arrangements, the Minister for Health will continue to have overall policy responsibility for provisions relating to private health insurance policy that will remain in the Private Health Insurance Act.

This includes the establishment and administration of the premiums reduction scheme—the Private Health Insurance Rebate—lifetime health cover and the rules for complying health insurance products, including the community rating principle. Enforcement provisions required to support these obligations will also be retained in the Private Health Insurance Act.

The Private Health Insurance (Prudential Supervision) Bill 2015 will give effect to the transfer of the council's prudential supervisory functions to APRA.

The bill replicates elements of the regime currently set out in the Private Health Insurance Act, with some modifications to harmonise certain provisions with other legislation administered by APRA, to reduce duplication and to update investigation powers to bring them into line with the Regulatory Powers (Standard Provisions) Act 2014.

Part of this streamlining process involves replacing the existing capital adequacy, solvency and prudential standards making powers in the Private Health Insurance Act with a single consolidated standards making power to be exercised by APRA.

Bringing these three standard-making powers into one will harmonise the legislation with APRA's existing prudential standard-making powers in relation to authorised deposit-taking institutions—such as banks—life insurers, general insurers and superannuation trustees.

APRA also intends to re-make all prudential standards in substantively the same form as they are now following royal assent. This will provide certainty to industry during transition.

Further, APRA has provided an assurance that there will be no substantive changes to any existing regulatory obligations for the private health insurance industry as a whole before 1 July 2016.

To address concerns raised by the private health insurance industry, strict liability offences have been removed; the severity of penalties for offences have been reduced overall and have been made more consistent throughout this bill.
The bill will also transfer responsibility for a number of rules that the Minister for Health and the council currently handle, including a range of other procedural matters under the Private Health Insurance Act, to APRA. These rules will be remade in substantively the same form to ensure that the obligations of private health insurers will remain unchanged.

The Minister for Health will retain responsibility under the Private Health Insurance Act for a number of rules, including the policy rules relating to the risk equalisation fund.

The bill also contains a number of minor and technical amendments to the current regulatory regime in order to ensure a smooth transition to APRA.

As stated before, this package of legislation ensures that the government is continuing to deliver on its commitment to a smaller, more rational government. It will enable APRA to supervise the private health insurance industry and will, over time, result in lower costs for the industry, while ensuring that Australia's private health insurance industry remains stable and well regulated.

The full details of this bill are contained in the explanatory memorandum.

Debate adjourned.

Private Health Insurance (Prudential Supervision) (Consequential Amendments and Transitional Provisions) Bill 2015

First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:16): I move:

That this bill be now read a second time.

The second bill in this package of legislation is the Private Health Insurance (Prudential Supervision) (Consequential Amendments and Transitional Provisions) Bill 2015. This bill makes consequential amendments to relevant legislation, including the repeal of the provisions relating to the formation of the council in the Private Health Insurance Act 2007. The bill also contains transitional provisions to ensure the smooth transfer of functions from the council to APRA by 1 July 2015.

The bill will establish special accounts to administer two of the levies that will now be collected by APRA, the Collapsed Insurer Levy—should there be a requirement for it to be levied—and the Risk Equalisation Levy. The Risk Equalisation Levy Special Account replaces the Private Health Insurance Risk Equalisation Trust Fund previously administered by the council.

While the health minister will retain overall policy responsibility for the Risk Equalisation Trust Fund Special Account, APRA will maintain a similar role administering the Risk Equalisation Special Account as the council had administrating the Risk Equalisation Trust Fund.

The bill makes a number of consequential amendments to relevant legislation, both in my portfolio and others, to facilitate the transfer of functions to APRA. These include amendments to:
the Australian Prudential Regulation Authority Act 1998, to provide for matters relating to secrecy of information concerning private health insurers, and to provide for the administration of industry levies;

the Financial Institutions Supervisory Levies Collection Act 1998, to cater for the collection of the private health insurance supervisory levy and the collection of collapsed insurance levy; and

the Financial Sector (Collection of Data) Act 2001, to facilitate the collection of data relating to private health insurers by APRA. This amendment will ensure that APRA can continue the current collection of industry data and the subsequent production of reports. This includes enabling APRA to remake the existing reporting obligations of private health insurers as a series of reporting standards that replicate the standards currently set by the council. The current reporting obligations and methods of reporting for private health insurers will remain unchanged.

Minor amendments will also be made to the Income Tax Assessment Act 1997, the Life Insurance Act 1995 and the Medibank Private Sale Act 2006 to update or replace references to the new Prudential Supervision Act, and to the Ombudsman Act 1976 to enable the sharing of information with APRA.

A number of transitional provisions have been provided in the bill relating to the repeal of provisions establishing the council and the transfer of functions of the council to APRA.

Such provisions are needed to ensure that actions undertaken or deemed to be undertaken under the old regime immediately before the transition time are taken to be undertaken under equivalent provisions in the Prudential Supervision Act. Examples include: continuing the registration of private health insurers; continuing to progress applications for registration that have not been finalised by 30 June, and continuing the restructure of health benefits funds should the approval already be in place.

Finally, there are machinery provisions for the transfer of the council staff, assets, liabilities and records to APRA.

The full details of amendments made by this bill are contained in the explanatory memorandum.

Debate adjourned.

Private Health Insurance Supervisory Levy Imposition Bill 2015
First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:20):

I move:

That this bill be now read a second time.

The Private Health Insurance Supervisory Levy Imposition Bill 2015 is one three bills in this package which provide for the continued imposition of levies upon the private health insurance industry.
The Private Health Insurance Supervisory Levy Imposition Bill 2015 replaces the Private Health Insurance (Council Administration Levy) Act 2003, repealed by the Consequential Amendments and Transitional Provisions Bill.

This Supervisory Levy Imposition Bill establishes the legislative framework for the calculation, and collection, of a supervisory levy to recover APRA's costs incurred in regulating the private health insurance industry.

Consistent with the collection of APRA's other supervisory levies, from 2016-17 the levy will be determined with a legislative instrument by a treasury minister. In 2015-16, the levy will be collected on a quarterly basis in line with the existing legislative instrument. This ensures no change to the levy arrangements for private health insurers in 2015-16.

The full detail of this bill is contained in the explanatory memorandum.

Debate adjourned.

Private Health Insurance (Risk Equalisation Levy) Amendment Bill 2015

First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:22): I move:

That this bill be now read a second time.

The Private Health Insurance (Risk Equalisation Levy) Amendment Bill 2015 is one of three bills in this package that provides for the continued imposition of levies upon the private health insurance industry.

This bill will amend the Private Health Insurance (Risk Equalisation Levy) Act 2003 to give APRA the functions previously undertaken by the council. These functions include the setting of the amount of the risk equalisation levy.

The purpose of the risk equalisation levy is to ensure that no insurer is unduly impacted by costly claims because of the risk profile of its members. It does this by allowing for cross-subsidisation for aged, chronic and long-term acute-care patients and other high-cost policy holders across different private health insurers.

The risk equalisation levy assists insurers to offset the effects of complying with the principle of community rating established under the Private Health Insurance Act.

The health minister will retain overall policy responsibility for the risk equalisation levy, with APRA maintaining a similar role administering the risk equalisation special account as the council had administering the Risk Equalisation Trust Fund.

APRA will maintain the council's power under the Private Health Insurance Act to request information from insurers about their liability to pay the risk equalisation levy, and APRA will also have the power to investigate in relation to the levy under part 6 of the Prudential Supervision Act.

The full details of the amendments are contained in the explanatory memorandum.

Debate adjourned.
Private Health Insurance (Collapsed Insurer Levy) Amendment Bill 2015

First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.
Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:24): I move:

That this bill be now read a second time.

The Private Health Insurance (Collapsed Insurer Levy) Amendment Bill 2015 is one of three bills in this package which provide for the continued imposition of levies upon the private health insurance industry.

This bill will amend the Private Health Insurance (Collapsed Insurer Levy) Act 2003 to help facilitate the transfer of responsibility for the administration and collection of the collapsed insurer levy from the council and the health minister to APRA and a Treasury minister.

The Private Health Insurance (Collapsed Insurer Levy) Act 2003 establishes the legislative framework for the imposition and calculation of a levy to recover the cost of meeting a collapsed insurer's liabilities to the people insured under its complying health insurance policies that it is unable to meet itself.

The full details of the amendments are contained in the explanatory memorandum.
Debate adjourned.

Tax and Superannuation Laws Amendment (2015 Measures No. 1) Bill 2015

First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.
Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:26): I move:

That this bill be now read a second time.

Today, I introduce a bill that amends various taxation and superannuation laws to implement a range of improvements to modernise Australia's tax system. This bill also furthers the government's commitment to update and continuously improve the Australian tax and superannuation systems.

The bill will also remove uncertainty from our tax and superannuation laws and remove laws that are ineffective and outdated. And it will make our laws more relevant and provide incentives for investment so that Australia is well placed to compete on the global stage.

This government, with the release of the tax white paper on 30 March 2015, is demonstrating its ongoing commitment to Australians to modernise our tax laws and making genuine reforms.

The amendments today are a step towards that.
Schedule 1 to this bill will abolish the first home saver accounts scheme.
When first home saver accounts were introduced by the previous government, they were expected to hold around $6.5 billion in total combined savings after four years. At the beginning of last year, more than five years after the scheme was introduced, fewer than 50,000 accounts were open, and containing total combined savings of only $540 million. This is less than 10 per cent of the previous government's prediction.

The scheme is being abolished using a phased approach.

New accounts opened from the 2014-15 budget night will not be eligible for any concessions. For existing account holders, the government co-contribution and the tax and social security concessions will be phased out and abolished from 1 July 2015.

This government recognises that homeownership is an important goal for many Australians; for many it will be the most significant financial investment they make. We recognise that rising house costs are a concern, especially for young Australians and families.

However, it is clear that the first home saver accounts have not helped address rising housing costs in Australia. If we are to help young Australian families realise the dream of owning their own home, then we need to address the real issues faced by families looking to enter the property market.

The supply of housing is not keeping pace with recent growth in demand. To improve housing supply, regulatory barriers relating to state and local governments' planning, land use and housing infrastructure policies must be removed.

While housing supply is primarily the responsibility of state and territory governments, we are working together to reduce the red tape that holds up the supply of housing and construction and to increase land release for new homes. This will improve housing affordability, and will allow more Australian families to realise the goal of homeownership.

Abolishing the first home saver accounts scheme will save more than $130 million over five years.

Schedule 2 to this bill will also abolish the dependent spouse tax offset with effect from 1 July 2014, as announced in last year's budget.

We want to make sure that the tax system is equitable for all Australians. That means making sure concessions in the personal tax system are well targeted, including tax offsets. At their core, concessions need to assist the people they are designed to help, and provide support where it is most needed.

When the Dependent Spouse Tax Offset was introduced many decades ago, its purpose was to provide a concession to taxpayers who 'maintained' a dependent spouse. It was introduced at a time when the welfare system was in its infancy. With changes in our society and our economy, this offset is obviously outdated.

Maintaining concessions that have outlived their purpose is simply not sustainable—particularly in view of other assistance available through the welfare system that is more targeted and appropriate and the need to promote workforce participation as our population ages.

This measure is not about undermining our strong social safety net. Rather, it is about future-proofing it. That is why the Dependant (Invalid and Carer) Tax Offset, introduced in 2012, will still be available. It is already constructed in a way that takes account of current
arrangements in the welfare system. It is an offset for those taxpayers supporting a dependant who is genuinely unable to work due to carer obligations or disability.

Abolishing the Dependent Spouse Tax Offset completes phasing out the offset, which the former government had already commenced. For most taxpayers, eligibility for this offset is currently restricted to taxpayers with a spouse born before 1 July 1952. Its abolition is expected to return $320 million to the budget over the years to 2017-18.

This is an important step towards repairing the budget, because it means maintaining Australians' living standards well into the future.

Schedule 3 to this bill amends the taxation law to modernise and improve the integrity of the Offshore Banking Unit regime.

In January 2014 the Government announced that it would delay the start date for this measure to ensure that this concession was better targeted and also to address integrity issues. The changes we have proposed include key recommendations arising from the 2009 report Australia as a financial centre, known as the Johnson report, to promote Australia as a regional financial services hub. One of the key focus areas of that report was to improve the international competitiveness and efficiency of the Australian financial services sector.

The offshore banking unit reforms will better target the offshore banking unit tax concession by updating the list of eligible activities which will attract additional mobile financial services activity to Australia. These changes will improve our competitiveness and better position Australia as a leading financial services centre. Alongside these changes, we will also improve the integrity of the regime to ensure that this concession is not subject to abuse. The government believes that the schedule strikes an appropriate balance between encouraging offshore banking unit activity and maintaining the integrity of the tax system.

Schedule 4 adds the Global Infrastructure Hub to the list of named income tax exempt entities in division 50 of the Income Tax Assessment Act 1997.

The Global Infrastructure Hub was established to implement G20's multiyear infrastructure agenda. The Australian government along with several other countries has pledged financial contributions to the Global Infrastructure Hub. Without the amendment to the act, the contributions made to the Global Infrastructure Hub would be assessable and taxable accordingly. It would be inappropriate for the Australian government to tax assistance provided to the hub under an arrangement agreed to as part of Australia's G20 presidency.

Schedule 5 extends the specific listings of two entities as deductible gift recipients for a further three years: Australian Peacekeeping Memorial Project and National Boer War Memorial Association.

Both Australian Peacekeeping Memorial Project and National Boer War Memorial Association have fallen short of their fundraising targets. This extension of their deductible gift recipient status will help these organisations attract public financial support for their activities, as taxpayers can claim an income tax deduction for certain gifts to deductible gift recipients.

Schedule 6 makes a number of amendments across the tax and super law to provide certainty for taxpayers. These amendments make sure that the law operates as intended by correcting technical or drafting defects, removing anomalies, and addressing unintended outcomes.
This furthers the government's commitment to restore simplicity and fairness to the Australian tax system. It also demonstrates the government's commitment to the care and maintenance of the tax law. By clarifying the law and repealing unnecessary provisions, these amendments also further the government's deregulation agenda.

A number of the amendments relate to issues lodged on the Tax Issues Entry System, a platform for members of the community to raise issues regarding the care and maintenance of the Australian government's tax and superannuation systems.

These include:

Ensuring that life insurance companies are not inappropriately liable for franking deficit tax; and

Correcting inconsistent wording in the definition of in-house residual fringe benefits;

Additional amendments fix a defect in the law preventing the Commissioner of Taxation from revoking access to certain tax concessions for past noncompliance by the entity seeking to rely on the concessions.

Schedule 7 to this bill amends the income tax laws to implement the final stage of the investment manager regime.

The establishment of an investment manager regime was another key recommendation of the Johnson report which I referred to earlier.

The investment manager regime reforms are aimed at encouraging greater foreign investment into Australia, and promoting Australia as a financial services centre. It does this by removing the uncertainties in the application of Australia’s tax laws as they apply to widely held foreign funds and foreign investors. In particular, the investment manager regime clarifies the income tax treatment of gains made by these foreign funds and made by foreign investors investing through Australian fund managers.

The government believes that the bill strikes an appropriate balance between encouraging foreign investment and maintaining the integrity of the tax system.

In conclusion, this bill is very much a part of the government's overall plan to update and modernise our tax system. Our tax system has to be adaptive to the changes both domestically and beyond our borders. These changes today lay the groundwork for our continued efforts to ensure our tax system is efficient, modern and well targeted.

That is why we are talking to the Australian people and having an open dialogue through the tax white paper process to hear what is important to all Australians. We want to listen so we can truly improve and modernise our tax systems.

An effective and relevant tax system is the foundation to any healthy working economy and we are investing resources to make sure that we get it right.

It is no secret that, globally, many economies are doing it tough. We are not isolated and cannot ignore what is happening around us. Our commerce and industries are more connected internationally today than ever. We need to be cognisant of the work currently being undertaken internationally by the Organisation for Economic Co-operation and Development and explore ways we can improve our laws to address multinational tax avoidance, such as through the G20’s work on base erosion and profit shifting. And we must confront new
business models, such as the increase in internet and business operations, which are increasingly borderless.

It is clear that our tax system must evolve to stay current. We must continue to adapt to our changing environment.

That is why we are discontinuing some things.

And that is why we are building and improving those things that are working.

Full details of all these measures are contained in the explanatory memorandum.

Debate adjourned.

**Tax and Superannuation Laws Amendment (2015 Measures No. 3) Bill 2015**

First Reading

Bill and explanatory memorandum presented by Mr Frydenberg.

Bill read a first time.

Second Reading

Mr FRYDENBERG (Kooyong—Assistant Treasurer) (10:38): I move:

That this bill be now read a second time.

Today I introduce a bill to amend the Income Tax Assessment Act 1997 as a step towards repairing the budget.

In our first budget, we announced a plan to repair Australia's financial situation: a plan that makes important government services sustainable and stops borrowing at the expense of future taxpayers.

This government is committed to a stronger and sustainable economy. We are committed to prioritising investment and making tough decisions on spending so that we can redirect funding to where it most benefits Australia.

The measures in this bill will return around $826 million to the budget over the forward estimates period in fiscal balance terms.

These are important savings for Australia’s budget, and we believe that the proposed changes are fair and measured.

We inherited from Labor an unsustainable budget position. The former government's economic management is reflected in the deficits they delivered, the six biggest in Australia's history—a quarter of a trillion dollars in actual deficits.

Contrast that shameful record with the Howard government's successful economic management which consistently produced Budget surpluses of one per cent of gross domestic product.

Before we came to office the coalition recognised that taxpayers could receive better value for money from their government, and that is what we pledged to do when we were elected.

We have already put a number of measures in place to make good on that promise.

They include the savings measures included in our first budget and our continuing efforts to both place government finances on a sustainable path and improve workforce participation.

They set the scene.
This bill is a further step towards repairing the budget and providing taxpayers with value for money from the government.

And the measures we are introducing in this bill contribute to restore a sound economic framework.

This government will make sure that our taxation and spending policies meet our needs as a nation and also allow our economy to withstand any adverse, external shocks.

So we will continue to make sure that taxpayers’ funds are spent wisely. Australians have every right to expect this from their governments.

There are two measures in this bill.

**Schedule 1: Abolish the Seafarer Tax Offset**

The seafarer tax offset is a refundable tax offset provided to eligible companies for 30 per cent of salary, wages and allowances paid to Australian resident seafarers who are employed to undertake overseas voyages on qualifying vessels.

Companies are eligible to claim the seafarer tax offset if the company employs the Australian seafarer on such voyages for at least 91 days in the income year.

When the former government introduced the seafarer tax offset, they claimed it would stimulate opportunities for Australian seafarers to be employed on overseas voyages and to gain maritime skills.

We are abolishing the seafarer tax offset because it is not achieving this policy intent. We will not continue to spend valuable taxpayers’ dollars on policies that just do not work.

The repeal of the seafarer tax offset will apply to assessments for 2015-16 and later income years.

Only five certificates were issued by the Department of Infrastructure and Regional Development for companies seeking eligibility to claim the seafarer tax offset in 2014.

The Australian Taxation Office estimates that fewer than five companies will be affected by the abolition of the seafarer tax offset.

The low uptake of the offset may be due to several reasons, including the fact that there are significant differences between Australian wages and conditions in the shipping industry and those of some other countries. The seafarer tax offset is unlikely to be sufficient to address these differences.

Abolishing this offset is expected to return $16 million to the budget bottom line over the forward estimates period.

And that is another small step towards repairing the budget.

It is also a step towards simplifying coastal shipping regulation in Australia.

Full details of the measure are contained in the explanatory memorandum.

**Schedule 2: Reducing the tax offsets under the Research and Development Tax Incentive**

We are also reducing the rates of the tax offsets available under the Research and Development Tax Incentive.

The rates will be reduced by 1.5 percentage points for all income years commencing on or after 1 July 2014.
Changing the offset will not affect the eligibility of companies for the R&D tax incentive or the way companies claim the incentive.

Nor will the changes affect the administration of the R&D tax incentive more generally.

The R&D tax incentive will continue to provide generous and easy-to-access support for thousands of eligible companies in all sectors of the Australian economy.

The amendments included in this bill are in addition to the amendments to the R&D tax incentive in the Tax Laws Amendment (Research And Development) Act 2015, which received royal assent on 5 March 2015.

In repairing the budget, this government will build a stronger economic base—a stronger framework—which will give businesses confidence to invest in the R&D they need to help their businesses reach their potential.

The gain to revenue and savings from this measure will be around $810 million over the forward estimates. This will contribute significantly to the government's task of repairing the budget—a task which will benefit every Australian taxpayer.

Full details of the measure are contained in the explanatory memorandum.

Conclusion

The measures in this bill are responsible. They represent another instalment in our Economic Action Strategy towards a stronger, better and more compassionate Australia.

This bill might seem like a small chapter in this story—but it is a significant element in reducing our debt. As a government, we recognise that we cannot continue borrowing $100 million every day to pay the interest on Labor's debt.

The measures in this bill will return around $826 million to the budget over the forward estimates in fiscal balance terms.

These measures represent a careful and measured approach to re-prioritising government revenue.

This government will continue to make the right decisions to position Australia for future opportunities and challenges.

Debate adjourned.

Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Dr LEIGH (Fraser) (10:45): I rise to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015, and I move:

That all the words after "That" be omitted with a view to substituting the following words:
"while not declining to give the bill a second reading, the House condemns the government's cuts to Australia's innovation and science capacity."

In 2009 this parliament passed a set of laws relating to employee share schemes. As the then minister, Robert McClelland, noted:
This measure will better target the employee share scheme tax concessions to low- and middle-income earners and decrease taxpayers' ability to evade or avoid tax. The new measures will also protect Commonwealth revenues needed to support jobs and invest in nation building.

The measure was related to a Productivity Commission inquiry then on foot, recommendation 17 of which suggested:

There should be a review of the corporate governance arrangements that emanate from the Australian Government's response to this report.

It said in particular that the review should consider:

… the effectiveness and efficiency of the reforms in meeting their objectives both individually and as a package, including recent legislative reforms to termination payments and employee share schemes

The decision that the government made in the 2009 measure was described in that year's budget as follows:

Removing the tax deferral option will ensure that remuneration in the form of share discounts is taxed at an appropriate time and rate, and reduces avoidance opportunities.

We do know that there are benefits of employee share schemes to firms. Some evidence, such as that put together by my former professor, Richard Freeman, suggests that firms with employee share schemes are more productive. But it is important, too, that we ensure the employee share schemes are not used for avoidance at the higher end. Warren Buffett has raised the issue in the United States of high-income earners being taxed at the capital gains tax rate while low-income earners are taxed at their marginal labour income tax rate. He told an event in 2007:

The 400 of us—

Meaning the Forbes Magazine list of the richest 400 people in the United States—

pay a lower part of their income in taxes than our receptionists do, or our cleaning-ladies for that matter. That has evolved into what the Americans call 'the Buffet Rule'—the principle that marginal tax rates ought not drop at the very top. That context is important in understanding where we are today.

This is a bill which does not repeal the 2009 changes but, as the explanatory memorandum notes, it makes modest adjustments to employee share ownership schemes. The explanatory memorandum goes into some detail as to how the new law differs from the current law. In the case of ESS deferred schemes, where income tax is deferred, the current law provides that the taxing point is the earliest of the following: when there is no real risk of forfeiture of the benefits and any restrictions on the sale or exercise are lifted; when the employee ceases employment; or seven years after the shares or rights were acquired.

The new law sets two separate tests: one for shares and one for rights. In the case of shares, the test is extended from seven years to 15 years and in the case of rights there is, in addition to the extension from seven to 15 years, an additional principle: when the employee exercises the right, and after exercising the right there is no real risk of forfeiture of the underlying share and the restrictions on sale of the share are lifted.

The current law provides that all employee share ownership scheme rules and concessions apply equally to all corporate tax entities and their employees. The new law provides that employees of certain small start-up companies receive further concessions when acquiring certain shares or rights in their employer or the holding company of their employer. These
further concessions are an income tax exemption for the discount received on certain shares and the deferral of the income tax on the discount received on certain rights, which are instead taxed under the capital gains tax rules.

The principles underlying this measure are to ensure that employee share ownership schemes are available to start-up firms. Boosting the number of start-ups in Australia is a national priority. We need, as the investment phase of the mining boom tapers off, to have industries which are continuing to create new jobs. Places without new firms are places whose growth prospects in the future will be placed at risk. It is said that you could tell as early as 1960 that Detroit was going to be in trouble for the lack of new firms in that city at that time. A few old, large firms are not enough to continue the sustainability of employment and economic growth in a nation or a city.

That is why Labor is committed to boosting the number of start-ups. It has been my pleasure recently to visit a range of accelerators and innovation hubs around my electorate and across Australia. I pay tribute to the team at Entry 29 here in Canberra, where entrepreneurs are working cheek by jowl and learning from one another about how to break into new markets and how to crack new technologies.

I was greatly impressed when Sebastien Eckersley-Maslin took me around BlueChilli in Sydney and, indeed, had me participate in a stand-up pitch meeting which takes place on Monday mornings. The principle of holding the meeting standing up is to ensure that no-one waffles on too long. It is, indeed, a principle which could perhaps be usefully employed in this place from time to time! The way in which BlueChilli operates is to allow firms to share the facilities of coders and effectively be able to draw on in-house engineering expertise in the early stage of their start-up.

With the member for Throsby and the member for Cunningham, last week I visited the iAccelerate facility at the University of Wollongong. There it was a pleasure to meet with a range of different entrepreneurs, one of whom is currently involved in the production of 3D printers that are cheap and ideal for use in schools. They have to be robust for use in schools, but they are also designed in such a way that the kids can see exactly what is going on in the 3D printer. The work being done at iAccelerate is particularly impressive and important given that the unemployment rate in the Illawarra is above the national average. Yet that is a part of Australia which retains better than average manufacturing skills. So the role of start-ups in creating jobs is vital there, too. Companies such as Google are also doing their own work in order to facilitate the start-up ecosystem here in Australia.

Labor's position on changes to employee share ownership schemes was first signalled by opposition leader Bill Shorten in March of last year when he said that Labor would be willing to consider amendments to the employee share scheme rules to make sure that innovative start-up companies are not unnecessarily targeted by those integrity measures. Labor believes that if you are an Australian with a good idea it should be easy for you to attract talented employees. One way in which that is done is through access to employee share schemes. Many members of the Labor frontbench have engaged with the start-up community, including Jason Clare, Ed Husic, Terri Butler—she has engaged deeply with this sector—Chris Bowen and Bill Shorten himself. The issue of employee share ownership schemes and the structure of the government's proposal has been front of mind there.
The start-up concession is based on three rules. Companies have to be an Australian firm that is privately held, less than 10 years old and have a turnover that does not exceed $50 million a year. It is also a requirement of this bill that the employee share or option must not be provided at a discount greater than 15 per cent and, in the case of an option, have an exercise price greater than an ordinary share. Naturally, one could quibble over each of these particular thresholds, but it is important to recognise that each of them is a compromise. There will be some start-up firms which are not able to satisfy all three of those criteria but, in the circumstances, I believe they are reasonable.

The importance of start-ups too, though, turns on having appropriate skills in place. That is why the Leader of the Opposition's budget reply focused so strongly on the jobs of the future. He spoke about the value of introducing coding in schools, a discipline which has moved greatly since the days when I sat down at an Apple II computer to write BASIC programs with my friends. But the rudiments of coding remain the same. The principles are that you need to understand logical thinking, the way in which loops can work and if-then statements. All of those are useful even for those who will not end up working directly in coding jobs.

The Leader of the Opposition also spoke about Labor's plan to ensure that we have more science, technology, engineering and maths graduates. We know that one of the secrets to Israel's success as a start-up nation was the influx of Russian Jewish migrants who came in after the collapse of the Soviet Union. The boost in the number of engineers that that created for the country is a part of Israel's success, although of course not the only part. Australia needs to look to examples such as Israel and the United States in thinking about how to boost the start-up ecosystem. This is an important step, but it is just one of many things that this nation needs to do in order to create a better culture of innovation and entrepreneurship.
That damage has been going on for the last six years, and this legislation repairs what they wrecked. It is important that they acknowledge that if they are to have credibility on the issue.

I welcome the fact that Labor are saying that they are supportive of employee share ownership, but to be believed they have to start with that acknowledgement. We need to go back. The member for Fraser, who is listening and typing intently at the same time, understands this. He mentioned all of those Labor members who he says are supportive, and he mentioned the shadow Treasurer. It was the shadow Treasurer who was then the Assistant Treasurer who carried those 2009 budget measures that were so devastating. If we go back to the media commentary at the time, we had experts in the field from the day after the budget warning of what would happen. Within a couple of weeks of the budget, we had front-page stories in the Financial Review about 450 of the top 500 companies freezing or reviewing their schemes. We had experts across the field pleading with the government to see common sense; but, instead, they stubbornly moved on. The outcome was that employee share ownership, particularly for the start-up sector, was shut down. That was because, as the Minister for Communications outlined yesterday in the matter of public importance discussion, and as the minister outlined, Labor changed taxed options before they could be realised. That made it completely unviable.

The Minister for Small Business and the cabinet have had this legislation as a priority. The announcement was made last year. There has been extensive consultation with the sector on this legislation, and I want to congratulate the Minister for Small Business, the member for Dunkley, for that consultation. I particularly want to mention Employee Share Ownership Australia and New Zealand and the head of that organisation, Angela Perry, for all of her advocacy over what have been a long number of years, for her work on the consultation and for the work that she does with that important organisation.

The member for Fraser made the point that this will help start-ups—and he is right. That is why the government is doing it. But, as I said, the speakers that follow should acknowledge that Labor mucked it up. When you make a mistake, acknowledge it. The disappointing thing—and I am passionate about this issue, as you can tell, Mr Deputy Speaker—is that not only did they muck it up, but at no point over their years in government was there any attempt to rectify it. I am not sure whether the member for Fraser was in the parliament in 2009—I do not think so, but the problem here was obvious from day one and it was obvious in ever year of Labor's government. At no point did Labor ever seek to revisit this issue. In fact, they refused to have a conversation about it. And that, I hate to say, is a reflection on the way they approached this policy.

It is true the Leader of the Opposition at the National Press Club, as the member for Fraser said, outlined his support for employee share ownership, and sitting in the audience was the now shadow Treasurer, who was responsible for wrecking it. I want the policy settings in this area to be durable into the future, and that means widespread support and understanding. These changes today rectify so many of those things. I say to the House: these changes are a great step forward, but if Australia is to fully realise the transformative nature of employee share ownership in a way that other countries are in the months and years ahead then, as a parliament, we need to be committed to doing more. I am very hopeful that. As part of the tax white paper discussion, we can look at what else can be done in the years ahead.
I also think it is important in this area that we have in the future an expert panel of people like Angela Perry and key regulators working in a way similar to the Board of Taxation, looking at all the issues that that need to be rectified and promoting the importance and the value employee share ownership. Whilst tax is a barrier—and we are removing some of those key barriers today—so, too, is regulation in the ASIC area in terms of prospectus. Ensuring that we have got the best settings possible is a priority for our economy—it absolutely is. We should have the ambition as a nation to have the best employee share ownership settings in the world. That will take time, but the changing nature of our economy, I believe, demands it. The United Kingdom is very advanced in this area and, of course, the United States is as well, as everyone speaking in this debate would be aware.

Today is an important day. It restarts employee share ownership, particularly in the start-up sector. It is a shot in the arm; it builds confidence. It will provide the platform for other business owners to positively contemplate the possibilities in this area—the benefits for their business, for their employees and for the wider economy. That is why today should be a beginning; it is why, in the months and years ahead, we as a parliament should be looking at what more we can do to assist this area so that we can have vibrant businesses providing the jobs of the future.

Mr CONROY (Charlton) (11:08): I am pleased to make a contribution on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. The last speaker, the member for Casey, spent most of his speech demanding an apology from the Labor Party for supposed past sins, but he was remiss in not pointing out why the 2009 changes were made. They were made to stop massive tax evasion being undertaken by established companies through the misuse of employee share schemes. We have to get the balance right, and that is why Labor are supporting this bill—because, on the whole, we believe it gets the balance right between providing an appropriate tool for start-ups and appropriate incentives for start-ups in this country to develop, to grow and to be a vital part of the economy, while ensuring that established companies do not misuse employee share schemes just to provide remuneration to employees in a way that avoids tax. We have to get the balance right.

People can talk about what happened in 2009, but the most important thing is to talk about this bill and the second reading amendment to the bill to understand that this is part of a broader debate, and that debate is about how we support innovation and research in this country and how we support jobs, going into the future. The previous Labor government did make significant reform in this area. We are supporting the sensible amendments contained in this bill. What we do not support are the government's short-sighted and drastic cuts to science and innovation that will have a devastating impact on Australia's economic growth and productivity. I am keen in my contribution to highlight the different approaches of the two parties.

This bill makes three primary changes. It reverses some of the changes of the previous Labor government that were made in 2009 regarding a taxing point for share rights for employees; it introduces further taxation concessions for employees of certain small start-up companies; and it provides for the ATO to work with industry to develop and improve safe-harbour valuation methods for employee share schemes. The Labor amendments made in 2009, as I said, were designed to ensure that employee share schemes were not misused to avoid tax. The government's sensible amendments to the integrity measures on employee
share schemes will be supported by Labor. It makes sense for policy regarding employee share schemes to be enhanced six years after the previous reforms. The government's amendments constitute a logical refinement, with the aim of boosting innovation while, importantly, still ensuring that those types of schemes are not used for the purpose of tax minimisation or evasion by wealthy Australians.

It should be noted that these amendments, to a large extent, keep Labor's integrity rules in place. The new concessions are only available to genuinely new enterprises. In March last year, the Leader of the Opposition first indicated that we would consider amendments to employee share scheme rules to make sure that innovative start-up companies are not unnecessarily targeted by the new measures. Since that time, Labor has consulted widely with investors, tax experts and, importantly, start-up companies. We have a very clear commitment to ensuring that Australia has the appropriate policy settings in place to support innovation, which is so fundamental to our future economic growth and prosperity. Labor has listened to feedback from stakeholders regarding the current difficulty for start-up companies to offer employees a package with the potential for a higher return through employee shares.

The government's amendments do retain some of the integrity measures of the 2009 changes and provide for more people to defer the taxation of options and shares until they are able to sell the shares. This is a sensible amendment. The proposed amendments provide for a new start-up concession. Employees of certain small start-up companies may receive this concession if their employee scheme meets a number of conditions. It is appropriate that the following limits apply to the concessions: a company must be an Australian company privately held, under 10 years old and have a turnover below $50 million; and the share or option must not be provided at a discount rate greater than 15 per cent and, in the case of an option, have an exercise price greater than an ordinary share.

The bill also provides a new power to the Australian Taxation Office to determine a more straightforward safe-harbour valuation calculator so that new companies are not required to undergo expensive valuations to allow them to access employee share schemes. So the substance of these amendments to the 2009 changes is sensible and supported by the Labor Party. It improves the balance between minimising tax evasion and supporting start-up companies, which are integral to the innovation system of this country.

In the time remaining, I would like to turn to the broader innovation system in this country that this bill needs to be considered within; that is the context of the debate we are having right now. Unfortunately, I must depart from the rhetoric of bipartisanship I have enjoyed over the last five minutes to bewail this government's appalling record on science and innovation more broadly. This bill is an important measure and is a good contribution, and should be applauded as such. But it is in the context of an appalling record on science and innovation more broadly. The result of that will be fewer jobs into the future and less economic prosperity. The last two federal budgets have cut research funding by 17 per cent. That is a straight fact. In the budget before the last one, there was a $528 million cut to science and research, including an incredibly short-sighted $111 million cut to the CSIRO.

On the broader innovation agenda, the government, and these political parties that form the government, have form on not supporting innovation. One of their first acts in 1996, when the Howard government came into power, was to slash the R&D tax concession from 150 per cent to 125 per cent. This had a devastating impact on local innovation. The new coalition
government are no better. They have cut $2 billion from innovation programs, and that is having a massive impact out there. Whether it is the Commercial Ready program, Enterprise Connect or various other measures designed to support innovation and research, this impact is being felt—not just by researchers and not just by scientists but by businesses trying to increase their value-adding and increase their international competitiveness.

I have many advanced manufacturers in my region that are suffering because of these changes. And there can be no greater flagship for this short-term, myopic focus than what they have done around precincts. The last government announced a $500 million policy around precincts to drive applied research, to drive innovation. We identified a problem, and that problem was that there was not enough effective applied research being done in this country. There was plenty of blue sky research being conducted by scientists that was world's best, but too often they were focused on the research and not focused on what business needed. And on the other side there were so many businesses that were so busy, so focused on the day-to-day struggles—which is quite understandable—that they were not engaging effectively with the research community to really mine that research for new ways of improving their competitiveness.

So, in a job statement that we put out in 2013 we put aside $500 million for the precincts, which is all about bringing business and research together to develop the new ideas. We have a great track record of discovery, whether it is helping with aspects of wi-fi, whether it is a black box recorder, whether it is leading solar research in the 1980s and 1990s or whether it is the humble Hills hoist. We are great at inventing things, but we are very poor at commercialising that research in this country and having the jobs dividend that comes with it. So this $500 million package was aimed at bringing together 10 industries in precincts where we would effectively cluster, where you would get lots of applied research, learning by doing, world's best practice to really advance the competitiveness of our industries so that we could grow the industries of the future.

My region of the Hunter was well positioned to benefit in advanced manufacturing, mining related services or energy network research, where we lead the country in that particular aspect. This government has adopted and acknowledged that precincts and clustering is something to be supported, and the growth centres program is effectively the same program with a different title. New governments will change the titles of programs. That is a time honoured tradition, and that is not a problem. What is a problem is that they have slashed funding for this program from $500 million to $188 million—a massive $312 million cut in funding. They have reduced the number of growth centres or precincts from 10 to five, and obviously those five will be woefully underfunded. They have basically stood stock-still for the past two years rather than getting on with the job.

This will have a real impact on applied research in this country, and it is a real missed opportunity. It shows that this government yet again is heavy on rhetoric and light on action. They need to match their rhetoric with action, and, quite frankly, in this area dollars do matter, and that $312 million cut is very significant. And their undermining of innovation and advanced industries is not just related to precincts. We should look at what they have done in manufacturing, which is not just a driver of employment but also a driver of innovation and of research and development. For example, their destruction of the automotive industry, their destruction of an industry that employs 50,000 people directly and 200,000 people indirectly,
will actually have an impact on research and development and on productivity in this country. The automotive industry conducts around $700 million worth of business research and development each year. That is about four per cent of the total, which is more than 10 times their employment contribution to this economy. In fact, it is more than 20 times their employment contribution to this country.

So, this single act of destroying the automotive industry, of withdrawing funding, of daring and bullying General Motors and by consequence Toyota to leave the country will have an impact on innovation. Their short-sighted policy around submarine construction in this country will also have a massive impact on innovation. It is well known that not only did the Collins class construction lead to the building of six world-class conventional submarines that the Navy in testimony repeatedly says are amongst the best performing submarines in the world but it also led to a vast modernisation of Australian industry. Before the Collins class project, fewer than 100 companies in this country were specified up to ISO 9000 standard. After the Collins class project thousands of companies were qualified for ISO 9000. I know there is sensitivity on the other side about the submarine project, because it represents a gross betrayal of the Australian community. They made a promise before the election to build 12 submarines in Adelaide, and they are now going to build them, by all likelihood, in Japan. Not only will we miss out on thousands of jobs, and not only will the ability of our Navy and our naval industry to maintain, repair and upgrade these submarines be in peril, but they are actually reducing the innovation capacity of this nation and the ability of the Australian manufacturing sector to be modernised to compete globally.

Another area where they are showing their short-sightedness around innovation policy is in their ideological attack on clean technology, both the industry and research. As part of the Clean Energy Future package that we introduced in 2011 there was $15 billion of industry and innovation research policy. There was the $10 billion Clean Energy Finance Corporation, there was the $3 billion ARENA program and there was the $1.2 billion clean technology program. All these were designed to help do a number of things. One was to help industry transition. The second was to recognise that just as in the 18th century the economies that pioneered research into steam power—the United Kingdom—dominated the global economy and just as in the middle of the 19th century it was the economies that pioneered research into steel manufacturing and railways—the United States and Germany—that dominated the global economy and just as in this century it is the economies that first did research into chemistry and then into the electronics industry through the transistor revolution—that is, the United States and Japan—that dominated the global economy, in the future, just as those industrial revolutions led to a series of economic dominance by those countries that did the research, the clean energy industrial revolution will be massively important to our economic competitiveness.

Those on the other side have betrayed that. They have destroyed ARENA, they have tried to get rid of the Clean Energy Finance Corporation, and they have destroyed the clean technology program—all because they want to stick their head in the sand about climate action, all because they would rather have a rust belt economy next century rather than being clean technology innovators and having clean technology industries that compete with the rest of the world.
And what is the result of all this? The result of all this is that we are facing a jobs crisis now that will get worse into the future. We have an unemployment rate that is at a 14-year high. We have an underemployment rate that is higher than any time since records began in 1978. We have a higher underemployment ratio now than during the 1980s recession or the 1990s recession, which is a massive issue. We have youth unemployment at 20 per cent, well above when we were last in government. We have 190,000 people who are classified as long-term unemployed, more than any time since records began. The long-term unemployment ratio is 25 per cent. One in four unemployed people is long-term unemployed. These people are victims of this government's lack of focus on industry and innovation policy, with a myopic focus on slashing and burning rather than investing in the key drivers of competitiveness in the 21st century: productivity and innovation. Nevertheless, this bill is an important step in rescuing that and we will support this bill. I commend the bill to the House.

Mr BROUGH (Fisher) (11:23): He is good for a bit of a laugh, isn't he? The old ideologue gets up and parrots the lines and just goes on and on and on. Can I take you back to the submarines? Do you want a little lesson on the submarines? Other than the fact that the propellers did not work and we had to buy them from someone else because 'our submarines sounded like a rock concert when they tried to stealthily disappear', other than the fact that the fire control systems were not as advanced as the Oberon, other than the fact they could not communicate with home, other than the fact that salt water used to get into the diesel engine, they were absolutely brilliant! And they were after the coalition came into government, changed the procedures, bought in the US and got something moving: a submarine. It is a wonderful innovation, but if we continued down the path we were on they would have been spending their whole time in the dock.

In 2009, the Labor Party changed this policy. What is this policy all about: employee share ownership scheme? It is actually about people. I say to the member for Charlton, as he wanders off to start to consider the loss that New South Wales are going to have inflicted today—

Dr Chalmers interjecting—

Mr BROUGH: One thing that some of us agree with across the chamber is that Queensland are dominant when it comes to the rugby league tonight. But it is all about people. What the Labor Party did in 2009 was a form of class warfare. We heard it today from the shadow Assistant Treasurer when he said that there was concern amongst Labor ranks that, with an employee share ownership scheme, perhaps those who have the potential to earn more would have a differential tax rate to those able to earn less. What it did was remove aspiration. That is a great Australian tradition: people aspiring to do better, no matter where they started. It does not matter where you start in a company; it is what you contribute to it and what you contribute to your family, your community and your country. By being part of an employee share ownership scheme, you could have some skin in the game.

Let me take you to a good friend of mine, Tom Potter, who was Young Businessman of the Year some time ago, in the early 90s. He was the founder of Eagle Boys Pizza. That is not an innovative company in the form of tech start-ups, but it was innovative. He will tell you the story of good quality managers—that when they became franchisees they had skin in the game. The same stores that they were operating as managers would see marked improvement
in their bottom line, sometimes exceeding 30 per cent because they had some ownership. So it is about people.

We have heard the shadow Assistant Treasurer and the member for Charlton wax lyrical about innovation. Innovation comes from the minds of individuals—people who can see things in a way that most of us unfortunately cannot. They see the future and then they try to make it happen through their skill sets. Since 2009, so much innovation has happened throughout the world. The shadow Assistant Treasurer mentioned Israel. He and I both travelled to Israel and saw the Israeli start-up nation founders and key people recently. We appreciate what they have done. What we learnt from them is that they did not hold back their people. They embraced the individual and gave them the opportunities to flourish. In doing so, they created wonderful things. In the other place, Senator Sean Edwards whilst there was saying how he has benefited from Israeli tech start-up businesses by putting their drip-feed irrigation into his vineyards. It shows you what you can achieve if you invest in people.

What the Labor Party did in 2009 was lose an opportunity. It lost an opportunity for Australia to stay at the forefront. Many people who could have contributed to our economy and grown the jobs that the member for Charlton refers to were lost to the Australian economy because the Labor Party decided on class warfare and being concerned about what an individual might earn as opposed to growing the collective pie and letting everyone benefit. When they talk about these things, what they have to acknowledge is that, through their ideology, they have actually driven good Australian potential entrepreneurs out of this country, taking with them their innovation. They have set up overseas and the opportunities and jobs that come from them have been lost. So it is timely that an Abbott-led government leads the way, values people, puts people first and says that the only way you get good innovation is to make sure that people have skin in the game and they can do so without a tax burden.

Those who are listening to this debate must be wondering how this worked under Labor's proposal. What Labor did for the last six years meant that, if I had a start-up company and I needed to employ a programmer or a software engineer and I really had nothing but my own sweat capital, my intellect and the idea to offer them a position, giving them a stake in the business meant that they had to recognise and realise a tax liability before they made any money. How familiar is that? It is like having a mining tax that does not raise any tax. In fact, it can cost the Commonwealth. The Labor Party has form on this. They did it on several occasions. Here, it impacted upon the fastest-growing sector in the world economy, which of course is the digital revolution.

These changes that are being introduced today and that come into effect from 1 July this year are not only important; they are critical. They are critical because we have been behind the curve. Where we are seeing more innovation occurring each year, and growing at a rapid rate, time is of the essence. A great thinker in this field and a futurist told me recently that, for all of the innovation that the world has seen over the last 40 years—if you think about that for a moment and reflect, that is everything from the mobile phone, the internet, plasma screens and a million different bits and pieces—we will see four times as much innovation in the next 10 years. What the Labor Party did in 2009 is deny Australia's best and brightest the opportunity to work in Australia, to have skin in the game and to use their intellect, their vision and their passion to create jobs for Australians.
This is all about the ideological divide. Begrudgingly, the Labor Party come in here today and say out of one corner of their mouth, ‘We are going to back this. However, here are all the awful things that the coalition do.’ But this is good. It is rectifying a crucial mistake that the Labor Party made that, in four years in government, they did not see fit to overturn. When you fail, when you make a mistake, there is nothing wrong with that: we learn from our mistakes. But, when we fail to rectify them, that is when we compound the issue. That is what Labor have done here. Start-up companies and their owners will benefit from this, as the Entrepreneurs’ Infrastructure Program, the research and development tax incentive, and the venture capital, limited partnerships, small business and capital gains tax concessions will all be of benefit to this incredible ecosystem.

On the Sunshine Coast, we intend to grow our economy, to deepen our connection with the start-up community, to make sure that companies like atmail, which is now taking the world by storm, are not isolated but become the norm. We will use the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015 that we are debating here today to say to young entrepreneurs, to university graduates: come to the Sunshine Coast, because here you can enjoy lifestyle as well as the ecosystem to make your dreams a reality. Create the jobs that we need there. Broaden our economy from health, construction and tourism. Show people that working from your own home, starting in a garage, is not where you end. Some of the biggest businesses in the world today started in garages. They started because people could work together and have skin in the game by owning part of that business. This is a good policy. This is the way forward for Australia, and we need to do a lot more.

Shortly in the other place, in the second chamber, in addressing the appropriations bill, I will share with that chamber a few other ideas and ways in which we can take the innovation world and make it ours. We are competing against places like Singapore, which are giving tax-free status for seven years; Israel, being the second largest ecosystem; and of course Silicon Valley, which we all know about. But we have really talented people here. Let me read some comments from some of the people that I refer to in relation to this policy. An article by Paul Smith in The Australian Financial Review on 25 March states:

StartupAUS Peter Bradd said the changes would help attract and retain talent for innovative companies and make Australia’s startup ecosystem globally competitive.

We have no choice here but to be globally competitive. The member for Charlton talked about rust belts. Rust belts happen when you do not invest in your people and give them a chance to flourish. The article continues:

"Changes to the ESS [Employee Share Scheme] will help Australian start-ups become strong drivers of increases in job creation and, because many help to drive technological change, this will lead to productivity gains and job creation for our economy," Mr Bradd said.

There were many similar comments from people such as founder and CEO of Engagement Innovation, Tim Glover, also a former PwC director. He agreed, as the article states:

"Start-up leaders can consider this a green light to inviting key employees to participate in an ESS with little downside tax risk to the employee," Mr Clover said.

I come back to where I started from. This all happened because of the ideological beliefs of the Labor Party and class warfare—that someone should not get ahead, that we all should be equal. We are here because of our intellect, because of our capacity to drive change and to drive innovation. People should be rewarded. They were not getting something for nothing,
which is Labor's way. They were having to put the hard yards in, with no return. What Labor was giving them was a tax liability before they had realised any potential income—unbelievable. Now they can invest their time, their intellect, their passion and their commitment. In doing so, if they are successful and they return a profit to that business and it grows and their shares become of value, only when it is realised or when they leave that company will they have a tax liability. I am sure everyone listening to this would say: 'Isn't that just common sense? Isn't that the way it should be? How the hell can you be asked to pay a tax on something that has not actually realised an income or a profit?' Well, that is what the Labor Party do. They come in here and wax lyrical about innovation and science and technology, but let's look at their record. They did not back people. They did not back the intellectual capacity and the innovative capacity of Australians, and the coalition does.

I say to the innovators of Australia: come and look closely at the Sunshine Coast. We are going to set the world on fire. We want you to be part of it. We have an exciting future up there. Enjoy the lifestyle, enjoy the generosity of the people and, using the share ownership scheme, make sure that you are part of growing a stronger ecosystem in this start-up community for all of Australia.

Dr CHALMERS (Rankin) (11:36): I am pleased to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. I am particularly pleased to follow my great colleague, the member for Charlton, who spends a lot of this time working up and thinking about innovation policies. He is one of the authorities on our side of the House in these matters. It is a pleasure to follow the member for Charlton, but when it comes to the member for Fisher, who is leaving the House now, it is fair to say that his side is so desperate to look for division and disunity that he seems to have missed him the point that we are supporting this bill. Our amendment concerns a related matter, but we are supporting the employee share schemes bill, which makes changes to the tax arrangements for share schemes to incentivise firms to introduce such schemes and to encourage more employees to participate in them.

I have been following this debate in the House, and it is worth providing the context for this decision. In about March last year, the Labor opposition called upon the government to reconsider the employee share scheme legislation to better support entrepreneurs. There is some history to this measure of course, and I played some part in it when the original changes were made in 2009. It is worth putting on the record that if that decision were taken again, we would not go down the path we went down. I am very pleased therefore that Labor is supporting the changes proposed by the government. We are also pleased that some of the important integrity measures that we put in place in 2009 are being retained by the government. The original purpose of the 2009 changes was to ensure the integrity of the scheme and so maintaining those measures is good. I acknowledge that changing the taxing point for employee share schemes is an important initiative, and I will come back to the taxing point issue in a moment.

In my contribution, I want to focus particularly on smaller and start-up firms for three reasons. Firstly, larger companies have the means to compete for employees in other ways. Secondly, the valuation of shares and options for larger companies is immediately more obvious than for start-ups—so the taxation treatment and timing is less a problem. Thirdly, the bill itself explicitly singles out start-ups with the start-up tax concession, which the
government is introducing. As I said, we are pleased to be supporting the legislation. We have moved an amendment which notes, outside this area, sub-optimal performance by the government when it comes to investing in science and technology but we do support the specific measures in this legislation.

Speakers from both sides have acknowledged that innovators face difficulties when trying to get a product off the ground. We know that founders take all of the risk of the new venture: they quit their jobs, work for no pay and leave themselves open to financial risk. At the same time we have also heard the famous start-up success stories—think about Bill Gates or Steve Jobs and Steve Wozniak involved in Apple. Closer to home, think about Greg Ellis and Sean Teahan, who mowed lawns at odd hours for two years while they put every cent they had into developing the small-loan platform called Nimble. These well-known stories remind us that there are huge risks involved with innovation, but there is no doubting that the rewards for success can be substantial as well—and not only for the individuals involved in the start-ups but for the broader economy too. If we are to succeed in the 21st century as a nation, it is crucial that we benefit from the sum total of all the effort, enterprise and entrepreneurship that goes on around the country.

PricewaterhouseCoopers estimates that the Australian text start-up sector alone has the potential to contribute $109 billion, or four per cent of GDP, to the Australian economy and 540,000 jobs by 2033. But, as they say and we agree, this will require a concerted effort from entrepreneurs, educators, the government and corporate Australia. It is part of what this bill wants to achieve. One of the major difficulties that start-up companies face at the moment lies in attracting employees. As a business starts to grow, new employees need to be hired, and it is hard for start-ups to compete with the established companies for employees; they cannot hope to match the salaries, bonuses and work conditions that companies like Google or Microsoft can offer to employees. We need to offer employees equity in the company as a supplement to wages, and that is what this bill promotes—employee share schemes.

It is important to understand that such offers are not usually in the form of shares, but rather options to buy shares, which is a means for protecting employees from the downside risk of shares. Options for equity are not only a good financial incentive for new employees in lieu of wages but they also give employees a stake in the business. On this I agree with the member for Fisher: giving employees a stake in the business gives people an interest in the success of the enterprise, a reason to work hard, to think hard and to make big contribution to the company.

Some schemes are really successful. In the United States there are almost 14,000,000 people participating in employee share ownership plans, which benefit employers as well. Studies in the United States have found that companies with such schemes grow 2.4 per cent faster than otherwise. US studies have also found that participants made between five and 12 per cent more in wages and had almost three times more retirement assets than workers in companies without these schemes.

If these schemes are work in the interests of start-ups, employees and the economy, why are not more of them being taken up in Australia? I come back to where I began my contribution—with the taxing point of these schemes. The current taxation system makes these schemes less attractive for employees due to the period over which the scheme is taxed. The market value of the equity given to employees can be very high, based on the valuation of
the start-up. But, practically speaking, an employee is not going to want to sell their equity stake at the start of employment, and there is unlikely to be a market for such an equity. The prospects of selling equity for a start-up at a fair price are not going to be good, so the value of the employee equity is more theoretical than it is practical.

The real value of the shares or options only comes after holding them for some time. For example, Ron Wayne, one of the original founders of Apple, has been called—as others have noted in this place—the unluckiest man in the world. He drew the first Apple logo, he wrote the partnership agreement and he wrote the Apple-1 manual. In 1976, after a disagreement with Steve Jobs, he sold his 10 per cent share in Apple for $800. If he had retained his company shares, today they would be worth $35 billion. The moral of this story is that the real valuation of equity in start-ups is very difficult to make at an early stage in the company's existence.

So with difficulty in valuation comes difficulty in taxation. The current legislation charges income tax on the value of the equity at the time that the shares are granted. Or, in the case of options, income tax is charged when the option vests—when it can be exercised. That means that employees can receive a tax bill for options even when they have no cash benefit from the shares and, worse than that, even when they have no ability to derive cash benefit from the shares. That makes employee share schemes options unattractive for individuals that are not liquid enough to cover the type up-front tax cost of the option. So we do need to change the taxation point of employee share schemes again, and that is what the bill does.

Among other important initiatives, one of the most consequential changes will be that change of the taxation point. Schemes will now be established either as deferred or up-front tax schemes. Start-ups can then design schemes that suit their employees. They can have an up-front tax scheme, which attracts a $1,000 tax exemption for people with income of less than $180,000 a year, or they can have a deferred tax scheme, which attracts tax when options are actually exercised. This will make it easier for more employees to take up the scheme and will, therefore, make it easier for start-ups to attract employees. The bill will also introduce new provisions to allow for a simpler safe harbour valuation tool to make it easier for firms to value their company in order to access employee share schemes. That means that they can avoid costly valuations. Again, all of this makes it more attractive to take up employee share schemes.

Smaller start-up companies are the ones that will most benefit from the schemes and from this bill; they are also the ones who face the most difficulties in setting these schemes up. So the bill contains some provisions to specifically target smaller start-up companies through tax concessions for these schemes. So employees of small start-up companies will not be required to include any discount on ESS interests in their assessable income, and the bill sets out the eligibilities and various characteristics of that scheme and how to access it. In the time remaining, I will not go through that.

As I said, we are supporting the specifics of the bill. My colleague the member for Fraser has moved an important amendment. The amendment is important because it goes to the broader issue of investment in science, technology and innovation in our economy. If you had to think of the things that would determine the success or failure of our nation in the most dynamic region on earth, they would be our ability to innovate, keep up, train our people, and invest in science and technology as well as our capacity to benefit from change and not be a
victim of change. The member for Fraser's amendment notes that, when it comes to this government, their record is poor; their first budget cut $3 billion from science, research and innovation, and this year's budget does nothing to reverse or rectify those savage cuts. The government abolished programs such as Enterprise Connect and Commercialisation Australia, and they also abolished innovation precincts. I think it is fair to say that they are now dragging their heels on crowdsourced equity funding as well—something that my colleagues the members for Chifley and McMahon, and others, have put a lot of work into and done a lot of thinking on as they lead the debate in this building on crowdsourced equity funding.

Labor is the only party with a proper plan, a forward-looking plan, for the jobs of the future, driven by science and driven by technology. As I said before, one thing above all will determine the success of this generation and the ones that follow: the ability to benefit from technological change. That means mastering the necessary skills. In that context, the commitments made by the Leader of the Opposition in his budget reply are just so crucial to the future of the country. They go to teaching kids computational thinking and getting them involved in coding, which is the language of the 21st century; making sure that our universities are graduating people who are skilled in science, technology, engineering and maths; encouraging people to complete those degrees by writing off their HECS debt, which will mean 100,000 extra graduates; and making sure that teachers in our schools are literate when comes to the language of the future.

We do want a country that is fuelled by aspiration, and we do want a country that is fuelled by economic and intergenerational mobility. We do want a dynamic economy and an economy that is powered by people who are prepared to start their own businesses. They might have an idea which they want to turn into a big job-creating enterprise, and on this side of the House we want to do whatever we can to encourage that aspiration. The future of this country and the future of its economy will be determined by people's capacity to innovate, to create new things and to create new jobs based on the ideas and their imagination.

So we will support the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. We will support the bill, because we are interested in supporting start-up businesses, especially in the technology sector. The bill, of course, does not go far enough to make up for the government's cuts to science, technology innovation. As I said, Labor is the only party with a plan for future economic prosperity fuelled by innovation, aspiration and creativity, and that puts us in direct contrast to this short-sighted government motivated by politics not economics.

Mr COLEMAN (Banks) (11:51): I am particularly pleased to be able to speak on this very important legislation to end this disastrous policy in relation to employee share schemes, which was implemented in 2009 by the former Labor government. It is something that I know a little about because, prior to coming here, I spent the majority of my career working in and with the Australian internet industry. I have both participated in employee share schemes and helped to design some, and I have talked with founders and employees about how these things might best be structured over quite a number of years.

It is a truism—it is something of a motherhood statement—to say that we all want the Australian technology sector to succeed. It is very, very easy to say that, and I dare say that it is a little bit fashionable to say it. The reality is that the successes of the Australian technology sector will be created by that sector, not by government. The role of government is minimal.
Most importantly, it is not to make life difficult for companies that are creating value through start-up activities in our economy. Unfortunately, the previous policy of the Labor government, which we will happily undo through this legislation, created a world of pain for Australian technology start-ups.

In very practical terms, let’s explain how Labor’s 2009 policy change was such a disaster for the Australian start-up sector. The situation that the sector faces is that most start-up companies do not have much money. That is a pretty important starting point to bear in mind: there is not a lot of money. Therefore, it is generally not possible to attract employees by paying very high salaries. The people that Australian start-ups want to hire, of course, are highly educated, highly entrepreneurial, sophisticated employees who have the dynamism and drive to really create new opportunities, and they are people with options. Often the question that is faced by the potential employee is, ‘Do I go to this interesting start-up company on a low salary, or do I go for a more traditional job, maybe in banking, management consulting or law on a higher salary?’ Often, it is a materially higher salary. The argument of the start-up company to the employee is: ‘We can’t pay you as much as that bank or that law firm can pay you, but what we can offer you is (a) the opportunity to be part of something very exciting and building a brand-new business from scratch and (b) the possibility of being part of the success of the company, should we succeed.’

The way that start-up companies typically do that is by offering employees share options—sometimes shares but generally options. Basically, an option is a capacity to buy a share at some point in the future for an agreed price, with that price being agreed today. So it might be that I can buy shares for 50c and it might be that I can buy them in a year’s time or in two years, three years, four years and so on—but the price is still 50c, even if the shares might be worth, say, $5 in four years time. That is potentially a really important benefit for an employee. It only works for the employee if, in fact, the company is successful and if the shares over time are worth significantly more than the value agreed at which the option can be exercised. Most of the time, unfortunately, that does not actually happen. Most of the time, small start-up companies do not reach the great heights that they would like to reach; and, most of the time, employees who take on those option plans do not end up making a huge amount of money from them. There are of course exceptions, when things go exceptionally well. But in all cases, even if things go exceptionally well, the employee does not actually make anything from the option until they exercise it at least one year—and, often, many more years—after it is issued.

What Labor did—and this just implausible; I find it quite extraordinary that this was implemented in 2009—was to say that, even if you have not exercised the option and you have obtained no practical financial value from that option, you should pay tax immediately, effectively, on the perceived value of the option. So the option is worth nothing in cash terms and it cannot be sold because it is in a liquid company; it really has no practical financial value. But Labor said, ‘You have to pay tax on it now.’ Something that, effectively, has no value to the employee becomes a millstone around their neck and something on which they have to pay tax.

So, in my example earlier, where the employer was saying, ‘Don't take the higher salary’—with that bank, law firm or whoever—take the lower salary with us,’ the proposition became, remarkably and appallingly: ‘Take the lower salary with us; and, by the way, you're going to
have to pay tax now on share options that are of no practical value to you. The proposition of share options went from being the quite attractive one of, 'We'll see how it goes and, hopefully, they will be worth something one day,' to, 'I effectively have to pay a penalty tax now on something from which I can get no value.' If the salary were $80,000, the tax payable might be $5,000 or $10,000 and the employee would be worse off, in a cash sense, than they would have been if there were no options granted.

It is absolutely unbelievable to me that the previous government insisted upon that policy. It is pleasing that they have seen the extraordinary folly of that policy and are supporting these changes, but it is appalling that that was ever allowed to occur. It says a lot about their lack of practical understanding of how start-ups work that the policy was ever seriously proposed, let alone implemented. What this bill does—and with great credit to the Minister for Small Business, who has pulled together this very attractive package for the start-up sector—is to basically say that you will only pay tax on share options when you exercise them. They are often exercised around the same time that they are sold as shares. Usually the time of exercise is a similar time to when you get some cash for these things, and that is the appropriate time at which to pay tax on their value. It is very simple—incredibly simple. Rather than forcing people to pay tax up-front for something that there is a good chance will have no value, ask them to pay tax when they actually realise some value and actually have some cash in their pocket as a result of making money from these share options. It is incredibly simple. It is extraordinary that we have to have this debate, and it is really remarkable that this was implemented by the previous government.

We are fortunate to have a start-up sector which, I think it is fair to say, punches above its weight in global terms. We had the first wave, of course, in the technology sector in the late nineties. Companies have gone on to be multibillion-dollar organisations, like SEEK and carsales.com.au and realestate.com.au and various others, and as we have moved through the last 15 years we have seen more and more Australian internet companies and technology companies really grow.

I was very fortunate in 2007 when I came across a company called 3P Learning for my then employer, PBL. It was the sort of company that we absolutely want to encourage in this country. The next 3P Learning will benefit from these policy changes we make today. When I found 3P Learning in 2007, it was a pretty small group of people situated above a shopping centre in Gordon, working on a product called Mathletics, which was pretty new. It had been CD-ROMs, and they had decided to try it out online. They had a few customers, but it was very early days. Through the extraordinary industry perseverance and vision of that company, they have now grown into a business which employs hundreds of Australians, is a world leader in the area of online mathematics, is listed on the Australian Stock Exchange and is worth about $350 million. It has created an enormous amount of economic activity in Australia and has created lots of well-paying jobs. Those are the sorts of businesses that we want to encourage.

In these provisions in the bill, we also provide some particular incentives for smaller start-up companies. Of course, it is not limited to the technology sector; it is start-up companies generally. There is the capacity to provide a discount on a share issue of up to 50 per cent without the employee being liable for tax on the difference between the market value of the
share and the price at which those shares are issued and a number of other important provisions for the start-up sector because we all want to see this sector succeed.

I must admit I do find it a bit amusing when those opposite purport to be the friends of this sector. The 2009 changes could not have done more damage to the start-up sector if you had expressly tried to do so. If you had said, 'How can we actually make things really, really difficult for small Australian start-ups who want to grow?' you would probably have come up with an idea like this. You would probably say, 'How can we make it hard for them to hire employees?' Anyway, it was just an extraordinarily foolish idea. So those opposite really have no credibility in this space.

I have to say that it does help, when you are seeking to legislate in an area, to have some practical understanding of it, and I think those of us on this side of the House have a clear understanding of this sector and why it is so important. It is not about the government determining the outcomes. It is not about the government picking winners. It is about the government giving them the space to grow and not taxing them out of existence.

I do find the opposition's policies in this area quite extraordinary. I do not think they have learnt from their manifest failure in this area. We saw the announcement in the budget reply a couple of weeks ago by the opposition leader where he is clearly wanting to get on board this high-tech train, so to speak. Just as the former leader, Mr Rudd, would parade around holding laptops, the current opposition leader clearly wants to be seen to be associated with technology and growth, which is just ridiculous, given the record in this space. It is a concern when the opposition seeks to align itself with the start-up sector when, in the opposition, there is no practical understanding of how to run a start-up or how to build a business or anything of that nature.

The opposition leader, to much fanfare, announced the proposal in relation to the forgiving of HECS debts for STEM students in the budget reply. He said it was going to cost $300 million. At some other point it was $45 million. Then they thought it might be about $1 billion. It is actually a pretty simple calculation. There are about 100,000 STEM students in the time period. The debt of each student on average is about $22,500. So the cost is $2.25 billion. It takes probably five minutes to calculate, maybe less. But they got that wrong and showed a real lack of understanding of even the most basic statistics.

You do worry when the opposition leader stands up on budget night and says he is going to set up a smart innovation fund to invest in Australian technology start-ups. This is the same party that smashed the Australian technology sector through implementing this completely absurd tax on the payment of employee share options. The notion of those opposite running around investing in start-ups is, I think, something to give grave concern. So it would not be running around with a laptop a la Kevin Rudd. It is the opposition leader clutching a bunch of share certificates and saying, 'We're on your side.' They are not on the technology industry's side. They have made that very clear through their past record. This is very good legislation, and I am very pleased to support it in the House.

Ms MacTIERNAN (Perth) (12:07): I could not disagree more with the member for Banks. In fact, he epitomises the problem of the current government and their misunderstanding of the role that government does need to play in the development of a knowledge economy and an innovative community.
We strongly support this legislation, the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015, and we recognise that the very important amendments that we introduced in 2009 to protect the integrity of the taxation system had an unintended consequence when it came to start-ups. So we are acknowledging that this correction does need to take place. I just want to put it on record that these very important integrity measures—which were designed to ensure that the granting of share options to employees was not used as a rort in a more general sense—have indeed been kept by this government, but we have acknowledged there was an unintended consequence which was having an impact on start-ups, and we are prepared to acknowledge that and to support this legislation.

I want to reflect on the fundamental concepts that we heard from the member for Banks and that we have heard over and over again. These concepts really bring to the fore the very important questions of whether or not, in the 21st century, a government does enough by ensuring that we have a macro-economic environment and a legal and physical infrastructure that supports private-sector funding, and whether or not that is indeed enough for us to advance to a true 21st century innovative economy. The fundamental view of our conservative friends is: 'Yes, that is what we do—we provide the macro-economics, we provide the physical infrastructure, we provide that legal framework, and,' as they love to say, 'we just get out of the way.' But really that has proven to be an intellectually very primitive point of view and not one that is going to see Australia becoming a technology maker rather than a technology taker. So if we are going to truly leverage off the intellectual and temperamental assets of Australians—and, when I talk about the temperamental assets, I mean the nature of Australians, of being a bit iconoclastic, of not being hidebound by tradition or traditional ways of thinking but being a community where people are encouraged to think for themselves, be different, create their own ideas and follow their own dreams—then government actually has to do more, and that is what international experience tells us.

Recently, even the Minister for Industry and Science—who probably is a little bit more ahead of the pack than the rest of the coalition—acknowledged at a recent forum that Australia had come 81st out of 143 in the global innovation efficiency rates. That is an index which records the comparative ability of nations to convert innovation inputs—that is education and research—into innovation outputs. He described that performance as average, but I have to say that I think it is considerably worse than average. Let us look at some of the countries that rated more highly than Australia. They include Saudi Arabia, Pakistan, Bulgaria, Thailand and Costa Rica. They are all perfectly fine countries, I would imagine, in many ways, but not ones that necessarily spring to mind as the leaders in innovation, and yet each of these countries rated more highly than we did in their ability to convert these fundamental inputs into real, live, operating business innovation. I think that, with all of the economic and cultural advantages that we have here in this country, we should be seeing ranking 81st in the world as being something of a crisis and demanding urgent action, rather than there just being a few bland exhortations that we must do better accompanied by budget settings that are in fact going to take us backwards rather than forwards.

There has been an unpacking of this data by Dr Paul Jackson of the Edith Cowan University in collaboration with the Humboldt-Institut in Berlin and Cambridge University. They have shown that, while we do relatively well in education, R&D and institutional infrastructure, we do poorly in high-business innovation performance. They have done some
analysis of why this might be. They have looked at whether or not we perhaps favour tax concessions over direct funding—indeed, in other countries this whole role of direct funding has a more central role in R&D than it has in Australia. They also reflected upon the reduction of a local level of high-tech procurement in defence spending—another way in which countries are able to drive the innovation within their local economies. They also noted that in Australia we have a high degree of foreign ownership and that companies that are foreign owned within Australia invest very little in R&D. They also looked at the other structural problem that Australian business had very low levels of business collaboration. So, whether or not you were looking at the interbusiness collaboration, collaboration with suppliers and customers, or collaboration with universities and other institutes, our rate of business collaboration was one of the lowest in the OECD.

What has been the response of the current government to this?
It has been a response that has cut back the level of scientists in the CSIRO. There have been 800 scientists’ jobs cut—those important collaboration scientists embedded within industry have been cut back. In this last budget we had another round of cuts to the CRCs, the Cooperative Research Centres. These centres are one of the ways that we foster interbusiness collaboration, and collaboration between those networks of businesses with scientists and universities. They are the very instruments we should be beefing up—but they are reducing funding there too.

The response seems to be just a ‘get out of the way’ mantra accompanied by the idea that if we cut wages, penalty rates, for baristas and waitresses somehow or other that will lead to the fluorescence of our economy. I cannot see that. Tradies tax incentives were introduced. Whilst we are supporting that, we do recognise that under the current settings of government the economy has tanked and we do need a bit of a sugar hit to generate a bit more economic activity. Getting people to buy utes, coffee machines and ovens will provide a short-term economic boost. None of us should think this will be, in any way, a response that will produce a long-term sustainable 21st century industry. It is a very short-sighted perspective from a government that does not understand, cannot come to grips with, what the true role of government is, in the 21st century, in creating industry engagement and industry policy. I note there has been some very powerful analysis in Bloomberg Business about what the impact will be on Australia of our focus on a barista-led recovery.

The member for Banks picked up on the conventional wisdom of the government in this area and said that this is not about picking winners, that we cannot get into this business of picking winners. In fact, I would say that the debate has to be a little more sophisticated than that. I want to reference the work of Dr Mariana Mazzucato, a very important writer in this area. She talks about the need to see the state as a catalyst, a leading investor, as having a role of sparking that initial reaction in a network that will cause knowledge to spread. We need to get to an understanding of the true nature of innovation and how we can foster that. And we need to dispel some of the myths that it is all about venture capital, getting together with these small start-ups and that this will make everything happen.

In reality, over and over again, we can see that strategic government intervention has been absolutely critical. Take for example the Google algorithm. That algorithm, which enabled Google and its search engine to go out there and attract this massive private-sector funding, was initially funded under a National Science Foundation grant in the US. Likewise, most of
the molecular antibodies that are fuelling the biotech industry were initially funded through processes like the UK Medical Research Council—well before venture capitalists ever got involved. Many of the most innovative young companies, in the USA, were funded first not by private capital but by public venture-capital organisations, such as the Small Business Innovation Research centre.

The US came to realise this after the Russians beat them with Sputnik and the first man in space. They became very concerned that the industrial military complex was not producing the degree of innovation that they needed. So they changed tack. They said, 'We are going to start funding, now, a lot more blue sky. We are going to go out there and fund people to come up with ideas. We are not going to have a success with each one.' That is critical to this—understanding that not all of these will be a success. They said, 'If we do not do this, we are not going to get anywhere.'

Where do we have a structure like this in the Australian arena? It is the Australian Renewable Energy Agency. This is a fantastic example of a government organisation, with a highly experienced commercial board, that has been able to make strategic interventions, funding a little pure research but mostly funding that early commercialisation phase—where you take it from a laboratory concept to something that is nearing the ability to attract private-sector funding and provide some of that funding for implementation.

This is a perfect example of what has been done in other countries. Those countries that are successful, those countries that come within the top 10 of the innovation conversion states, have governments that do it. It is done in the 'home of the free'. In the United States they are aggressively funding—through their defence agencies, energy agencies and small-business agencies—this early stage of research and capitalisation.

We are completely naive if we think embracing a 'let's get out of the way' small-government approach, in this area, will 'bring home the bacon' for Australia in the 21st century. We have all of the talent and ability out there to do this. What we need is a government that is able to move beyond its narrow neocon ideology and actually understand why countries are doing well, why countries that are ranking other than 81st are there.

Mr HAWKE (Mitchell) (12:22): I rise to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. Listening to that fascinating dissertation from the member for Perth on how the Russians beat the US and the US changed themselves to become more like the Russians, you would think that no-one in human history would ever have been able to function without a government handout, but the reality of the west and of free societies is that people put together their own capital and their own enterprise without the help of the government and do it for their own innovation, profit and development of their businesses and their companies.

It is strange that the member for Perth and the Labor Party continue to talk about strategic government intervention. When you look at the record of the last government, I wonder if they would say the government's intervention into the insulation industry was a strategic government intervention. They engaged with industry as the member for Perth was talking about. They engaged heavily with the insulation industry, and the government learnt they really had no idea how to do insulation. The industry knew how to do it better than you did. That strategic intervention from the government was disastrous. It shut down the whole
industry and destroyed the competitive nature of it. That strategic intervention into the insulation industry was a total disaster.

The strategic government intervention into the live export market was a complete and utter disaster. That strategic intervention did not go very well either. In fact, you might need to look at that strategy again, Member for Perth.

The strategic intervention into the green cars program—cars which were already high on the demand list of the consumer, being the new variant models of cars that were energy and fuel efficient and were already being bought by the consumer—had the government intervene to in some cases pay money to car manufacturers to provide cars at three times what the taxpayer would pay for these cars. They would pay with the green car subsidy and in the fleet acquisition of the government when actually the demand in the market was very high and the companies had already developed the innovation. Another strategic intervention into a marketplace.

This bill is so important because it also acknowledges yet another failed strategic intervention into the marketplace, as the member for Perth will tell us, and that is into employee share schemes. She mentioned the United States and how it is a great story. The United States, the freest society on the planet, constructed on the freedom and rights of the individual, as a model of success of government and government intervention in the marketplace. It is a really interesting thesis; she should put together something for the newspaper.

But actually the reason we are uncompetitive in relation to the United States is the bills and legislative measures the Labor government in the last six years brought into place, including in 2009. The Minister for Small Business made an excellent point on this when he said just one minor example—I can give dozens more if I need to—about the competitive nature of Australia and America. He mentioned that stakeholders revealed that companies offering an employee share scheme in Australia are required to have a company valuation completed. The cost of one in Australia is $50,000. The cost in the United States is $2,000 to $5,000—10 times more expensive in Australia for a start-up. That is a product of Labor's thinking, Labor's legislative red tape and other measures they have brought in over many years. There are so many more examples where the United States recognises small start-ups and venture capitalists.

The member for Perth was quite derisive about small business, quite derisive about baristas and coffee shops, but these are the backbone family businesses of the economy, and we should not be derisive about anybody's small business, whether it is a cleaning business, whether it is a gardening business, whether it is a coffee business, whether it is making toast and sandwiches. Anybody's small business, anybody's enterprise, I do not care. It does not have to be high-tech. We do have a high-tech sector and we do have an important future in technology, but the ordinary service provision of our economy every day is not something to be derided or put down even casually by members in this place.

When we consider bills like this, there is a reason why start-ups cannot get going in Australia today: it is because of laws like this that we are amending here in this bill. That is because the Labor Party felt it was a good idea when you offered options to employees up front to pay tax before you could realise a benefit from any option you had been given. In other words, you paid the tax up front. And they wonder why this was never going to succeed.
At the time, of course, the opposition spoke about this. The opposition pointed out this was never going to work.

The Labor Party has been lecturing us in the last 24 hours about how they have a plan. They have a plan for a vision, they have a vision for a plan, they have a plan to have a vision and they have a vision to have a plan. It is so wonderful that they have this great plan and vision for the technology sector in Australia. What would the technology sector do without the plan and the vision of the Labor Party? The answer is that, if the Labor Party would get out of the way on stupid regulations such as the one they put in here saying you have to pay tax up front, venture capitalists, start-up companies and employee share schemes would already have been going for six years now. All of that innovation is much more than could have been delivered by any government five-year plan the Labor Party is so fond of—and there are many statist governments in the world who are big fans of five-year plans.

For six years Australia has suffered under this regime which was never going to work in the first place. Labor thought that, if you tax up front, people will somehow still take up employee share options. Of course, this was a complete naivety about human behaviour, a complete naivety about the functioning of the economy and a dangerous naivety about the role of government in our society. To say people should pay tax before they can realise any benefit from anything is to get no tax and to have something completely and utterly stunted.

We are six years behind in Australia because of the Australian Labor Party, and we do not have time to be behind. We do not have time to be behind our Asian neighbours. We do not have time to be behind the United States. The member for Perth talks about industry engagement and strategic intervention; if she engaged with industry more often, she would learn the No. 1 complaint of businesses large, medium and small in particular in this country is that they are overburdened with red tape and regulation—ridiculous, inefficient regulation that, as the Minister for Small Business pointed out, can cost an Australian business getting a valuation 10 times what it does in the US. If you want to get something approved by the FDA, they recognise small start-ups and allow for smaller fees to be paid in the US. In Australia, the TGA, one of the most inefficient and bureaucratic regulators in the country, does not recognise small start-ups or Aussie manufacturing. It is the same here with the taxation treatment of employee share schemes.

The Labor Party says: 'Yes, okay, we apologise. We had an unintended consequence of this legislation.' Once again, six years of unintended consequences and Australia is the one that suffers, because all companies which wanted to do this or progress down this path were unable to and, naturally, the taxation treatment that the Labor government put in place meant that you could not even access capital gains tax concessions when you realised your options.

So the government is, again, amending this very important legislation so that those capital gains tax concessions can now be accessed in a reasonable timeframe and, importantly, give flexibility to the tax commissioner in order to be realistic with people and not so brutal. We know that, under the previous government in the race for revenue, everybody was a source of revenue. The tax commissioner was sent out to get as much revenue out of the economy as possible, naively, not realising that the more you crack down on that, the less revenue you actually produce. Working with business, working with people realistically and working with
the tax commissioner in a flexible way, ironically, enables the collection of more revenue, rather than this heavy-handed approach.

I think the government's amendments here are very worthwhile because they really do understand the nexus between capital gains tax, capital gains tax concessions and the viability of options, especially in the early start-up phase of any business, enterprise or any venture capital work.

While we have heard some apology from the Labor Party, it is more a case that they have been mugged by reality on this topic and so they should be! Six years of going backwards, under this particular legislation they brought in, has really hurt the venture capital market in Australia. And of course they continue to—

Ms MacTiernan: If you were so on the ball, why did it take you so long to bring this in? It was so obvious.

Mr HAWKE: We only just came to government. You were in government for six years so that is why it has taken so long. You have been mugged by reality. You have to support these measures.

Mr Snowdon: You were in government for 11 years before that!

Mr HAWKE: You brought these measures in in 2009. This was your legislation. So if you had kept up and if you were paying attention, you would realise that. This was your idea. Let us just go over it again: to tax options up-front before anybody could realise the benefit from those options. You do understand this, don't you? You do understand what we are doing here today? I really hope you are paying attention because, if you put the tax up-front, nobody can realise the benefit. People are not going to pay the tax up-front. There will not be any options. You are not going to take them, are you, because you have to pay the tax up-front?

Was that ever going to work? That was a very silly idea, wasn't it? You could say that paying your tax up-front was a very silly idea. Do you think it is surprising that any taxpayer in any start-up venture is not going to take these options—

Ms MacTiernan interjecting—

The DEPUTY SPEAKER (Mr Craig Kelly): Order! Member the Perth! There are options, if she wishes to make a personal explanation. The member for Mitchell has the call.

Mr HAWKE: Thank you, Deputy Speaker. Member for Perth, I do think you should make a personal explanation on this and explain to the Australian people why we have had to suffer for six years under such an onerous regime, really setting us back. All of your government planning, all of your wont for borrowing money or for taxing, appropriating people's money so you can pick the winners and losers shows a really naive lack of understanding about how the real economy functions. It is not the role of government to pick the winners and losers, it is not to strategically intervene into...
these areas; it is to allow people to have options given to them up-front, with the appropriate tax concessions.

The government has some amendments here that are appropriate tax concessions, which are reasonable and which are small incentives to incentivise people to have their own employee share options and schemes. These schemes are much more competitive in our competitor nations—the UK, the US. These are very attractive schemes. They provide great benefit for start-ups, employees and employers. They enhance the employee-employer relationship because the employee has a direct involvement in the wealth and success of the business, something that we in this place should all welcome. They seek to break down the negative industrial barriers that the retrograde union movement in Australia so often sets up, which is the employee versus the employer all the time. It is actually a great partnership. We should do anything we can do to provide those incentives for employees to have a great investment in their own business, in the success of their business. It is good for employees, good for employers, good for business and good for the country more generally. So it is vital that we pursue these amendments and make these arrangements more competitive.

I want to commend the approach of the Minister for Small Business. His approach to deregulation for small business is vital. It is the No. 1 thing you will hear from industry and from business on all scales. His moves in this space and, in particular, his getting rid of these ridiculous arrangements the Labor Party put in place that were never going to work in employee share schemes will of course mean that we are much more competitive internationally, attracting more capital and the ability of valuable employees from around the world, who will be able to exercise these options. We just simply cannot compete on the international labour market, the global labour market, with arrangements such as this where options are not attractive to those high-capacity individuals that we do want to see coming here and helping Australians start up in business. This is of course very sensible in that space.

We are increasing the percentage to 10 per cent, in taking into account the reality of the modern economy. I note even one of the members opposite noted the 10 per cent stake in Apple. So 10 per cent is a reasonable threshold.

Finally, I also note, just as a footnote, because it is not very significant, the ridiculous and pious amendment of the member for Fraser, attempting to hide the Labor Party's singular embarrassment about these dreadful measures that have set Australia back by six to seven years, by condemning the government for science and innovation cuts. I have to say to the member for Fraser: no amount of smokescreen can hide the fact that the Labor Party brought in these unnecessary and ridiculous measures that were always going to completely shut down the capacity for employee share schemes to be viable. We are six years behind. I would say to the member for Perth, who is very fond of this phrase, that there is something that the Australian Labor Party can do to help small business, help the economy and that is to absolutely get out of the way.

Ms Butler (Griffith) (12:36): I am very pleased to rise in respect of the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015 because I want to talk not only about the measures in the bill but also about why employee share ownership matters, what the bill itself does and some other reforms that I think might need to be considered in the future. Firstly, I will go to why employee share ownership matters. I am very pleased to say that I have Andrew Pendleton from the United Kingdom coming in this
week; Tony Smith and I are the co-chairs of the Parliamentary Friends of Innovation, and we will be hosting Andrew. Could any members of this House who are interested in talking about the United Kingdom's arrangements for employee share ownership please get in touch with one of us, and we will be happy to arrange a time for you to see Andrew.

I wanted to talk very broadly about some of the big economic issues and where I think employee share ownership fits in with those issues. Standards of living and inequality are affected by a whole range of things, including incomes from wages and salaries, assets and returns from assets, taxes and transfers, prices and economic growth. The middle-class and working-class households generally have assets in the form of superannuation and real property. Some invest in managed funds or have shares themselves and other forms of assets, but I think that this class of asset, employee share ownership—owning shares in the business in which you are employed—opens up another class of assets for employees to own and to benefit from. The reason I think this is important is described quite well by David Hetherington of the Per Capita institute, which is a think tank, in his paper Employee share ownership and the progressive economic agenda, written in 2009, in which he said:

The most important feature of ESO—
that is, employee share ownership—
for employees is that it offers them access to returns on capital, in addition to their returns on labour. The benefits of Australia's 15-year economic boom have flowed disproportionately to investors (owners of capital) rather than workers (owners of labour).

He went on to say:

The economics journalist Ross Gittins has observed (2007) that the share of national income going to workers is the smallest it's ever been, having shrunk from 70.2% in 2001 to 66% in 2007.

And I might add that you continue to see the profit share of the national income rising and the wages share dropping to the present day. David Hetherington went on to say:

This lost share flows instead to investors through corporate profits.

And he said that employee share ownership:

... addresses this imbalance by giving workers access to the flow of corporate profits. It ensures that workers are not unreasonably excluded from this flow by institutional or information barriers.

Employee share ownership schemes could be a way for middle-class and working-class people to get access to more and different assets in the form of shares or as beneficiaries of a trust that owns shares in the business in which they work. As returns on capital can be higher than economic growth and incomes growth, I would argue that middle-class and working-class people should have greater access to assets of this type to assist our nation in combating inequality.

It is worth remembering why it is important to combat and arrest inequality, and I will say something about that when I talk about economic growth shortly. But firstly I do acknowledge that, with greater returns, you often have to bear greater risk. For that reason there should always be appropriate safeguards in place in relation to employee share ownership schemes. For employees, for example, employee share ownership schemes must only be a secondary form of remuneration—it can never replace wages and salaries as the primary form of remuneration in the employment relationship.
There are also other risks. There is a risk to the revenue—a risk that employee share ownership schemes might be misused to avoid tax. Again, safeguards are needed. That is why Labor's 2009 changes were made—to avoid these schemes, which have a rightful place in our economy, from being misused and exploited by people who would avoid their taxation obligations and therefore not pay their fair share.

So of course there are risks, but we cannot let risk aversion stand in the way of opportunity and growth. There is opportunity in share ownership—the opportunity, as I have said, to build wealth through asset ownership and returns. There is also an argument that employee share ownership helps with growth from a couple of perspectives: firstly, if it does in fact help to combat inequality, then that will help with growth, and I want to say something about that, but also, secondly, because of the economic benefits that employee share ownership can bring in terms of private sector economic activity, through providing a capital source for start-ups and also through the productivity and buy-in benefits that you get from employee share ownership schemes. I wanted to mention both of those things.

First, on inequality and economic growth: growth is low and it is slowing around the world. We have seen OECD figures very recently that show that that is continuing—that growth is slowing around the world. Some writers have even suggested that we are in a new low-growth paradigm—that our economies will never grow as quickly as they have done previously. Some are less pessimistic about the future of growth. But, whatever your view about the future, it is a fact, if you look at the numbers, that we do have low growth around the world, and the recent OECD figures show that their member states are suffering slower growth.

Any discussion about worldwide low growth requires that we give some thought to inequality—the two are linked. Inequality matters not just for fairness reasons but also because it can impede economic growth. Last week The Wall Street Journal reported that the secretary-general of the OECD had said:

We have reached a tipping point. Inequality in OECD countries is at its highest since records began. The evidence shows that high inequality is bad for growth. The case for policy action is as much economic as social. By not addressing inequality, governments are cutting into the social fabric of their countries and hurting their long-term economic growth.

In very widely reported remarks last year, the IMF's managing director, Christine Lagarde, said the following:

Let me be frank: in the past, economists have underestimated the importance of inequality. They have focused on economic growth, on the size of the pie rather than its distribution. Today we are more keenly aware of the damage done by inequality. Put simply, a severely skewed income distribution harms the pace and sustainability of growth over the longer term. It leads to an economy of exclusion and a wasteland of discarded potential.

Those are very evocative words from Christine Lagarde. These high-level people in major economic organisations talking about income inequality in this way should remind all of us in this place that we need to deal with the growing inequality in developed nations, including our own.

So, if employee ownership schemes could conceivably be used as a tool for combating inequality by opening up access to additional assets and returns on assets for working and middle-class people, then that is an issue that we should be treating very seriously. If we can combat inequality, then that will help us with growth. As I said, for growth to occur our
country needs new businesses, new economic activity, new jobs, and innovation that
improves products, improves services, and improves work practices—leading to better
productivity. We also need to improve, as I said, buy-in—ownership in the real sense of the
word, not just in the legal sense but in the sense where employees actually feel like the
business is their business, that they have a stake in it.

Start-up companies are important forms of new economic activity that can create jobs and
opportunity. A recent study commissioned from PwC by Google, *The startup economy: how
to support tech startups and accelerate Australian innovation*, showed that in the right
conditions high-growth technology companies could contribute four per cent of GDP, or $109
billion, by 2033 from a base of approximately 0.2 per cent of GDP today—and add 540,000
jobs to the Australian economy.

But start-ups need access to capital. They need access to finance. The people behind start-
ups are often using their family homes as security to get capital. Employee ownership
schemes can be a piece of the capital puzzle for new businesses—and so too can the measures
that Bill Shorten recently announced in his budget reply. I think his start-up finance measure
is an example of excellent policy. In my work as an MP, and as a co-convener of the
Parliamentary Friends of Innovation and Enterprise group, I have heard businesses talk about
their concerns that there is a culture in Australia where people are scared of failure.
Businesspeople are worried about risk aversion, about people being too cautious. They say we
do not have a culture where it is seen as okay to fail. They draw a distinction with Silicon
Valley, where people are actually expected to fail a few times in business. They are concerned
that our home-grown entrepreneurs are being too cautious and risk averse.

One important difference between the US and our country is that here, as I have said, the
family home is often used as security. I am told that is not the case in the United States. So
Bill’s announcement on start-up finance is, I think, a great initiative. It is a way of giving
those new businesses access to finance without their having to use their family home as
security. Bill said:

Currently Australian micro-businesses either struggle to get a loan or may borrow via other means, such
as residential mortgages, in the absence of cheaper, more appropriate financing alternatives.

We want to help more Australians convert their great ideas into good businesses. We will enable
entrepreneurs to access the capital they need to start and grow their enterprises without them having to
take risks on the family home.

I think, as I have said, that that is an excellent policy and I congratulate the Leader of the
Opposition for that announcement in his budget reply.

To return to employee share ownership schemes: they can be a piece of the capital puzzle.
But, as I have said, they can also be useful in creating that sense of ownership, that buy-in,
and for so many other things. They can build employees’ preparedness to give discretionary
effort. We all know that in business it is discretionary effort that really makes for a great-
performing team or individual. Employee share schemes can be a means of providing
additional remuneration. If you pay people better, you tend to get better performance out of
them. I know that comes as a shock to some people in the coalition, but that is the case.
Employee share schemes can also create incentives for innovation—not only in products and
services but in work practices and collaboration.

In the paper I mentioned before, David Hetherington said:
Employee shareholders enjoy the returns of improved company performance and can affect this performance through their own productivity.

A host of studies demonstrate that employee shareholders do in fact demonstrate greater productivity. He went on to list a number of studies from the United States, from Australia and from Japanese firms. He noted, for example, the study by Douglas Kruse and Joseph Blasi of 250 companies that had adopted ESO plans. That study found that these firms increased sales per employee by 2.3 per cent per annum over what would otherwise have been expected. David Hetherington went on to say:

In addition to the specific productivity benefits, a second set of research indicates that companies with ESO plans demonstrate higher performance across a number of parameters. An analysis of seventy separate studies by Blasi et al. (2003) considered the effects on company performance of "partnership capitalism" (defined to include employee stock ownership, broad-based stock options, profit sharing and employee participation). This found that companies that embraced any one of these four approaches experienced a 4% gain in productivity, a 14% gain in return on equity, a 12% gain in return on assets, and a 11% gain in profit margins (controlling for other factors).

This research shows that you can link a greater employee stake in businesses with greater returns for everyone—in other words, growing the pie. For those businesses that think, 'I am happy to share my profits but I do not want to really share ownership', I would say that, if sharing ownership can improve returns for you and for your employees, it seems to me to be something that really ought to be considered—and those additional benefits I have spoken about are really important benefits for our wider economy.

So, as I have said, there is a really progressive case for employee share ownership. I think it is an issue that requires a lot more discussion, debate and investigation. There are a lot of things we can talk about in this space. Last week Employee Ownership Australia and New Zealand held their annual conference in Melbourne. I was fortunate enough, with my colleague Tony Smith, to attend a breakfast hosted by a number of the larger companies with employee ownership plans. We talked there about some of the issues they faced. There are so many different large businesses that use these plans—not just as a form of remuneration and a way of engaging their most senior executives but as a way of engaging people throughout the business.

The businesses at that breakfast mentioned one possible future reform that I do want to cover, but before I do I wanted to make it clear that Labor are supporting these changes because we believe that they build on our approach to employee ownership. We do want to see protections against tax evasion. We have made that really clear. We do want to see integrity measures, but we think the amendments being made today represent a sensible refinement aimed at boosting innovation while still ensuring that that tax evasion, that misuse of schemes, does not occur. We have been consulting with start-ups—and I pay particular tribute to Ed Husic in that regard. The next step, as raised by a number of businesses, is to address taxation upon cessation of employment. It is an issue I will be continuing to raise.
agriculture is, despite how great our mining sector is, our future prosperity as a nation must extend beyond just the farm gate or the mine head. Our nation is at its best when we embrace the cultural heritage of having a go, when innovation is active in our collective psyche.

There is no doubt that our country faces significant challenges in the future. We have the challenge of an ageing population: today 7½ people are working for every person who is not, but by 2050 that will only be 2½ people. We have an intergenerational debt burden left behind by the former Labor government. We have the resources boom coming off. Despite all these challenges that we face, we should be infinitely optimistic about our potential future prosperity—not because of the resources we have in the ground but in light of the abundant innovative capacity of our people. Critical to harnessing this innovation that we have in our country is creating and fostering a proper start-up ecosystem of innovation that supports the next generation of entrepreneurs.

To develop this start-up ecosystem in Australia we need to do a number of things. We need to have a coordinated approach across government, across higher education and across capital investment, and we need to have a cultural shift as a nation to realise that people going out and taking on a risk by starting a business and trying to create their own future success is something that we need to embrace and champion as a nation. We have the fundamental components to create this new culture, this new start-up ecosystem, in Australia. We have deep reserves of young, bright, talented Australians. Countless numbers of young and intelligent entrepreneurs from across the globe want to come to Australia because of our lifestyle. Sure, Silicon Valley, Israel, Singapore, Hong Kong and South Korea are achieving much in this space, but if you ask somebody of my generation whether they want to live there or in Sydney, Brisbane or Melbourne our Australian lifestyle is a major magnet for some of the brightest entrepreneurs across the globe. I think we as a nation underestimate the importance of being placed at the heart of a new global economic powerhouse, a growing Asia. Australia has the potential to harness that and become the epicentre of Southern Hemisphere entrepreneurship.

I would like to point out what we can achieve if we take hold of these opportunities. The Startup Economy, the PricewaterhouseCoopers study commissioned by Google Australia, showed that high-growth technology companies could contribute four per cent of GDP, or $109 billion, and add 540,000 jobs to the Australian economy by 2033—and that is coming off a base of only 0.2 per cent. Ultimately if we get these policy settings right, there next generation of Australians, as they graduate from high school, will be able to find future jobs in new industries where we have a massive export potential to the globe. Today, services make up about 80 per cent of our economy but only 17 per cent of our exports. If we get this right, we can do so much better as a nation.

There are three areas that I said we need to look at as a nation to get that start-up ecosystem at its best in Australia. The first is capital. Last year, Australians bet $200 million on the Melbourne cup—we love to have a gamble—but venture capital in Australia only invested $100 million in start-up companies. So when we have entrepreneurs looking to grow their businesses through the valley of death, there is obviously a clear need to attract venture capital in particular. I would also say—and the opposition has made some policy statements on this that I welcome and support—that there needs to be an understanding that, as we do that, we need to attract not only the capital but also the talent to put that into businesses in the
most effective way. Other countries across the world have not done this on their own. They have attracted the largest and most successful venture capital firms to partner with venture capital firms in their own country to help grow not only the capital pool but also the talent pool.

The second area that we need to address is a shift in culture. Australians are good at being entrepreneurs. But something unique about us is that we like to hold ourselves back and invest in things that have a secure and safe return in the long term. We like to invest in resources, infrastructure and real estate—things where we can ensure we will get a little bit of a return. But if we are to reach our full potential, we need to have a culture shift that says if you go out and start a business you might fail one, two, three, four, five, six or seven times but if the eight businesses is successful you have developed the skill set you need to grow that business and create prosperity. Ultimately what we would hope is that the next generation of Australians would feel as excited about starting a business as they would about going to the mines and driving a truck for $100,000 a year. And while small business start-up rates are now at the highest level they have been at in over 10 years, the rate for people aged under 35 starting in business is actually falling. So we do need to have a cultural shift where we champion success in this country—not attack it, not vilify people who have had success. We need to say it is a great thing that they have taken on some risk; they might have had some failure but they are ultimately helping to create future prosperity not only for themselves but for the country.

The other thing we need to look at is attracting talent from across the globe. We should not say that smart entrepreneurial people coming to Australia from around the world are taking Australian jobs. Too often the debate evolves into a cheap political thing at that point. In my mind, if a smart young entrepreneur or smart scientist or a smart person in the IT sector comes to Australia to help create a business and help develop the Australian start-up ecosystem, that is a great thing for us as a country. We should champion that and, ultimately, if those businesses grow and invest in Australia they employ more Australians and we create more jobs for future generations of Australians.

There are many things that we can do as a country to help attract that talent. That could be entrepreneurship visas when we are looking at the skilled migration system that we have—ensuring that we are getting people with these critical skills to come to our country. The final measure in that, of course, are employee share ownership schemes, which I will come back to and go through in greater detail because that is what this legislation seeks to change here today. They are an important key point in developing Australia’s start-up ecosystem.

But, as I said, we need cooperation as well. We need cooperation from government, from higher education and from capital investment to develop the Australian ecosystem. In Australia, we seem to do something very odd: we have some of the best research and science in the world, but we seem to fall a little short when it comes to the commercialisation of those great ideas. We have some of the most amazing research happening of anywhere in the world, particularly in the medical field, but those ideas and the research that has been developed often goes off to places such as the United States or Israel to be commercialised. When you look at the success across the globe of the commercialisation of those great ideas, there is very clear cooperation between higher education, the government and the private sector. If you are in Technion university in Israel or if you are in Stanford University in the United
States, there is very clear cooperation. A business is effectively set up at those universities and its sole purpose is to commercialise those great ideas. The KPI on those universities is not research for the sake of research but it is research for the sake of changing the world—making the world a better place and actually commercialising those ideas. I think we have an enormous amount that we can learn from our partners around the world when it comes to cooperation between those different sectors.

But, finally, I want to come to the legislation—what we are seeking to change in the parliament here today. In the bill we are changing the employee share ownership plan for Australians. Employee share ownership is such an important part of developing Australian entrepreneurship and the start-up ecosystem in Australia. Employee share ownership schemes do a number of things. They drive motivation in those companies. If, as an employee, you have a direct stake in that company then you are invested in its own success, and that entrepreneurial spirit is driven not just by those at the top of the company but all the way down. ESOPs allow us to attract the best talent from around the world. As I said before, if we can attract the smartest people from around the world to invest and grow Australian companies—to have a direct stake in those companies—that will help create a much better ecosystem here in Australia.

Ultimately, there is an equity issue here as well: what ESOPs allow is the spreading of those benefits throughout the entire company. So if a company has had great success, that success does not just sit with the boss but everybody in that company who has a stake in the company gets some of the rewards. That is how we can attract someone who is very bright and very talented, and who might come and invest or be part of an Australian company. They may take somewhat of a pay cut, but they take some of the stake in that company so that when it achieves success, collectively, they all enjoy those rewards. If we look to the United States we can see what is achievable. In the United States approximately 28 million employees have an employee share ownership plan—one-fifth of the entire private sector has an employee share ownership plan.

This is correcting a wrong—and I do not want to be partisan in this debate. Perhaps it is political naivety, but I do think that when it comes to innovation and entrepreneurship in this country we do have an amazing ability to have a bipartisan approach or bipartisan policy creation. Perhaps that might not come to pass, but at least we are going to try. But I do have to make the point about what we are fixing. In 2009, unfortunately—perhaps it was an unintended consequence and perhaps it was not so deliberate—when the Labor Party changed the employee share ownership schemes they removed those incentives, simply by taxing an employee at the time of the issue rather than when they received those proceeds. They took away all of these amazing benefits that we can see in the employee share ownership schemes. They took away that motivational connection and they took away that ability to attract the best talent. Essentially, we saw start-up businesses, in many cases—and I have spoken to them myself—moving overseas simply because of this one policy initiative. So today we are correcting a big wrong in history when it comes to developing Australia's start-up ecosystem.

But there is obviously so much more work to do. As I look at the debate that we are having around innovation and entrepreneurship in Australia I am very excited. I feel that through history we have often been a country that has simply been prepared to ride on luck. But for the first time I can feel us sensing something far greater in this country. For the first time—
well, not for the first time—we might take a very significant step in history and be prepared to be a nation that starts making its own luck, taking hold of the opportunities that are clearly sitting there for the next generation of Australians.

I very proudly commend the bill to the House.

Ms OWENS (Parramatta) (13:06): I am really pleased to stand to speak on the Tax and Super Laws Amendment (Employee Share Schemes) Bill 2015 today, because this is the one of the things that parliament should do more often.

This is very much about the parliament as a maker of space for the people who will drive our prosperity in the future. I use the phrase 'maker of space' quite deliberately. It comes from the last paragraph of a book called *Invisible Cities* by an Italian author, Italo Calvino—a great author, by the way, and an extraordinary book. It is essentially a conversation between Marco Polo and Kublai Khan. In the last paragraph of the book—and you can read the last paragraph first; it is not a linear narrative, so I will not wreck it!—they are talking about hell and hellfire:

And Polo said: "The inferno of the living is not something that will be; if there is one, it is what is already here, the inferno where we live every day, that we form by being together. There are two ways to escape suffering it. The first is easy for many: accept the inferno and become such a part of it that you can no longer see it. The second is risky and demands constant vigilance and apprehension: seek and learn to recognize who and what, in the midst of the inferno, are not inferno, then make them endure, give them space."

In many ways, when we talk about these start-ups, extraordinary people have come up with something new. These are not businesses based on things that people have thought of before. These are not people who copy other ideas. These are people who start with nothing and find a way of looking at the world that causes them to come up with a new idea and then set about making that happen. These are extraordinary, rare people in every society. It is not a normal feature of a human being that we can throw aside the assumptions that we have built up over a lifetime. But there is this relatively small number of people who can. They just see the world differently. They recognise within themselves what is an assumption and what is reality and find another way to look at it. They come up with ideas that, once they have come up with them, we all say, 'Well, that was obvious.' But in all the world they were the only one who actually came up with that idea. These are extraordinary people and people we should value, because they are the people who will drive this country into the next century. How we make that space for them to do what they do will be one of the major determinants on how well this country prospers in 2050.

I first encountered one of these people many, many years ago. I am going to tell this story because it demonstrates this quirk of perspective which is so special. There was a consulting company back in the late 1980s that I knew quite well. They were problem solvers. They were the kind of company that you engaged when you had a big problem that no-one else could solve. That was it. The problem that a particular company had was that they had built a new building that had one lift and it was slow. Retrofitting a lift is really expensive. The staff who were on the top floors of this building were getting really annoyed. That the lift was slow was destroying morale. Who would have thought? But, apparently, it was really slow. It took something like two minutes to get to the top of the building. So they employed this consulting company and asked, 'What can you do? We cannot afford to retrofit.' A month later, the
consulting company came back with a piece of paper with one sentence on it. It said, 'Put in mirrors.' The conclusion was that the problem was not that the lift was slow; the problem was that no-one had anything to do in the lift while it was slow. Speed was not the problem; it was boredom. So they put mirrors in and the problem went away. They put mirrors in so that people could fix their make-up, do their hair or whatever else they wanted to do. So the two minutes became the time when you fixed your make-up or checked out your pimples—whatever you do in a mirror!—and the problem went away.

It is an amazing ability for a person to see a problem that everyone sees as the same and to flip it over and turn it into something else. I remember that at the time I thought, 'That is a very valuable trait in any country.' We have people like that. These are not people who respond to change. We often hear in this parliament, in the media and even from some of our great academics and policy thinkers about the need to respond to change. These people do not respond to change; they are the change. They pick the world up and they turn it into something else. They are some of our most valuable contributors. There are few of them. For those of us in this parliament looking for votes, there are not many of them. The return that we get as a country will not come until the next generation. Ten years down the track we will be seeing the benefits of the space we create for those people today.

We are doing something quite special today. We are recognising in many ways that, just as these special thinkers turn the world upside down through their perspective of what can be done and how to fill a need, they also quite often turn the world upside down on how to fund it. They really do. Those old assumptions we have on how you raise capital, build it and appreciate it, how the world works, when you invest and what the return period is essentially came from the agrarian age and the industrial age. All of that, for these people, is not it. They look at the world of finance and they turn that upside down as well. They come up with ways of moving from where they are with nothing to profit through a different path than we have considered. They are making up new ones all the time. They are finding new ways to do it all the time.

We as a parliament needs to be as flexible as possible in recognising that those changes will come and that they will keep coming. It is our job to keep that space as flexible as possible as long as the behaviour is about the business model, not the tax break. As long as it is about the business model and what the business needs to finance its growth, governments should be there supporting these rule breakers and these people who generate the next wave of change.

This amendment does that. This amendment is to the work done by the previous Labor government in 2009 designed to take out the behaviour of many people, particularly at the upper end of business, who were using employee share schemes as a way—let's be honest—to avoid tax. It did that, and it did it quite effectively. Then it was discovered that those laws were also impacting on people who were using employee share schemes in a perfectly legitimate way to build their business, particularly in the early stages of start-ups. It is not like the old way. I often say that accounting was invented in the agrarian age when there really was an annual cycle. There is not an annual cycle for many, many businesses now. This employee share scheme recognises that quite often a person contributes to your business in the early stages of it well above an employee. In fact, what they contribute profoundly affects the ability of the idea to be finalised and exploited. These share schemes provide in that
business model a genuine way to reflect the contribution that a person makes to a start-up. It also allows a group of people to share in the future of that start-up and to have a greater degree of buy-in. So it serves a very real purpose. One of the unintended consequences of that action in 2009 was that it shut down that option for a range of very, very important people who we need to do well.

As the previous speaker said, we as a country also need to be more forgiving of the level of failure of new ideas. They are not always successful. I am well aware that, if you go into business with a person on a start-up, experience in past ones, successful or not, is incredibly valuable. Getting it right is incredibly difficult when you are making the path as you go, when you are not treading a path already trodden.

This is a good amendment. In the interests of being extremely flexible, I suspect that changes will still need to be made in the not-too-distant future because the world is changing even in this space as we speak. We as a parliament need to be incredibly flexible and willing to consider the changing needs of this sector. That is where I want to say one thing about the government's speed on this legislation. I will try to be very mild about it, because I genuinely believe that if we, as a nation, want to provide the space for start-ups, for the people who will create the change that will drive growth in the future, we need to have a very bipartisan and cooperative approach to flexibility. I know that the Assistant Treasurer, who is sitting here at the table, has already said that, in terms of crowdfunding, this bill and a whole range of other—

Mr Tudge: Shadow Treasurer.

Ms OWENS: 'Shadow'; sorry. I was jumping ahead there.

Mr Bowen interjecting—

Ms OWENS: Did I say that? My apologies, shadow Treasurer. I thought I had called you 'Treasurer' by mistake. The shadow Treasurer—I almost did it again—has already said that we will cooperate with the government in these areas—and that is very fine thing.

My criticism of the government in relation to this bill is that it has taken an extraordinary length of time. In the world that we are dealing with, speed actually does matter. This legislation is something that the start-up community has wanted for some time; it is something that the Labor opposition committed to supporting back in March last year. So we are actually a year down the track now. I hope that when the government deals with crowdfunding, which it says it is going talk about it, it is a little faster than it has been in this area. They are not the only two areas. We have also got Fintech and a whole range of other new ways of funding activity that are emerging and which this parliament needs to deal with and deal with them as quickly as it can in a bipartisan way and accept that flexibility will be required as the world changes.

I was reading up on crowdfunding again the other day. I have been following it for quite a while. Not only have I been following it for quite a while; but I have probably been doing it for about 30 years. It is amazing how sometimes new ideas are not that new. Back in the music world we used to regularly crowdfund CDs. If you were into really niche music, where a band would release maybe 500 copies of a CD at the most—and 300 of them would stay under their bed—which I was, the only way that you could get those CDs was to buy one a year before they made them. I remember I once bought a CD from a group called Mind Body
Split—Rik Rue, Sherre De Lys and Jim Denley—which were a really interesting group of musicians back in the late eighties and early nineties. I bought it at least a year before it was released. All their fans basically crowdfunded their recordings, and that was quite common. So it is amazing sometimes how a good idea comes into its time.

There is an incredible amount of work to do by this parliament in those areas, and I would urge the government to take advantage of the bipartisan approach to the need to do that and to take action as quickly as possible. It is a welcome amendment, as I said, if not a little bit later than it could have been. It is not finished yet. I think various sectors still have issues, so there is more work to be done. But I am very pleased to stand up and speak to this bill, because it is a bill that is a maker of space.

Mr WILLIAMS (Hindmarsh) (13:18): The Australian economy faces many challenges as it transitions from the mining boom and competes with the growing economies of Asia. People often ask me where the jobs of the future are. I do not intend to attempt to address this point today but part of the answer is in the start-up and entrepreneurial hi-tech sector.

When commenting on the entrepreneurship culture in Australia, EY Partner Annette Kimmit said that, as the mining investment boom wanes, successful entrepreneurial businesses will be more important than ever for future job creation and the sustainability of the Australian economy. Our track record in Australia in the hi-tech sector is something we can be proud of. The bionic ear was invented by Cochlear, and this company employs over 2,000 people. The wi-fi technology that connects billions of devices around the globe was made in Australia. Other success stories that are commonly known include Seek, with revenues of around $500 million; Atlassian, a worldwide leader in software development, employs around 450 people; and Freelancer, whose founder Matt Barrie was born in Adelaide, has over 14 million registered users, with revenues of $66 million and 270 staff around the world, and was listed on the ASX in 2013. But there could be more success stories—and we need more.

Government has a small role to play. Part of our plan to help grow the economy and incentivise business and enterprise is the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. In 2009, the former Labor government made a number of changes to the way that employee share scheme arrangements are taxed. One of these changes meant that the discount component of shares or options issued under an employee share scheme was taxed when the employee received those shares or options. This forced employees to pay tax on their options before they could take any action to realise a financial benefit from those options. This was a major problem. The Labor changes were widely criticised by those in the start-up community and the business sector more broadly.

The member for Rankin, who spoke earlier on this bill, quoted PricewaterhouseCooper's figures. He may have also noted that the same PwC report—which I assume he quoted the figures from—said:

Changes were made to the Employee Share Option Plan in 2009 and..... the startup community would like to see Employee share ownership plans brought into line with the US and the UK where it is still treated as a capital gain and not as income.

The changes in the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015 are intended to better align the interests of employers and their employees, and stimulate the growth of start-ups in Australia.
This bill makes two main changes to the tax treatment of employee share schemes. Firstly, for all companies, employees who are issued with options will generally be able to defer tax until they exercise the options—convert the options to shares—rather than having to pay tax when those options vest. Secondly, eligible start-ups will be able to issue options or shares to their employees at a small discount and have that discount exempted for shares or further deferred for options from income tax. An eligible start-up is a business with a turnover of not more than $50 million, is unlisted and has been incorporated for less than 10 years. In addition, employees will need to hold the shares or options for a minimum of three years to qualify for this concession.

Other changes that are being made for all companies include that the maximum time for tax deferral will be increased from seven years to 15 years and the maximum individual ownership limit will be doubled from five per cent to 10 per cent. The government has also addressed this red-tape burden. Like we are doing with so many other sectors of the economy, we are looking at reducing red tape and deregulating those sectors that are causing obstacles for businesses and organisations. In this area, we are developing a standardised documentation that streamlines the process of establishing and maintaining an employee share scheme, and also developing a safe harbour valuation method for unlisted shares. The Australian Taxation Office has recently completed its consultation on both of these changes.

The government consulted on the draft legislation and heard a wide range of views. Consultation meetings were held and around 50 submissions were received. In my state, South Australia, I discussed the employee share schemes with key bodies such as Business SA and the Entrepreneurs Organisation, as well as leading professional advisers like Piper Alderman lawyers, PwC, EY and BDO. They responded positively to the government's proposal, as did the majority of written submissions, which noted that the changes are positive and encouraged the government to implement the proposed changes by 1 July 2015. That is what we are doing here today.

Following these consultations, the bill now addresses technical concerns and further clarifies policy on the start-up concessions. As a result of the draft legislation, the final bill has changed to extend eligibility rules for the start-up concession. Stakeholders will welcome these changes, including that start-up concession recipients will be able to benefit from the 50 per cent capital gains tax concession and that large venture capital investors do not rule out eligibility for the start-up concession.

From my time advising small businesses in Europe and in Australia, I have always been impressed by the talent, passion and commitment of entrepreneurs and leaders in the high-tech sector. One of these is Alan Noble, head of engineering for Google Australia. Mr Noble, who is based in Adelaide, said in Adelaide's The Advertiser last year that Australia must move from a country with low start-up rates and venture capital investment into a knowledge-intensive industry and economy. Alan said that, with the right conditions, high-tech companies could add thousands of jobs to the economy. The PwC report stated that the Australian tech start-up sector has the potential to contribute over $100 billion, or around four per cent of GDP, to the Australian economy and over 500,000 jobs by 2033 with a concerted effort from entrepreneurs, educators, the government and corporate Australia.

Most start-ups in Australia are located in Sydney and Melbourne, which is expected. A matter of concern for my state is that only one per cent come from South Australia—lower
than Queensland at seven per cent and even the ACT and WA at two per cent. That is not to say that there is not a great entrepreneurial culture in my state. Those involved in the ‘engine room’ include Marcus Bailey and Conor McKenna of Twoeyes. They are two of a number of individuals I have been engaged with who invest in the South Australian start-up community. Individuals like Marcus and Conor are not waiting for government to act, however. As highlighted in the PwC report, experience around the world suggests that government initiatives are unlikely to be the catalyst for growth. Importantly, by international standards Australian governments are relatively supportive. R&D tax credits and the Innovation Investment Fund contribute positively to the sector. This is supported by an EY report in 2013 that found Australia ranks fifth among G20 countries in having a conducive environment for entrepreneurial activity.

This bill is an important step in better positioning Australia to benefit from the economic benefits from emerging high-tech companies. Naturally, there is more that can be done, but, through other initiatives, such as improving our education system and a greater focus on STEM—science, technology, engineering and maths—by government, industry and tertiary institutions, we are on the right track. I note that the Abbott government has, in its Students First initiative, committed an additional $12 million to restore the focus and increase student uptake of science, technology, engineering and mathematics subjects in primary and secondary schools across the country. But entrepreneurship, as a career, needs greater support at all levels of education. Students should be encouraged to think outside the box of traditional jobs and consider being a business owner, generating wealth and employment.

This is a challenge for governments, policymakers and educators. It is also a challenge for our society, including our media, to profile successful entrepreneurs in the same way that we profile and promote our sporting stars. Research about growing ecosystems emphasises the importance of leadership, communities, culture and education. We need more people interested in entrepreneurship. I again quote the PwC report, which said:

Entrepreneurial activity is heavily influenced by the cultural environment surrounding entrepreneurs. Ecosystems where … entrepreneurial successes are highly visible in the media are good indicators of the population's entrepreneurial intentions and total early-stage entrepreneurial activity.

In closing, I want to quote Maria Pinelli, the Global Vice Chair of Strategic Growth Markets at EY. She says:

Entrepreneurs have the power to create jobs and drive growth—but first we need to give them the tools and the environment that will enable them to succeed.

**Ms Macklin:** Keep going! They won't let us start until 1.30.

**Mr Williams:** You're not ready? Come on, guys!

**The Deputy Speaker:** Order! The member for Hindmarsh has the call.

**Mr Williams:** I am glad that the member to Rankin is here, because I am sure he is most interested in the PwC report and how they criticised the Labor government in 2009. I am glad he is listening attentively. This bill provides support from the government for start-ups to innovate and prosper. Combined with a tax cut and the instant asset write-off recently announced in the budget, it is further reason for entrepreneurs to have a go.

I commend the Minister for Small Business for his work and commitment in this area. In his speech to the National Press Club earlier today, the minister said: 'We will continue to
encourage enterprising men and women.' Interestingly, there are more women than men starting business in Australia. I repeat: more women than men are starting business in Australia. This is a great result. Some of the great success stories have included Janine Allis of Boost, Naomi Simson of RedBalloon and Tammy May of MyBudget in Adelaide. I also commend my colleagues on their commitment to the change, in particular the member for Casey and the member for Forde. I note that the member for Fisher, who is here today, gave a great speech earlier on this bill. Together, the small business community has rallied behind changes such as this, knowing how important it is for Australia to have a better entrepreneurial culture and to provide incentives for entrepreneurs and small businesses to do their best and have a go. I commend this bill to the House.

The DEPUTY SPEAKER (Hon. BC Scott): It being approximately 1.30 pm, the debate is interrupted in accordance with standing order 43. The debate may be resumed at a later hour.

STATEMENTS BY MEMBERS

Holt, Mr Peter

Timbercorp

Ms MACKLIN (Jagajaga) (13:29): I am speaking today to speak on behalf of the victims of Peter Holt. Holt is a financial adviser and accountant who robbed the life savings of dozens of local residents in my electorate. Over the last year I have listened to the victims. I have learned of the enormous emotional and physical toll this ordeal has wrought on their lives. The victims of Peter Holt and Timbercorp were not greedy corporate investors. The victims are teachers, mechanics and small business owners—ordinary Australians just trying to do the right thing and save for their retirement. Instead, they have been failed by our financial system. They have been failed by the regulators, and many now face losing their homes. I am concerned that the Abbott government's attempt to roll back the FoFA reforms would reopen loopholes that enabled Holt to rip off hardworking Australians.

Peter Holt is supposedly bankrupt but still drives a Mercedes and still operates his business. That he does so is nothing short of a disgrace. His only punishment was a slap on the wrist—a three-year ban by ASIC. I urge the creditor, ANZ, and the liquidator, KordaMentha, to show compassion to the victims of this collapse, particularly those who are facing genuine hardship. We in this parliament have a responsibility to stand up for Australians against predators like Holt.

Australian Broadcasting Corporation

Bureau of Meteorology

Mr BROAD (Mallee) (13:31): I wish to update the House on the seasonal conditions around the Wimmera and the Mallee. The electorate of Mallee is one-third of the state of Victoria, and the season has been quite varied. Certainly around the Milawa and the northern Mallee we have had good opening rains, and in the south of the electorate we have also had some rain. In the middle, though, the electorate remains immensely dry. Our farmers are sowing on hope as they put their crops in the ground. We have of course a winter based rainfall and are reliant upon good rains, but there is a great deal of concern about the seasonal conditions at the moment.
One of those great concerns is that farmers are currently unable to turn on and listen to the ABC and get reports from the Bureau of Meteorology. At this time the Bureau of Meteorology is choosing to have industrial action and is attempting to use ABC as a means, a platform, to raise their concerns about their industrial reaction. I appeal to the Bureau of Meteorology and the ABC to get their act together. We have farmers who are sowing crops who need to be able to listen to the weather, need to be able to hear what fronts are coming through, and I think it is an appalling use of a medium if the bureau is attempting to use the ABC to further their industrial action.

Rankin Electorate: Trade Training Centres

Dr CHALMERS (Rankin) (13:32): In September of 2013 I was really proud to join my colleague the member for Blaxland as we announced at the YMCA school in Kingston in my electorate our commitment to trade training centres around the country. When I was there with the member for Blaxland we toured the facility and we could see the potential of the place as a trade training centre. So I was really proud and really pleased earlier this month, on 5 May, to be at the opening of that trade training centre in Kingston. I want to congratulate, on the parliamentary record, the two Garys—Gary Smith and Gary Adsett—for their role and their leadership. I want to congratulate all the staff at the YMCA school, including Emily Lumley, who is herself a success story from the very same school in Kingston.

Trade training centres are all about providing opportunity to our young people to work with their hands to be successful participants in the modern market economy. This school is a little bit special, because it caters specifically to kids who for whatever reason have fallen through the cracks of the mainstream education system. They do their hairdressing, they do hospitality and they do automotive. It is disgraceful that the government has cut the other trade training centres in my electorate, including at Browns Plains high school. I want to say to the kids of the YMCA school that I am proud of you, and I will see you at assembly soon.

Smith, Ms Emily

Mr ALEXANDER (Bennelong) (13:34): I would like to tell the chamber about a remarkable young woman in my electorate. Emily Smith will shortly be honoured with the Queens Young Leader's Award. Only 60 people internationally will be receiving this award, and Emily is one of just two Australians. She is a most deserving winner. She is being recognised for her efforts within Girl Guides Australia as well as her extensive community work on youth and gender equality. At only 23 she has already represented Australia and the Girl Guides at the United Nations 59th session of the Commission on the Status of Women. She also attended the commission in 2013, representing the voices of over 10 million girls and young women from across the globe. She was a keynote speaker and panellist there, as well as a highly effective lobbyist. Last December Emily was named New South Wales Youth Volunteer of the Year.

Emily departs for Britain to receive her award in the coming weeks. She is, literally, going to London to visit the Queen. She will also be engaged with several business meetings and high-profile events, including meetings with the British Prime Minister and the Australian High Commissioner to the United Kingdom, interviews and press at the BBC headquarters, and several press opportunities to speak about her charitable work. Emily's amazing story is an inspiration to us all. She has already achieved a huge amount and can look forward to a
very exciting and engaging time ahead. I am sure the whole House would like to join me in congratulating Emily and wishing her well on her next adventure.

Lalor Electorate: Budget

Ms RYAN (Lalor—Opposition Whip) (13:35): I want to share with the House a visit I had in my electorate last week from the member for Sydney, Tanya Plibersek. She came and joined community groups, local government representatives, Deakin University and the Committee for Wyndham at a round table post-budget forum. I would like to thank the people in my electorate who are always proactive, always thoughtful and always concerned about their community and who come together as often as they can to discuss the issues that our community faces, both the challenges and the opportunities.

I would like to thank the Werribee Community and Education Centre, Wyndham Council, Hobsons Bay Council, UnitingCare Werribee Support and Housing, the Salvation Army, the Laverton Community Hub, Family Violence Services, Women's Health West, the Committee for Wyndham, Werribee Mercy Hospital, Deakin University, headspace, Carers Victoria, ISIS Primary Care, and Good Shepherd for attending that forum and giving us immediate feedback on the implications of this budget on those most disadvantaged in our communities, on our businesses and on our students. It was a terrific day. We had some time with the member for Sydney, who then travelled with me to a local school, Hoppers Crossing secondary college, where we met with five young people there who are the youth parliament team. (Time expired)

Pie of Origin

Mr RUDDOCK (Berowra) (13:37): Last week I launched for the fourth year in a row the annual Pie of Origin contest. Rob Pirina of Glenorie Bakery, from my electorate, is representing New South Wales and has challenged Queensland baker Mark Hobbs of Beefy's Pies. The challenge is: who can bake and sell the most pies, and in the process raise money for our children's hospitals, Westmead Children's Hospital in Sydney and Brisbane's Children's Hospital Foundation? Last week I was joined by Minister Perrottet and Eleni Petinos, the new member for Miranda, at the launch. The sense of enthusiasm amongst the crowd of Blues supporters was evident—by my tie also, I might say. Knowing he has no chance of winning the State of Origin, my colleague the member for Fisher is here to try and drum up support for Queensland's Pie of Origin. But I am sure that my constituents, my colleagues in New South Wales and other Sydneysider's will join me in coming down to Glenorie Bakery. As Rob says, 'Support your state, support your mates and put a pie on your plate'!

Same-Sex Relationships

Mr GILES (Scullin) (13:38): Everyone deserves the right to marry. We have seen in very recent days in Ireland scenes of incredible joy. We are seeing lives transformed through the democratic process and through recognition that no person should be excluded from relationship statuses granted by the state. I am very proud that Labor, through the Leader of the Opposition and the Deputy Leader of the Opposition, are bringing forward a private member's bill to give us a chance to join Ireland and so many other countries in the world in making marriage equality a reality. It gives all of us in this place an enormous opportunity to remove an ugly piece of discrimination from our statutes books—an opportunity to say that
no person should be denied access to marriage by reason of who they are. This is an opportunity that I hope members across this chamber and in the other place will grasp. It is an opportunity to reflect on the joy on the faces that we saw in Ireland. Lives are literally being transformed by bringing people into full citizenship. I ask members opposite and I ask my colleagues to think about how we can best uphold our own relationships—those of us who are married. In my view, my marriage is diminished, not enhanced, by the fact that it is a status not available to all Australians.

Pie of Origin

Mr BROUGH (Fisher) (13:40): It is with great pride on behalf of Beefy's family bakery on the Sunshine Coast that we accept the challenge on behalf of all good Queenslanders. There may be only 4.6 million of us and 7.5 million New South Welshman, but they will need every one of them because of the Queensland spirit embodied by Billy Moore, another great Sunshine Coaster. That immortal Queenslander gets the spirit and the blood pumping. Tonight, as they run out as heroes on behalf of Queensland, led by Mal Meninga and Cameron Smith, we can do our bit. We can lift our hand with a Beefy's pie. We can have a pie in one hand and a Diet Coke in the other and we can say, 'Queenslander' as we take up the challenge to raise $15,000 for the Children's Hospital Foundation. To Mark and Belinda Hobbs of Beefy's, you have a wonderful product. Artie Beetson, the great, immortal rugby league champion, in the first-ever State of Origin laid a right cross on the jaw of Mick Cronin to set the legend alight. He will be back there tonight, in heaven, with his Beefy's meat pie saying, 'Give one to Queensland. We are all part of the team. We are Queenslanders.'

The DEPUTY SPEAKER: And a very proud Roma boy was Artie Beetson, whom I went to school with.

Wangaratta Festival of Jazz and Blues

Ms McGOWAN (Indi) (13:41): Queensland might have its footy; Victoria has its culture and Wangaratta is one of the shining jewels of Indi's crown. In the first week of November, the jazz festival becomes a mecca for music lovers right across Australia. So, colleagues, particularly from Queensland, make a diary date for 30 October to 2 November: spring in north-east Victoria; lazy days by the sparkling Ovens River; fine coffee, food and wine, and some of Australia's—in fact the world's—best music and blues musicians. Last year the Wangaratta jazz festival celebrated 25 years. In the House today, I would like to acknowledge the visionaries, Beverly Spiller, Greg Maddock and Patti Bullis OAM, for their vision and commitment. I would particularly also like to acknowledge current board members, led by the chair, Paul Squires, and the secretary, Tony Rumble. I would like to thank them for the great work they did. They hold the tradition close to their hearts. Over 150 volunteers do the work and keep us really connected to the community. There are four particular volunteers that I would like to acknowledge today: David and Kerryn Taylor, Marg Brickhill and a volunteer in my office this week, Emma Jones. Thank you for all your work. The Wangaratta jazz festival is part of the culture economy of Indi. It returns enormous benefits to the whole community. Thank you for the work you do. I thank you on behalf of the whole of Australia for showing that Victoria is 10 times better than Queensland.
**Out for Australia**

Ms GAMBARO (Brisbane) (13:43): I would like to add my support for a great Queensland business: go Beefy's pies! Last Thursday evening in Brisbane, it was my great pleasure to be the guest speaker at the Queensland launch of Out for Australia. Out for Australia is an organisation that seeks to support and mentor aspiring LGBTIQ professionals as they navigate their way through the early stages of their careers. I commend them for the work that they do in bringing the community together, for providing a supportive and nurturing environment in which people can network, build relationships and assist each other in a professional network. The work Out for Australia does is directly aimed at dissolving prejudice and discrimination in Australian workplaces in a very positive way. To this extent, I am very pleased to acknowledge Out for Australia's principal sponsor, Baker and McKenzie, as well as industry partners: the Commonwealth Bank, PWC, Google and the Boston Consulting Group.

A person's sexuality should not be seen as a stigma or the basis of prejudice. Ultimately, the strength of any society is derived from its ability to embrace and accept diversity. Rather than condemn people for their sexual orientation, greater acceptance of anyone's sexuality, far from tearing us apart, will in fact bring us together. That is what acceptance does: it unites. Congratulations to Out for Australia's CEO, Matt Yeldman, and Queensland director, Luke Furness, on the very successful launch. I look forward to helping them in any way I can and I wish them all the very best in their future endeavours.

**Community Services**

Ms BRODTMANN (Canberra) (13:45): Deputy Speaker, as you know, I have been very vocal in my outrage and disappointment over the cuts made in the Department of Social Services latest funding round. As we know, this year's budget locks in all the unfairness of last year's budget when it comes to cuts to community organisations.

Just days before Christmas last year, community groups right around the country learned their federal funding was being cut. After a huge outcry across Australia, the government announced 'bridging funding' to a number of these organisations. However, that bridging funding did not include the ACT Chinese Aged Care Information and Referral Service, which has had its funding cut and has not been thrown a lifeline. This ACT Chinese-Australian service had been receiving funding from the Australian government to run a broad range of bilingual services to Canberra's aged Chinese population since 2007. It provides a valuable service to the elderly Chinese community here in Canberra in a broad range of areas. I have met with the group, and they are extremely disappointed, as are their clients.

I just do not understand how this government expects this country to tackle issues like ageing, particularly in the CALD community; poverty; homelessness; family violence; and protecting our environment, heritage, and culture without strong communities and strong community organisations. This government should reverse its unfair and short-sighted cuts to these important community services.

**Banks Electorate: Nepal Earthquake Fundraising Dinner**

Mr COLEMAN (Banks) (13:46): On Friday, 22 May I hosted a fundraising dinner to support victims of the earthquake that devastated Nepal on 25 April. The event was held at Penshurst RSL, which co-hosted the event and strongly supported the function. I would like to
thank all the community organisations and people from my local area who came along on the evening. We raised over $17,000 for the Red Cross Nepal Earthquake Appeal fund. I thank the Honorary Consul-General from the Consulate-General of Nepal in New South Wales, Mr Deepak Khadka, for his attendance, Mr Chura Belbase, Mr Naren Kulung, and the St George Migrant Resource Centre for their assistance in organising the event.

Many organisations donated substantial sums to the fundraising appeal, among them the Resourceful Australian Indian Network, Buddha's Light International, the Georges River Lioness Club, Hurstville Community Food Services, Club Central Hurstville, Jubilee Community Services, 3Bridges Community, the Lamrock Committee, Lugarno Lions, Dr Ven Tan, Councillor Nancy Liu, Macedonian Orthodox Social Services and many others. I would also like to thank the MC, Paul McGrath, and auctioneer Byron Geddes, who did a great job on the night. Thank you to everyone who was involved. I am pleased we have been able to make that donation.

Supertrawlers

Mr ZAPPIA (Makin) (13:48): This morning I attended a presentation by Dr Daniel Pauly, a world-renowned professor at the Fisheries Centre of the University of British Columbia, on the effects of fishing on the world's oceans. Dr Pauly's presentation should ring alarm bells about depletion, the state of fish stocks and degradation to the seabed in so many parts of the world. In particular, Dr Pauly highlighted, through careful research and analysis, that the tonnes of fish caught throughout the world over the past 60 years have been grossly underestimated. He notes that serious damage has been done by the intrusion of supertrawlers that leave a trail of destruction wherever they are used, and then they move on to a new region.

Dr Pauly notes that Australian sea waters are still in relatively good condition, but we also know that fishing trawler operators are eyeing off Australian fishing waters. Those fishing trawlers should not be allowed into Australian waters, because the long-term damage they cause is never worth the short-term gains. Australia should heed the advice of Dr Pauly, take note of his research and his expertise, learn from what has happened in other parts of the world where supertrawlers have been used and not allow the same mistakes and the same destruction to occur here in Australia.

North Queensland: Urannah Dam

Mr CHRISTENSEN (Dawson—The Nationals Deputy Whip) (13:49): The budget announcement of a $5 billion northern Australia infrastructure facility could pave the way for the development of the Urannah Dam, a project which will create hundreds of jobs in North Queensland. The announcement of these large concessional loans to build infrastructure was probably the most exciting announcement in this year's budget for those of us who live in the north—perhaps more exciting than an Origin game 1 victory that we expect for Queensland later tonight.

Urannah Dam is a prime project for funding because it will create hundreds of jobs during construction and possibly thousands indirectly as we expand the cropping industry and create new opportunities such as bulk cargo out of the port of Mackay and even a regional distribution centre for our local supermarkets. The project has been repeatedly identified as a high priority, environmentally feasible catchment site. It would open up 30,000 hectares of
new cropping land, with the potential to generate more than $323 million over 25 years. That is just in agricultural production and that is before taking into account industrial, mining and power generation benefits. Urannah will also meet the growing water demand from new mine developments as it will be able to store 1.5 million megalitres, and that is really just the beginning of the story.

Projects of this size and value will need the both the private sector and state governments to get involved, and this concessional loan facility will provide a great incentive for them to create the industry and jobs we so badly need in the north.

**Kingsford Smith Electorate: Coast Golf Club**

Mr THISTLETHWAITE (Kingsford Smith) (13:51): The electorate of Kingsford Smith is blessed with stunning natural beauty, and one of the best ways to take it in is with a game of golf. My electorate is blessed with nine magnificent golf courses, all with their own proud history. On 23 May I was fortunate to attend the Coast Golf Club in Little Bay to celebrate their history and their 50th anniversary.

While officially opened in May 1965, the Coast Golf Club had, since 1922, acted as the unofficial golf course of the former Prince Henry Hospital, which was known as the quarantine hospital or the coast hospital. During its early years the course was used by hospital staff for recreation during their periods of voluntary quarantine. Many fine golfers, inspired by an array of exotic names for its many tricky holes, such as 'The Ditch', 'The Coast', 'The Scrub', 'The Trap', 'Herdsman's Carry' and the par-5 known as 'Last Hope'. The course today features a world-class 18 holes, a beautiful clubhouse and a thriving membership. At the presentation on 23 May, 20-, 30- and 40-year memberships were presented. I would like to make special mention of Leticia Curtis, who was honoured on the occasion for 50 years of faithful membership to the club. Congratulations to Warren Hogan and all the members of the Coast Golf Club on achieving their 50 years.

**Rural and Regional Health Services**

Mr JOHN COBB (Calare) (13:52): I rise to throw my support behind the new GP Rural Incentives program, announced last week. This large government investment will assist nearly 450 towns, seven of which are in my electorate of Calare. Portland, Wallerawang, Oberon, Molong, Canowindra, Blayney and Lithgow will all benefit from the scheme that encourage doctors to come to regional areas. As the member for the nation's oldest country region who was once responsible for most of Western New South Wales—areas that are now held by the member for Parkes and the member for Farrer—I am very aware of the extent to which regional and remote areas need incentives for doctors. This scheme is one way we can assist smaller rural communities to retain GPs.

There is a lot more to be done, and one thing that could be done would be to start a university program between Charles Sturt University and La Trobe University in Orange, Bendigo and Wagga Wagga to have medical students who are dedicated to practising in rural and regional Australia.

**Indigenous Affairs: Anniversary**

Ms CLAYDON (Newcastle) (13:54): Today marks the anniversary of Australia's most successful referendum and a defining event in our nation's history. It has been 48 years since over 90 per cent of Australians voted to give the Commonwealth the power to make laws in
relation to Aboriginal and Torres Strait Island peoples and to allow for them to be included in the census. What this referendum did not do, however, was recognise Aboriginal and Torres Strait Island peoples as Australia's first peoples; nor did it alter or remove the text in our constitution that discriminates against Aboriginal and Torres Strait Islanders on the basis of race.

The Constitution is the founding document of our nation and is our pre-eminent source of law. It was drafted at a time when Australia was considered 'terra nullius'—a land that belonged to no-one prior to European settlement—and when Aboriginal and Torres Strait Islander peoples were considered a 'dying race', not worthy of citizenship or humanity. Aboriginal and Torres Strait Islander peoples were excluded from discussions about the creation of a new nation situated on their ancestral lands and waters. This is not a sound basis for a truly reconciled nation. It is offensive in the same way that the forced closure of Indigenous communities is offensive. It has no part in Australia's future. I welcome the bipartisan discussions that are occurring with Indigenous leaders and look forward to a referendum to finally recognise Aboriginal and Torres Strait Islanders in our Constitution—a referendum that is every bit as successful as the defining event of 1967. It is vital that this important opportunity for change is not missed.

Parkes, Sir Henry

Mr COULTON (Parkes—The Nationals Chief Whip) (13:55): Today is Sir Henry Parkes' birthday. Two hundred years ago the 'Father of Federation' was born in Warwickshire, England. As the member for the federal seat of Parkes, which was proclaimed in 1984, I would like to mark the occasion of Sir Henry Parkes' birthday. Sir Henry Parkes was the five-time premier of New South Wales. While he had an imagination for business, he did not have a great aptitude for it and he failed at several business attempts. He migrated to Australia in 1838. He had a flair as a writer and an organiser. Perhaps he is best known for his speech at Tenterfield in 1889, where he called for a great national government for all Australians—a convention of leading men from all the colonies, delegates appointed by the authority of parliament who would fully represent the options of different parliaments of the colonies'. Thence the foundations for this great country that we know today were laid—the federation for which we are all servants and of which we are all proud. Happy birthday, Sir Henry!

Workplace Relations

Ms CHESTERS (Bendigo) (13:57): This week in Senate estimates it has been revealed that the Department of Foreign Affairs and Trade's cleaners will cop a $6000 a year pay cut. This is happened because this government abolished its Clean Start Guidelines just under a year ago in this parliament. Let's remember what the Prime Minister said when the guidelines were abolished. He stood up and said that no cleaner would be worse off—they would not have their wages cut. On the same day Senator Abetz said in a media statement that 'no cleaner will have their wages reduced as a result of these guidelines being ceased'.

Clearly, the Prime Minister and his minister do not understand the nature of contracting. How could they stand up less than a year ago and say no cleaner would be worse off and today the cleaners working in the Department of Foreign Affairs have been hit with a $6000 pay cut. Losing $6000 from their annual pay would hurt anyone, but it hurts our lowest-paid workers the most. I call on this government and this Prime Minister to be true to their word—to properly support and fund the cleaners and to reverse the decision to repeal the Clean Start
Guidelines—so that these cleaners can get have a decent pay back. A cut of $6000 is outrageous— (Time expired)

Leichhardt Electorate: Cairns Hockey Association

Mr ENTSC (Leichhardt) (13:59): On 23 May Cairns Hockey Association celebrated the installation and opening of their new $400,000 artificial turf. The celebration included a march past by junior players and welcome to country ceremony. I officially cut the ribbon. The cutting of the ribbon involved my beautiful eight-year-old daughter, Mackenzie Lee Entsch, hitting an oversized hockey ball into the goal.

I am certainly proud to have had a long association with the Cairns Hockey Association as a patron of the RIHP North Queensland Rubies. In fact, my thanks go, in particular, to Cairns Hockey Association President Scott Brown, Cairns Hockey Association board member Karen Cockrem and RIHP Hockey program manager Julie McNeil. The Cairns Hockey Association does a fabulous job in bringing together locals, players, parents, supporters and spectators alike, and they have some great runs on the board.

Between 26 September and 11 October the club will host the Australian men's masters hockey championship. Close to 3,000 people—consisting of players, officials, medical and support crews, partners, friends, and families—will converge on Cairns for a state versus state competition to decide Australia's best. As a sporting city and leading tourism destination, Cairns offers competitors a perfect combination of natural beauty; first-class sporting infrastructure; and world-class accommodation, dining and professional support. To maximise this potential, the Cairns Hockey Association will build a $25 million stadium to host national and international events.

The SPEAKER: It being two o'clock, the time for members' statements is concluded.

CONDOLENCES

Johnson, Hon. Leslie Royston, AM

Mr ABBOTT (Warringah—Prime Minister) (14:00): I move:

That the House record its deep regret at the death, on 26 May 2015 of the Honourable Leslie Royston Johnson AM, a former Minister, Deputy Speaker and Member for the Division of Hughes from 1955 to 1966 and 1969 to 1983, place on record its appreciation of his long and meritorious public service, and tender its profound sympathy to his family in their bereavement.

Les Johnson was born in Sydney in 1924. At the age of just six, he lost his father to the shrapnel wounds that his father had sustained in France during the Great War. The Great Depression hit the Johnson family hard and, at 14, young Les had to leave school to help feed the family. The Depression, like the Great War that preceded it, cast a pall over all who lived through it, and Les Johnson was no exception. It helped to form this teenager's desire to make the world a fairer and more compassionate place.

As an apprentice in an engineering shop, the 15-year-old Les began campaigning for better conditions, and by the age of 18 he had become chairman of the combined trade unions youth council. He subsequently became an organiser with the Federated Clerks Union and then worked for the Red Cross, where he met his wife Peggy. In 1955, Les was elected the first representative for the new federal seat of Hughes. He lost the seat in 1966 but returned in 1969, serving the electorate for 25 years in total. Les was Minister for Housing and Minister for Works in the Whitlam government. He was subsequently Minister for Aboriginal Affairs
when Gough Whitlam returned land to Gurindji people in 1975, symbolically pouring soil into Vincent Lingiari's hands. Earlier, at poolside parties at his Jannali home, Les had raised the then massive sum of $200,000 to set up Kirinari Hostel for Aboriginal high school boys, which I gather is still going strong all these years later.

Les made headlines when, as opposition whip, he called for the position to be renamed to something more Australian. His suggestion of 'jackeroo', however, was not greeted with enthusiasm on either side of the speaker's chair. Les was made a member of the Order of Australia in 1990 for his public service and, in particular, for his service to the Aboriginal community. He was a man of character, compassion and humour. He was known for entertaining pensioner and aged care groups with the ever present harmonica that he kept in his pocket. Upon his retirement, he held the Labor record for uncontested parliamentary preselections. He was unopposed since his initial selection in 1955—an enviable record. He became Australia's High Commissioner to New Zealand, but his term was cut short, sadly, by the illness and the subsequent death of his beloved daughter Sally. In 2002, Les would again mourn the loss of a family member, with the passing of Peggy.

Les Johnson was part of that great generation of politicians that we honour for their dedication and service. Age catches us all eventually but our country will never forget what we owe to that generation. We marvel at their resilience and their determination to look after others even when in need themselves. To Les's wife, Marion, and to his children Grant and Jenny and their families, I offer the sympathy of our nation.

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:05): I thank the Prime Minister for his generous words.

Labor mourns the passing of an honoured son of our party and a distinguished servant of our nation, Lesley Royston Johnson AM. With the loss of Les Johnson, another giant of days gone by moves into our history. Les, as he was known to one and all, gave a quarter of a century of service to our parliament and our nation as the member for Hughes, as a minister in the Whitlam and later as a deputy speaker. Les Johnson was Labor to his bootstraps. As a child, he knew the hardship of the great depression. As a young man aged 14 he went to work to support his family and later put himself through night school.

Les served in turbulent times, from the split to the dismissal. In many ways, he was made for them; he was tough, he was resolute and he was resilient. He was a steadfast and forthright opponent of the war in Vietnam, and—along with being one of the first to speak against it in the parliament—he also visited allied forces in Vietnam at his own expense in 1966. Les was also a strong supporter of independence for Bangladesh, and his commitment was recognised in 2012 when that nation honoured him as a 'special friend'. The Labor Party offers our heartfelt condolences to his loved ones and his friends. We salute Les Johnson's service, his passion and his never-fading faith in the light on the hill. May he rest in peace.

The SPEAKER: As a mark of respect, I ask all present to signify their approval by rising in their places.

Honourable members having stood in their places—

Debate adjourned.
Reference to Federation Chamber

Mr PYNE (Sturt—Leader of the House and Minister for Education and Training) (14:07): by leave—I move:

That the order of the day be referred to the Federation Chamber for debate.

Question agreed to.

The SPEAKER: The member for Ryan?

Ms Ryan: My question is to the Prime Minister—

The SPEAKER: I am sorry. The member for Ryan is quite out of order and will resume her seat.

Honourable members interjecting—

The SPEAKER: I hope that is not an indication of the way the game will be played tonight!

QUESTIONS WITHOUT NOTICE

Same-Sex Relationships

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:09): My question is to the Prime Minister. Prime Minister, I and many Australians believe the time is right in Australia for marriage equality. Will the Prime Minister join with Labor and allow time in the parliament for legislation on marriage equality to be properly debated; and will the Prime Minister allow his MPs a free vote?

Mr ABBOTT (Warringah—Prime Minister) (14:09): I have been asked an important question by the Leader of the Opposition. I understand that the Leader of the Opposition and the Deputy Leader of the Opposition will submit a private member's bill to this parliament. They have every right to do so, of course. That bill will be dealt with in the ordinary way that private members' bills are dealt with. If, because of the actions of this parliament, a private member's bill were to be brought on for a vote, at that point in time, this matter—as is well known—would be handled by the coalition party room.

This is an important issue. It is not the only important issue facing our country right now, but it is an important issue. It is an issue upon which there are sharply divided views inside this parliament, inside our respective political parties and, indeed, as is well known, even inside my own family. It is important that all views be treated with respect, because this is one of those subjects upon which decent people can disagree. Now, I cannot foresee the future. I do not know how our society will develop. I do not know how this parliament will proceed in the months and years ahead. I do just make this one point, though. If our parliament were to make a big decision on a matter such as this, it ought to be owned by the parliament and not by any particular party. So I would ask the Leader of the Opposition and all members of parliament to consider this as we ponder these subjects in the weeks and months to come.

Budget

Mrs PRENTICE (Ryan) (14:11): My question is to the Prime Minister. Prime Minister, will you please update the House on how Australian small businesses can take advantage of the tax cuts in this year's budget; and what has been the response to these important measures?
Mr ABBOTT (Warringah—Prime Minister) (14:12): I thank the member for Ryan for her question. I thank her for her support for the many, many thousands of small businesses in her electorate. I can inform her that, tomorrow, legislation will be introduced into this House to give effect to the budget's $5.5 billion worth of small-business tax cuts. There is the 1½ per cent tax cut for incorporated small businesses; there is the five per cent tax discount for unincorporated small businesses; and, best of all, there is the $20,000 instant asset write-off for all small businesses. And, Madam Speaker, don't small businesses right around our country love the instant asset write-off, as I discovered this very morning at the Celestino cafe in Canberra. Celestino is a family-run business in Canberra that wants to upgrade its facilities, and that is exactly what it will be able to do with the instant asset write-off, thanks to this budget and this government.

Small business is the engine room of our economy. Small business provides almost 50 per cent of all the jobs in our economy. Small business is the most creative part of our economy, and every single big business in our country, everywhere, started life as a small business. That is why it is so important that small business gets a fair go. Small business mortgage their homes to invest, to employ and to serve their community. That is why they deserve nothing but good from government, and that is what they are getting from this government, which has delivered the best budget for small business in history. What is good for small business is good for everyone. When small business flourishes, the workers small business employs flourish. When small business flourishes, big business that sells to small business flourishes as well.

I should remind the House of the response to the budget. Peter Strong, the Executive Director of COSBOA, said that 'This is a small business budget.' He says the $20,000 tax write-off is extraordinary and that:

… it will … really motivate them to go and spend and buy things, and grow their business or save their business, employ people, get cash flowing through the economy.

It's a great initiative and it's combined with a lot of other things for small business as well …

The only one who was not very happy about it was the Leader of the Opposition, who called the instant tax write-off 'a giveaway to start a fire sale at second-hand car yards and Harvey Norman'. Don't talk down a small business—pass the relevant legislation.

Goods and Services Tax

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:15): My question is to the Prime Minister. Given the rare opportunity the government has right now, with the states being offered more revenue by extending the GST to Netflix and downloads, I again ask: will the Prime Minister agree with his Treasurer and remove the GST on tampons and other women's sanitary products?

Mr Dutton: How can you play politics with this issue? Seriously!

Opposition members interjecting—

The SPEAKER: There will be silence on my left. I hear male laughter; I do not hear too much female laughter. I call the Prime Minister.

Mr Husic: Talk about the gift that keeps on giving—Peter Dutton!
The SPEAKER: The member for Chifley can give a little too—perhaps he might give right outside the chamber.

Mr Husic: Right now?

The SPEAKER: Maybe, if he asks again. The Prime Minister has the call.

Mr ABBOTT (Warringah—Prime Minister) (14:15): This matter was extensively dealt with in the chamber and elsewhere yesterday. As the Leader of the Opposition is well aware, the GST is a tax which is raised for the states and territories and it cannot be changed without the consent of all the states and territories. All the states and territories need to unanimously request any change in the GST. As the Treasurer indicated yesterday, he is happy to see the states and territories talk amongst themselves and decide whether they all agree on this. If they all agree on this, obviously we would be happy to be accommodating. There is nothing remarkable about this. As the member for Perth said earlier today, 'I don't think that this is a world beating issue, but at the end of the day it is up to the states—I mean, I agree, that if the states decide that they would prefer to forgo the revenue, then let it be'. I could hardly put it better myself. I commend the member for Perth, who seems a little embarrassed to be quoted in the parliament right now; nevertheless, she was the voice of common sense.

Ms MacTiernan: I was making the point that we have bigger GST issues in Perth.

The SPEAKER: The member for Perth will desist or leave. The choice is hers.

Mr ABBOTT: If the states wish to forgo the revenue that would be involved in narrowing the GST base in this way, fair enough—let them do it.

Medical Research

WYATT ROY (Longman) (14:18): My question is to the Treasurer. Will he inform the House of the benefits of the government's Medical Research Future Fund, and how will the fund help improve the health of all Australians?

Mr HOCKEY (North Sydney—The Treasurer) (14:18): I thank the honourable member for his question. I recognise that he, like a number of others, is a very strong supporter of further investment in medical research. As well as the budget being great for small business, great for Northern Australia and great for farmers, it is great for medical research in Australia. Today we introduced into this parliament the legislation enabling the Medical Research Future Fund, which is a $20 billion endowment fund, the largest of its kind in the world, that will for ever and a day, in perpetuity, help to fund medical research and innovation here in Australia. The Medical Research Future Fund Action Group, headed by a number of eminent business people and, importantly, medical researchers, put out a statement today that said:

The creation of the MRFF … will be transformative for not only health and medical researchers but for the broader Australian community because we know only too well the tremendous impacts this research has on both the health of Australians and on our economy.

There are a number of moments in this place when you know there has been a significant step forward in helping to build a stronger and more prosperous Australia. The establishment under the Abbott government of the Medical Research Future Fund is going to make a very real and tangible difference to the lives of Australians forever—forever—because in perpetuity that $20 billion will help to fund the medical research that will find the breakthroughs for Alzheimer's, heart disease, dementia or even cancer. In the year 2015, in the modern century, how can we still have, for example, brain cancer where 80 per cent of
those people diagnosed die and the mortality rate for brain cancer has not changed in the last 30 years? It is the single biggest killer of children, yet there has been no medical breakthrough. We all talk about medical research; now we have a chance as a parliament and as a nation to invest on a scale that previous generations could never dream of. We are doing it as a result of the savings that are being made in the budget and being put into a medical research fund that in perpetuity will have $20 billion and the investment return from that fund will provide a stable, reliable, predictable source of funding for medical researchers on top of what the government already commits—in this budget, $3.4 billion. This is a game changer for Australia and it is absolutely right that it has come about as a result of the work of the coalition government.

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:21): According to the Prime Minister, NATSEM is Australia’s most authoritative modelling organisation. NATSEM’s modelling shows that nine out of 10 of Australia’s highest income families will be better off because of the government’s budget, but nine out of 10 of Australia’s lowest income families will be worse off. In light of this, how can the Prime Minister possibly claim that his budget is fair?

Mr ABBOTT (Warringah—Prime Minister) (14:22): I am a little surprised that the Leader of the Opposition is still citing this particular modelling. While NATSEM is indeed the most authoritative modeller in the country, NATSEM has indeed been used and abused by the Labor Party on this occasion. What the Leader of the Opposition failed to tell us was that NATSEM said: ‘The NATSEM analysis does not include any potential second-round effects such as behavioural changes in the policy measures.’ The whole point of the policy measures is to encourage people to move from welfare to work. This government understands, in a way that members opposite appeared to have forgotten, that the best form of welfare is work.

Not only does the NATSEM modelling fail to take second-round changes into effect; it is not even modelling of the 2015 budget. So, yet again, it is being completely and comprehensively misrepresented by members opposite. Worst of all, the analysis that the Leader of the Opposition continues to cite includes measures—savings, reductions et cetera—that the Labor Party actually supports and, in some cases, has voted for in this parliament. So this is simply a fraudulent misrepresentation of modelling by the Leader of the Opposition.

This is a budget that is measured, responsible and fair. The best thing we can do for the families of Australia is to build a strong and prosperous economy, and the best way we can do that is to boost small business. If the Leader of the Opposition is as concerned as he claims to be, and as I like to believe he mostly is, with the welfare of Australian families the best thing he can do this week is to expedite the budget measures on small business through the parliament. If he is fair dinkum about helping families, if he is fair dinkum about helping family business, he will expedite the budget measures through the parliament.

Pharmaceutical Benefits Scheme

Mr SIMPKINS (Cowan) (14:25): My question is to the Minister for Health. What is the government doing to make medicines more affordable and how will this benefit consumers in my electorate of Cowan?
Ms LEY (Farrer—Minister for Health and Minister for Sport) (14:25): I am pleased to take a question from the member for Cowan, whose electorate I visited recently and will soon be visiting again. I appreciate his passion for the community that he represents. Today we introduced into the parliament a package of measures that reform the Pharmaceutical Benefits Scheme. The Access and Sustainability package has at its heart cheaper, more affordable medicines for consumers. For the first time, in bringing together this package we consulted with everybody in the medicine supply chain—the manufacturers of generic medicines, the manufacturers of innovative medicines, the pharmacists, the wholesalers, the prescribers, the doctors and, most of all, the consumers. Ultimately this system exists for the consumers and to make available on the PBS life-changing medicines that cure impossible diseases which we can only dream of, as the Treasurer mentioned, in terms of our Medical Research Future Fund.

The package of reforms I have introduced today, for which I look forward to the opposition's support, will do many things. It will give effect to the 6th Community Pharmacy Agreement. I thank the guild for their robust and strenuous representations on behalf of community pharmacies across the country. I am pleased to say that they have done very well for their members. This package realises total saves of $6.6 billion across the term of the agreement, but $2.8 billion is being reinvested in pharmacy. That will allow our pharmacy sector to become a key contributor in a team care approach to managing patients with chronic disease. We know that, as the burden of disease becomes more chronic and more complex, there is an important role for pharmacists. If we take these steps carefully, backed up by evidence, we will enable our pharmacists to perform an important role that is in the interests of their patients and certainly in the interests of the doctors who will be part of that cooperative approach.

But I come back to affordable medicines. The need for us to drive the uptake of generic drugs is front and centre; it is not as high in Australia as it needs to be. We need to make sure that, as patients have more access to the generic or brand free varieties, they pay less and, importantly, the government, the taxpayer, pays less to have those drugs listed on the PBS. Common drugs for lowering blood cholesterol, for heart conditions and for depression are expected to be up to 50 per cent less on retail scripts than they are now. We are proud that we have brought these reforms and changes to the parliament. Again, I look forward to the support of the opposition and the crossbench.

DISTINGUISHED VISITORS

The SPEAKER (14:28): I inform the chamber that we have with us the Hon. David Ridgway, MLC, the Leader of the Opposition in the South Australian Legislative Council. We make him most welcome.

Honourable members: Hear, hear!

QUESTIONS WITHOUT NOTICE

Budget

Mr BOWEN (McMahon) (14:28): My question is to the Prime Minister. I refer to the Prime Minister's answer a few moments ago in which he criticised NATSEM modelling showing Australian families losing $6,000 because it does not include second-round
behavioural impacts. Prime Minister, is there any modelling in the government's own budget which includes such second-round behavioural impacts?

Mr HOCKEY (North Sydney—The Treasurer) (14:29): As a rule, second round impacts are not taken into account. But there are few exceptions, and one of the exceptions was when Labor modelled the carbon tax. Remember that? The carbon tax? Or is that just out of the mind? It is still on the policy platform! We remember it. The Australian people remember it. And, do you know what? We worked out through the second round a fix—a $550 saving for every household!

Mr Bowen: Madam Speaker, I rise on a point of order, on relevance. I know the Treasurer does not want to own the budget but the question was about his own—

The SPEAKER: The member will resume his seat. I would remind the member for McMahon and other members that simply repeating the question is not a proper point of order. Has the Treasurer completed his answer? I call the honourable member for Fairfax.

Budget

Mr PALMER (Fairfax) (14:30): My question is to the Treasurer. If companies are not making a profit, how is the economy stimulated by tax cuts for small business? If a business dies and does not have the capital, how can it benefit from a tax write-off? Should we not be stimulating demand by increasing the money supply and by reorganising government, to boost demand so that business can achieve a profit and a confident Australia?

Mr HOCKEY (North Sydney—The Treasurer) (14:30): I would say to the honourable member: in general, good businesses do well and bad businesses do tend to fail. The only thing that can make a big difference is if an economy is weak and it causes good businesses to fail. What we want is for the economy to strengthen.

We want to lift the tide so that all boats rise. Most importantly, we want to strengthen the Australian economy to facilitate the innovation that is going to help to drive job creation because, ultimately, jobs do not come from governments; they come from the enterprise of businesses and individuals. Our view is that whatever we can do to help the Australian economy to strengthen we should do.

Now, we are going to do it within the envelope that we were provided with. When we came to government we inherited a budget that was haemorrhaging $133 million every day. The budget was haemorrhaging $133 million every day because Labor adopted the attitude that it is okay to spend more than you collect every day. So, every day the Australian government had to borrow $133 million just to pay its bills.

We have reduced that to $96 million a day now, but it is still not good enough and we readily accept that. So somehow we have to reduce our own borrowings and reduce our own spending, and at the same time lift the rest of the Australian economy. We are doing that through a number of initiatives. It is all part of our broader economic plan.

We are building new trade agreements with China, with Korea and with Japan. They have been huge initiatives that are opening up the market for those vast number of Australian businesses in the services industry. And why do I point that out? Well, the honourable member understands the resources industry well. Mining and resources are hugely important for Australia but are just nine per cent of our economy, exporting 55 per cent of its share. So it is a fantastic exporter from nine per cent of the economy.
The big area of opportunity is the 70 per cent of the Australian economy that is services—health services, education services, tourism services, financial services, accounting services and property services. They are 70 per cent of the Australian economy, but only 17 per cent of our exports. And so by investing in small business we are investing in the innovators and the job creators of the future. And we are opening the doors to new markets for those businesses, because the jobs that are going to be there for our children and our grandchildren almost certainly have not been thought of today. Therefore the more we can put into innovation, the more we can put into reward for effort and the more we can put into small business, the more prosperity Australia is going to have.

**Budget**

**Mr BROAD** (Mallee) (14:33): My question is to the Minister for Agriculture. Will the minister update the House on measures such as accelerated depreciation for water infrastructure, fodder storage and fencing, and how they will help Australian farmers plan for the future?

**Mr JOYCE** (New England—Minister for Agriculture) (14:34): I thank the member for Mallee for his question. The member for Mallee, more than most, would understand the importance of agriculture, coming from a seat with dairy, beef cattle, meatworks, flour mills, citrus, stone fruits, cereals and wool sheep—he has the whole gamut in the seat of Mallee.

It is extremely important that the Australian people understand what this government has done in bringing forward the 100 per cent write-off for water reticulation deductions so that we can create a more secure farming future by allowing people to plan for droughts by delivering more land over to the greater security of irrigated agriculture. This is a major investment, and we have known that this investment has worked in the past—it has worked in the past with the section 75B deductions, which were instrumental in creating investment in places such as St George and the irrigated agriculture that is there.

It underpins other things that are happening right now, such as the record prices in cattle; the record prices that we are getting in meat sheep and mutton; the strong prices in cotton; and the strong prices in cereal grains. But it is not just there. We also started, as of budget night, the 100 per cent write-off for fencing. Now I acknowledge, as an accountant, that it is very rare to see a farmer who actually builds a new fence. They all seem to be repairs and maintenance! But now we have a case where we can make sure that all the fencing is a 100 per cent write-off straightaway.

This is a stimulus not just to people on the land but also to the rural merchandisers—the rural merchandisers that sell the steel posts, that sell the wire and that sell all the implementation. This is a deduction not just for the farms that are turning over less than $2 million but for all farms.

It is also a great pleasure to be able to announce—and this is all part of the white paper process—

**Mr Burke**: Madam Speaker, I rise on a point of order. You and other speakers have previously ruled that question time cannot be used to announce policy, which the minister just said he is now doing. He just said, 'I can also announce.' That makes it an announcement.

**The SPEAKER**: The member will resume his seat—
Mr Fitzgibbon: Madam Speaker, I rise on a point of order, under the same standing order. Can I ask you to seek clarification from the minister as to whether the first part of his answer was also an announcement of new policy, which seems to—

The SPEAKER: No, you may not. Resume your seat. I call the honourable Minister for Agriculture to continue answering the question, which I hope he is doing and not announcing new policy.

Mr JOYCE: The Minister for Small Business announced this during his Press Club speech today, just prior to question time.

It is also very important that we understand the work we are doing in silos, hay sheds and grain storage. Grain storage is vitally important for the marketing of grain and also for preparations for drought. This is also incredibly important for the manufacturing industry in Australia. Nelson Silos in Rochester, Victoria; Ahrens’ silo in Kingsford, South Australia; HE Silos at Gunnedah; and Kotzur Silos at Walla Walla—these are all Australian manufacturing businesses which also get an immense benefit from the stimulus that this government is putting into the agricultural sector.

Budget

Ms PLIBERSEK (Sydney—Deputy Leader of the Opposition) (14:38): My question is to the Prime Minister. As the Prime Minister just confirmed, NATSEM is Australia's most reputable and authoritative modelling organisation. NATSEM's independent modelling shows that a single-income family on $65,000 a year, such as that of a nurse, will be around $6,000 a year worse off as a result of this year's budget. How can the Prime Minister possibly claim that his budget is good for families?

Mr MORRISON (Cook—Minister for Social Services) (14:38): Modelling is only as good as the brief which is given. NATSEM is a reputable organisation, but I cannot say the same for the Leader of the Opposition's office, which provided the brief for this modelling. When the gentleman who was responsible for the modelling was being interviewed by David Speers yesterday, he referred to the cameos which the member has just referred to. He made it very clear that there were some things missing in those cameos. One of those was that the impact of the carbon tax being abolished was not taken into account in the cameos themselves.

In the same interview, the gentleman responsible, Mr Phillips, made it very clear that it was those opposite who selected the cameos that were published, not the modellers themselves. Six out of those seven cameos did not have a child under five and were not using child care. The Leader of the Opposition's conception of a family is the Benjamin Button model: when someone is born, they go straight from the delivery room to primary school or high school! When you have push briefing, all you can expect is push modelling.

Budget

Mr VAN MANEN (Forde) (14:40): My question is to the Minister for Social Services. Will the minister advise the House how the budget supports the typical Australian family by reforming child care and increasing the opportunities for families to move from welfare to work?

Mr MORRISON (Cook—Minister for Social Services) (14:40): I thank the member for Forde for his question. The member for Forde knows all about typical Australian families. He
represents many of them in his own electorate. It may come as a surprise to those opposite, who have made a lot of references to 'typical Australian families' in this place over the last couple of days, that the typical Australian family is one that earns just over $100,000 as a family. Both parents are working, too. They have two children. It may, again, come as a great surprise to those opposite that about 30 per cent of them have children under the age of five. That is the typical Australian family.

Ms Macklin interjecting—

The SPEAKER: The member for Jagajaga will desist.

Mr MORRISON: The typical Australian family earns more in wages and pays more in tax than it receives in benefits. This side of the House want to see more families in that situation. We want to see more families earning more by working more. We want to see more families that are paying more in tax than they are receiving in benefits.

That is what our jobs and families package does. That is exactly what it does, as does the excellent small business package, which will see more and more Australians working in small business, which is the engine room of growth. Why is that the case? It is because we found that around 50 per cent of families who wanted to work more could not because of lack of access to affordable child care. They wanted to choose to work more, and that choice was being denied by lack of access to affordable child care. The jobs and families package is all about giving those families who want to work and not be on welfare more opportunity to work. In addition, 24 per cent of those families said that, as a result of the jobs for families package, they would work more. We want to see families in work, not in welfare.

The vision of those opposite in relation to families—the Benjamin Button vision or whatever vision it is that the Leader of the Opposition has—is that a typical family is a family on welfare. We do not want to see families on welfare. We want to see families exiting the trap of welfare and entering the opportunity of work that is being denied as a result of lack of access to affordable child care.

Ms Macklin interjecting—

The SPEAKER: The member for Jagajaga is warned!

Mr MORRISON: Australian families are getting support through not only these measures but a range of measures which, interestingly, were not included in the push modelling brief of those opposite. We did not see the $262 million which is going to change the arrangements for youth allowance and which is going to help rural families having children. That was not included. Also not included was the funding for universal access to preschool education or the $847 million for the childcare safety net. If you give a push brief, you will get push modelling.

Health Care

Ms KING (Ballarat) (14:43): My question is to the Prime Minister. I refer to the government's decision to cut funding from the Inborn Error of Metabolism Program, affecting children suffering from PKU, a rare genetic condition that requires a specialist low- or no-protein diet. Prime Minister, I met some of these children and their families in Canberra today. Your Minister for Health, unfortunately, did not. When will the Prime Minister reverse his budget cut of more than $250 a month from these 900 families across Australia?
Mr ABBOTT (Warringah—Prime Minister) (14:44): I was asked this question yesterday and I did my best to answer it then, and I will do my best to answer it better today. Not for a second does this government want to leave people in the lurch. My understanding is that, in the time since the Howard government introduced this particular program, there has been much more access to regular foods that will deal with people who have this protein condition. The sorts of foods that are suitable for people with this particular condition are much more widely available. But the other point I make is that this program, which, as I now understand it, is worth about $3 million a year, is more than compensated for by some $19 million to $20 million a year that we spend on drugs for people with this condition. I am confident that one way or another this government is doing its best to look after people with this condition.

Defence

Mrs GRIGGS (Solomon) (14:45): My question is to the Minister for Defence. Will the minister update the House on the government’s progress in restoring defence funding to two per cent of gross domestic product in this year’s budget. What does this mean for the men and women of the armed forces.

Mr ANDREWS (Menzies—Minister for Defence) (14:45): I acknowledge the member for Solomon and I particularly acknowledge her strong representation in this House for the men and women of the Australian defence forces and their families who reside in Darwin and service at places such as Larrakeyah and Robertson barracks, at HMAS Coonawarra and also at the RAAF Base Darwin.

The first priority of a national government is the safety and security of its citizens. It is for that reason that this government has committed to return defence expenditure to two per cent of gross domestic product by 2002-23, within a 10-year time frame. This is good for the Australian defence forces because it provides the resources to the men and women in uniform in Australia to do their important task. It is good for all Australians because it means that we can ensure the safety and the security of our citizens, and of course it is good for the tens of thousands of people who are employed in defence industries around Australia.

As John O’Callaghan from the Australian Industry Group said, the defence budget ‘sends a very strong positive signal to industry’. Examples of that are the purchase of two additional C17 Globemasters. These are the giant transport aircraft. We saw them in action in humanitarian and disaster relief missions at Vanuatu recently and also in a rescue mission in Nepal. It means 21 new Pacific patrol boats, a $2 billion expenditure in both the shipbuilding and the sustainment of these patrol boats. It means the $391 million which is being spent this year in the fight against Daesh or ISIL in the Middle East—an overall operational funding of more than $900 million next year. As the Australian Defence Association said: ‘investment in national defence infrastructure is finally beginning to restore inter-generational equity’; or as Mark Thomson from the Australian Strategic Policy Institute said: ‘the 2015 Budget was a very good one for Defence’. We agree on this side of the House. The $31.9 billion that the coalition has budgeted for Defence in 2015-16 represents record funding for the men and women in uniform in Australia and their civilian counterparts—the men and women who ensure the safety and the security of this nation.
Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:48): My question is to the Prime Minister. Can the Prime Minister confirm that page 100 of his own budget paper No. 2 shows that he has cut $125 million from children's dental care.

Mr ABBOTT (Warringah—Prime Minister) (14:49): Madam Speaker, I can confirm—Mr Perrett interjecting—

The SPEAKER: No props. The Prime Minister will resume his seat. The member for Moreton is quite entitled to show his maroon colours.

Mr Perrett: Thank you.

The SPEAKER: And I am showing my prejudice by the Blues. However, it does not exempt him from the rest of the standing orders. The Prime Minister has the call.

Mr ABBOTT: I can confirm that there has been a pause in indexation for some benefits in the budget.

Opposition members interjecting—

Mr ABBOTT: I can confirm that there has been a pause in indexation for some benefits, but this should not come as a shock to members opposite, because that is exactly what they did in the 2013 budget.

Mr Hockey: What? Oh, shock horror!

Mr ABBOTT: That is exactly what they did in the 2013 budget! If the Leader of the Opposition did not think that he was living in the future rather than the past, he would remember what happened in the 2013 budget. Let me just remind members opposite that this year’s budget increases overall health spending by $2.3 billion—that is what we do.

Opposition members interjecting—

Mr ABBOTT: Yes, we do pause some indexation. But when the then health minister, now the deputy leader of the opposition, was asked about freezes to rebates, she said: 'They earn enough money to bear the federal government's freeze on rebates.' That is what she said.

Ms Plibersek interjecting—

Mr ABBOTT: Now she is trying to say, 'Oh, well, this was only for one year.' Okay. Madam Speaker, she has given the game away. As usual, they come in here full of indignation, they come in here full of bombast, but when you probe behind the question it turns out they have done exactly the same thing themselves.

National Security

Mr HOWARTH (Petrie) (14:51): My question is to the Minister for Foreign Affairs. Will the minister please inform the House on the action the government is taking to counter the threat of terrorism, particularly foreign fighters, and how we are keeping the Australian community safe.

Ms JULIE BISHOP (Curtin—Minister for Foreign Affairs) (14:52): I thank the member for Petrie for his question and I know how concerned he is about this issue. The government is responding to the threat of terrorism and foreign fighters—domestically, regionally and internationally. Around 100 Australians are currently fighting in Syria and Iraq. Almost 30
Australians have been killed in the conflict and approximately 30 former foreign fighters have returned home. They remain of interest to our intelligence and law enforcement agencies. We know of approximately 155 people in Australia who are providing support to terrorists.

The threat from those in our community who support Daesh and other listed terrorist organisations, including returning foreign fighters, is the greatest domestic security threat that we have faced in many years. We have strengthened Australia's national security laws and provided law enforcement agencies with the powers necessary to address the threat of foreign fighters, including through the arrest of or use of control orders on those who return. We continue to find ways to prevent vulnerable young people leaving Australia to fight with the terrorists. Around 115 passports have now been cancelled, 14 have been refused and 10 suspended. Our security agencies are also seizing the foreign passports of dual nationals who seek to use their foreign passports to depart Australia and join the terrorists. We have tripled investment in measures to counter violent extremism, rolling out new programs to build resilience and community leadership to tackle the causes of extremism at their roots. This includes funding community organisations to produce videos and other online content that challenge the appeal of extremist narratives and promote Australia's inclusive values.

The government is working as part of an international effort to respond to this threat. I will attend a meeting next week of 22 members of the small-group ministerial cohort who are part of the broader US led anti-Daesh coalition. It will be hosted by US Secretary of State John Kerry, the French foreign minister, Laurent Fabius, and the Iraqi Prime Minister, Mr Abadi. This will reaffirm the resolve of the coalition to defeat Daesh in the Middle East. We are also taking a lead in counterterrorism by hosting a regional summit to counter violent extremism in Sydney on 11 and 12 June this year. This summit is bringing together regional leaders and key stakeholders from government, civil society and industry across the region, along with world experts, with the aim of strengthening our joint response to violent extremism. The Prime Minister, the Attorney-General, the Minister for Justice and I will address the summit and share the government's experience of facing the threat of terrorism and foreign fighters head on and of keeping our people safe.

Budget

Ms KING (Ballarat) (14:55): My question is to the Prime Minister. Can the Prime Minister confirm that he has abolished the GP after-hours helpline in this budget—a service that provides medical advice to over 200,000 Australians per year, including mums with sick children and elderly patients late at night?

The SPEAKER: I call the honourable Minister for Health.

Ms LEY (Farrer—Minister for Health and Minister for Sport) (14:55): I am delighted to assist the member for Ballarat with detailed questions about our responses in the budget to important areas like GP after-hours access. In fact, it was the Prime Minister as the minister for health who first introduced the practice incentive payments that specifically assisted general practice to open after hours to support people in those important times after work, particularly with sick children. The funding to GP after-hours will be delivered through our Primary Health Networks. There is a significant allocation. There are two GP after-hours networks—one in the Hunter and the other one escapes me. But there are two that are being provided in the context of the Medicare Locals. Those will have ongoing funding, which has
been recently signed off, to continue uninterrupted to provide those services. The other services, if you would let me finish, Madam Speaker—

**The SPEAKER:** The member for Ballarat on a point of order—and she is not entitled to merely rephrase her question.

**Ms King:** No, thank you. In terms of relevance, the question was not about those services; it was about—

**The SPEAKER:** The member will resume her seat. The minister is totally within relevance.

**Ms LEY:** The most important thing is that we provide access to families to after-hours assistance. The role that our Primary Health Networks will play in this is significant and fundamental.

Mr Snowdon interjecting—

**The SPEAKER:** The member for Lingiari will desist!

**Ms LEY:** The allocation of funds that we make, which is $900 million over three years, to the Primary Health Networks will enable them to provide a coordinated population based approach to after-hours support for the people in their regions. There are two significant services that are being extended, and the rest through the Primary Health Networks.

I appreciate these questions that are coming from the member for Ballarat, but what I really want to know is what Labor is going to do. In the year of no ideas when 100 flowers were going to bloom—

Opposition members interjecting—

**The SPEAKER:** The members for Charlton and Gellibrand will desist!

**Ms LEY:** I have not seen a single one. It is a bit like the Minister for Agriculture's drought. I have not seen a single one. All I have ever heard is, 'No area of savings will be exempt from the opposition's approach in this area.' All we have ever heard from the opposition is that no area will be exempt from cuts, which leads us to suppose that you will cut health, hospitals and Medicare—because we have never had a single policy. The Leader of the Opposition, in your budget reply speech, health was not mentioned once. I listened, I hoped, I waited, but there was not a single mention of health or your health policy in your own remarks.

Mr Snowdon interjecting—

**The SPEAKER:** The member for Lingiari will desist or leave. The choice is his.

**Education**

Mr VASTA (Bonner) (14:58): My question is to the Minister for Education and Training. How will the minister's proposal to ask the states and territories to make science or maths compulsory in years 11 and 12 and other measures to promote STEM in schools help prepare our young people for the future.? Why is it important that this goal be informed by facts?

Mr PYNE (Sturt—Leader of the House and Minister for Education and Training) (14:59): I thank the member for Bonner for his question, because I know that he, like most members of this House, believes that promoting science and maths in school should be a national priority, and that is exactly what this government is doing. We are doing it in a number of ways. I will
mention three, but there are more than three. We are reforming the national curriculum in order to create more space in the curriculum for in-depth study of science and maths. We are reforming initial teacher education so that there is an emphasis on specialisation around science and maths for primary school teachers. And we are putting the idea of science or maths being a compulsory subject in years 11 and 12 on the agenda for the education ministers’ council meeting coming up this Friday. I am looking forward to working with the states and territories to examine how that might be able to be achieved.

We have received very strong support for this measure from the Chief Scientist, Ian Chubb, who has been working with the government over the last 18 months to try to repair the inertia that was the case under the previous government around science and maths. He said in a statement yesterday of the initiative on year 11 and 12 compulsory science or maths:

I support this initiative without reservation.

But let me turn to coding, which the Leader of the Opposition has suddenly discovered an interest in—or programming, as it is also called. The Leader of the Opposition spent most of last week holding door stops where he demanded that coding be included in the national curriculum. In fact—and I hate to break it to him—it is already in the national curriculum. It is called Digital Technologies, Australian Curriculum. I table Digital Technologies from the Australian Curriculum so that the Leader of the Opposition and his staff can examine the facts around coding and programming—

Mr Husic interjecting—

The SPEAKER: The member for Chifley!

Mr PYNE: in the national curriculum. He seems to be let down once again. We saw on budget night, of course, that we had a $353 million proposal that became $45 million the next morning and $1.4 billion the next afternoon, when it really cost $2.25 billion. We also got a $3.5 million coding across the curriculum program to support teachers to promote coding in the curriculum. So, let me suggest to the Leader of the Opposition that rather than focus on his zingers he start focusing on the detail, that rather than thinking of lines like, 'I don't know what she said but I agree with it already' or 'The future is happening now' or 'Everybody is somebody' or, my favourite, 'If you don't know where you're going any road will get you there'—rather than focusing on these brilliant lines—he might actually do the homework that he expects of our students around Australian schools and get his facts right.

Education

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (15:02): My question is to the Prime Minister. In light of the education minister's answer, will the Prime Minister commit to ensuring that coding is taught in every primary school in Australia to ensure that our children have the skills for the jobs of the future economy?

Mr ABBOTT (Warringah—Prime Minister) (15:02): Let us just understand exactly what the Leader of the Opposition has asked.

Mr Husic interjecting—

The SPEAKER: The member for Chifley is warned.

Mr ABBOTT: He says that he wants primary school kids to be taught coding so that they can get the jobs of the future. Does he want to send them all out to work at the age of 11? Is
that what he wants to do? I mean, seriously: we know from his modelling that he thinks kids go straight from the delivery room to school, and now he thinks that they go straight from primary school to employment. This is a Leader of the Opposition in deep trouble. He is in deep, deep trouble. He is floundering, he is drowning, and frankly this question time performance demonstrates just why he is in such diabolical trouble.

Great Barrier Reef

Mr EWEN JONES (Herbert) (15:04): My question is to the Minister for the Environment. Will the minister update the House on the unprecedented action the government is taking to protect our Great Barrier Reef for future generations?

Mr HUNT (Flinders—Minister for the Environment) (15:04): I want to thank the member for Herbert for his question. He is not only a great local member but a great and passionate advocate for and defender of the Great Barrier Reef. If the Great Barrier Reef were not on the World Heritage list, and if there were no World Heritage list and it were to be created today, it would be the first property that should be added to a new World Heritage list.

Against that background, one of the interesting things on coming to office was to look into and discover that the Barrier Reef had been put on watch under the previous government by the World Heritage Committee for possible delisting, for possible recognition as being in danger, and that was in 2011—and 2012, and 2013. The other thing that was very interesting was a briefing on all plans for disposal of dredge material from capital projects in the Great Barrier Reef Marine Park. There were five major projects that we inherited, all of which were going to see potential disposal in the marine park of a figure of approximately 60 million cubic metres. So, we set out to address both of these issues. Firstly, we put together the unprecedented Reef 2050 plan, which addressed issues relating to sediment, nitrogen and pesticide reductions. Already we have seen an 11 per cent reduction in sediment, according to the Queensland government’s own figures; a 16 per cent reduction in nitrogen, according to the Queensland government’s own figures; and a 28 per cent reduction in pesticides, according to the Queensland government’s own figures.

The Prime Minister launched the plan, with additional funding, in Queensland, in the Whitsundays, and that plan went around the world. The other thing that we set out to do was to change the practice we inherited in relation to this dredge disposal. All five of these proposals for dredge disposal in the marine park have been ended. What we have also done, though, is put in place a regulation, with the force of law, to ban forever capital dredge disposal in 100 per cent of the marine park. That is unprecedented and that is something that this side will have as an achievement on their watch forever. More than that, though, we have also invested very significant funds. There is $140 million under the Reef Trust. There is $10 million for crown-of-thorns eradication. What we additionally have is $8 million for nitrogen reduction and $5 million for marine mammal protection. What we see is that the Great Barrier Reef was put on the watch list. I hope and believe it will come off the watch list under our watch. (Time expired)

Education

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (15:08): My question is to the Prime Minister. Since the Prime Minister crudely ruled out the proposal to teach primary
school children coding in his last answer, how does he reconcile his remarks with the following quote by the Minister for Communications:

ICT skills such as coding should not be only subjects offered in years 10-12, that's too late. We have to get to students as young as five or six.

Who is right, Prime Minister? You or the bloke who wants your job?

The SPEAKER: The Prime Minister has the call and will ignore the last part of the question.

Mr ABBOTT (Warringah—Prime Minister) (15:08): He is trying too hard, this bloke. He is trying too hard. He really is a try-hard today. Let me put the Leader of the Opposition out of his misery by quoting from the government's industry, innovation and competitiveness paper, which states on page 51:

... the Government will provide a further $3.5 million to encourage the introduction of computer coding across different year levels in Australian schools.

We are doing it. This is a leader of the opposition who demands that the government does what it is already doing, because he just did not do his homework. When the Leader of the Opposition was at school, I thought homework was encouraged, but he seems to have forgotten. The one thing you have to do if you want to be a credible, alternative leader, is do your homework, and if you had done your homework you would find that the government had beaten you to it.

National Broadband Network

Mr IRONS (Swan) (15:10): My question is to the Minister for Communications, and it certainly will not be in code. Will the minister outline to the House the progress made on the rollout of the NBN and what the government is doing to improve the economics of the project?

Mr TURNBULL (Wentworth—Minister for Communications) (15:10): I thank the honourable member for his question. I recall our very recent visit to his electorate—many visits to his electorate—talking about the NBN and inspecting the progress of the NBN. I can announce today that the NBN's quarterly results which the company released show that we have put the—

The SPEAKER: The minister will resume his seat. The Manager of Opposition Business had better have a good point of order.

Mr Burke: Madam Speaker, I rise on a point of order. It is simply that he just referred to making an announcement and I simply draw your attention to the same standing order.

The SPEAKER: The minister has the call.

Mr TURNBULL: There is another thing I wish to announce, or reveal, and it has nothing to do with our policy. There has been a bit of coding going on in the ranks of the opposition—a bit of programming. There is a program. It is called 'Zinger' and it has been written by the member for Grayndler. I would say to the honourable Leader of the Opposition that he should be very careful about whose programs he uses to write his sound effects. When the Labor Party was in government, they left us with an NBN project that was in—

An opposition member interjecting—
Mr TURNBULL: This is a red tie. This is not, as Kevin Rudd would have said, a 'maroon' tie; nor is it a 'marone' tie!

Honourable members interjecting—

Mr TURNBULL: There you go. It was funny. The Leader of the Opposition does not mind me having a dig at Kevin. Mind you, wait for next week when Kevin gets his bone back on you. What we have done with the NBN is put it back onto a businesslike footing. In the first three quarters of this financial year, it earned $106 million in revenue, which is more than the $76 million in revenue it earned in its entire life prior to that time. So it is taking off. It took Labor four years to pass 200,000 premises with fibre to the premises. In this financial year, the NBN has already undergone construction of fibre to the node covering 200,000 premises, and the new additions to the fibre-to-the-node rollout will see construction start on another 200,000 in the three months from July alone. Western Australia was a particular basket case under Labor. The NBN had completely failed. As at the election, it had only passed 5,479 premises in that state. We have now passed 42,000 premises and have another 52,000 under construction and will have an additional 61,000 under construction in the FTTN rollout in the next three months. We are getting on with rolling out the NBN project a lot sooner and at a lot less cost to taxpayers and, thus, much more affordably to consumers. The honourable member for Swan is seeing the benefits of that firsthand in his community.

Mr Abbott: Madam Speaker, after that splendid answer, I ask that further questions be placed on the Notice Paper.

STATEMENT BY THE SPEAKER

Legislative Assembly of Norfolk Island: Remonstrance

The SPEAKER (15:14): I inform the House that I have received from the Speaker of the Legislative Assembly of Norfolk Island a remonstrance of the Legislative Assembly praying that the Commonwealth parliament affirm the rights of the people of Norfolk Island to self-government. I do not propose to read the remonstrance to the House. Copies have been placed on the table and the full text will be recorded in the Votes and Proceedings. I hand the remonstrance to the Clerk.

The document read as follows—

1 LEGISLATIVE ASSEMBLY OF NORFOLK ISLAND—SELF GOVERNMENT

The Speaker informed the House that she had received the following Remonstrance passed by the Legislative Assembly of Norfolk Island on 20 May 2015 relating to self government—

The Legislative Assembly for Norfolk Island respectfully addresses itself to—

The Honourable the President of the Senate and the Members of the Senate,

The Honourable the Speaker of the House of Representatives and Members of the House of Representatives in Parliament assembled.

PREAMBLE

The passage in the Commonwealth Parliament of the Norfolk Island Act 1979 conferred on Norfolk Island a limited grant of self governing powers with its own legislature (the Legislative Assembly of Norfolk Island) with a plenary grant of legislative powers to legislate for the peace, order and good government of the Territory established, with its own body politic under the Crown with a wide grant of executive powers and with its own judicial system.
The Legislative Assembly for Norfolk Island is constituted of 9 representatives of the people of Norfolk Island; duly and democratically elected pursuant to the Legislative Assembly Act 1979.

The Norfolk Island Legislation Amendment Bill 2015 passed by the Commonwealth Parliament in May 2015 removes the self government powers of Norfolk Island. It has been passed without genuine consultation and negotiation with the Norfolk Island Government, the Legislative Assembly of Norfolk Island or the people of Norfolk Island.

The Statement of Compatibility with Human Rights contained within the Explanatory Memorandum for the Norfolk Island Legislation Amendment Bill 2015 asserted that the proposal to remove self-government powers from Norfolk Island was the result of an extensive consultation process that found significant support for change within the Norfolk Island community.

Norfolk Island voters in a referendum conducted on 8 May 2015 under the Referendum Act 1964 voted by a 68% majority that the people of Norfolk Island should have the right to freely determine their political status, their economic, social and cultural development and be consulted at referendum or plebiscite on the future model of governance for Norfolk Island before such changes are acted on by the Australian Parliament.

GRIEVANCES

The Legislative Assembly of Norfolk Island presents its grievances to the Commonwealth Parliament.

These are that:

(1) The people of Norfolk Island having been granted self governing powers, the duly elected representatives of the people of Norfolk Island are aggrieved that self government should be removed without genuine consultation and negotiation.

(2) The removal of self government in Norfolk Island breaches one of the conventions of self-government in the Westminster tradition that once self government is granted to a political entity, it should not thereafter be taken away except in the most extreme circumstances, for example, war or civil disturbance. See submission of the Commonwealth Attorney-General’s Department to the Joint Parliamentary Committee on the Northern Territory, page 8 of Parliamentary Paper No. 281 of 1974 where it also states that it would be politically unthinkable to take away such powers after they had been granted.

PETITION

The Legislative Assembly of Norfolk Island and its democratically elected Members respectfully request that the Commonwealth Parliament affirm the rights of the people of Norfolk Island to self-government by re-examining those aspects of the Norfolk Island Legislation Amendment Bill 2015 that result in the removal of the Norfolk Island Legislative Assembly and call on the Prime Minister to confer on the people of Norfolk Island the right to freely determine their political status, their economic, social and cultural development and be consulted at referendum or plebiscite on the future model of governance for Norfolk Island before such changes are acted on by the Australian Parliament.

On 20 May 2015 the above Remonstrance was introduced by the Hon Robin E Adams MLA into the Fourteenth Legislative Assembly of Norfolk Island and was passed on the same day. The Legislative Assembly requested the Remonstrance be delivered by the Speaker of the Legislative Assembly to the Speaker of the House of Representatives and to the President of the Senate.

David E Buffett AM MLA
Speaker
QUESTIONS TO THE SPEAKER

Question Time

Mr BURKE (Watson—Manager of Opposition Business) (15:15): Madam Speaker, I wish to raise an issue of some gravity in question time today. For the Dorothy Dix questions coming from the government, six came from Queensland MPs and none came from New South Wales MPs. For opposition questions, none came from Queensland MPs but two did come from New South Wales MPs. While I have previously objected to your role in attending party room meetings, I ask that you use it in future to rectify this anomaly.

Questions in Writing

Ms ROWLAND (Greenway) (15:15): Madam Speaker, in accordance with standing order 105(b), I ask that you write to the Minister for Defence seeking reasons for the delay in answering a question in writing. The relevant question appears as No. 720 on the Notice Paper.

The SPEAKER (15:15): I will so write.

COMMITTEES

Selection Committee

Report

The SPEAKER (15:16): I present the Selection Committee report No. 25 relating to the consideration of committee and delegated business and private member's business on Monday, 1 June 2015. The report will be printed in the Hansard for today and the committee's determinations will appear on tomorrow's Notice Paper. Copies of the report have been placed on the table.

The report read as follows—

Report relating to the consideration of committee and delegation business and of private Members' business

1. The committee met in private session on Tuesday, 26 May 2015.

2. The committee determined the order of precedence and times to be allotted for consideration of committee and delegation business and private Members' business on Monday, 1 June 2015, as follows:

Items for House of Representatives Chamber (10.10 am to 12 noon)

COMMITTEE AND DELEGATION BUSINESS

Presentation and statements

1 Joint Committee on Law Enforcement:


The Committee determined that statements may be made—all statements to conclude by 10.15 am.

Speech time limits—

Mr Kelly—5 minutes.

[Minimum number of proposed Members speaking = 1 x 5 mins]

2 Joint Committee on the Australian Commission for Law Enforcement Integrity:


The Committee determined that statements may be made—all statements to conclude by 10.20 am.
Speech time limits—
Mr Matheson—5 minutes.

[Minimum number of proposed Members speaking = 1 x 5 mins]

3 Standing Committee on Economics:
The Committee determined that statements may be made—all statements to conclude by 10.30 am.
Speech time limits—
Mr Alexander—5 minutes.
Next Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

4 Standing Committee on Tax and Revenue:
The Committee determined that statements may be made—all statements to conclude by 10.40 am.
Speech time limits—
Mr van Manen—5 minutes.
Next Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

5 Standing Committee on Infrastructure and Communications:
Balancing Freedom and Protection: Inquiry into the use of subsection 313(3) of the Telecommunications Act 1997 by government agencies to disrupt the operation of illegal online services.
The Committee determined that statements may be made—all statements to conclude by 10.50 am.
Speech time limits—
Mrs Prentice—5 minutes.
Next Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

6 Standing Committee on Agriculture and Industry:
Circumvention: closing the loopholes—Inquiry into Australia’s anti-circumvention framework in relation to anti-dumping measures.
The Committee determined that statements may be made—all statements to conclude by 11 am.
Speech time limits—
Mr Ramsey—5 minutes.
Next Member—5 minutes.

[Minimum number of proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS’ BUSINESS
Notices
1 MR PALMER: To present a Bill for an Act to prevent the disclosure of information by public officials in circumstances that may lead to the imposition of the death penalty in foreign countries, and for related purposes.

(Notice given 12 May 2015.)
Time allotted—10 minutes.

Speech time limits—

Mr Palmer—10 minutes.

[Minimum number of proposed Members speaking = 1 x 10 mins]

Presenter may speak to the second reading for a period not exceeding 10 minutes—pursuant to standing order 41.

2 MR SHORTEN: To present a Bill for an Act to amend the Marriage Act 1961 to establish marriage equality, and for related purposes.

(Notice given 26 May 2015.)

Time allotted—10 minutes.

Speech time limits—

Mr Shorten—10 minutes.

[Minimum number of proposed Members speaking = 1 x 10 mins]

Presenter may speak to the second reading for a period not exceeding 10 minutes—pursuant to standing order 41.

3 MR KATTER: To present a Bill for an Act to establish a Commission of Inquiry into Iron Ore Supply and Demand, and for related purposes.

(Notice given 26 May 2015.)

Time allotted—10 minutes.

Speech time limits—

Mr Katter—10 minutes.

[Minimum number of proposed Members speaking = 1 x 10 mins]

Presenter may speak to the second reading for a period not exceeding 10 minutes—pursuant to standing order 41.

4 MR BROAD: To move:

That this House notes:

(1) that Australian small business is a major contributor to the national economy and should be acknowledged for its innovation, entrepreneurship and endeavour, as demonstrated by the 15,000 small businesses across the electoral division of Mallee and many small businesses across the rest of Australia; and

(2) the recent budget must be commended for assisting small business with accelerated depreciation for assets purchased under $20,000.

(Notice given 26 May 2015.)

Time allotted—remaining private Members’ business time prior to 12 noon.

Speech time limits—

Mr Broad—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 6 x 5 mins]

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

Items for Federation Chamber (11 am to 1.30 pm)

PRIVATE MEMBERS’ BUSINESS
Notices

1 MR NIKOLIC: To move:

That this House:
(1) recognises the:
   (a) need to destroy, degrade or contain terrorism in all its forms in source or origin countries;
   (b) clear and present threat posed by transnational terrorism in our region;
   (c) sustained efforts of both the Australian Defence Force (ADF) and our civilian national security agencies to identify, attack and degrade foreign or 'source nation' terrorist threats at the very earliest opportunity, most notably since the 2002 Bali bombings (which claimed the lives of 202 people, including 88 innocent Australians, and injured a further 209);
   (d) unique geo-political circumstances of Australia which will continue to emphasise the need for cooperative and heightened security vigilance and activity with, by and from our key regional partners and allies, over the long term;
   (e) potential for Australian security forces, both civil and military, to continue to act as effective, practical agents to reinforce, bolster and continually invigorate critical regional partnerships and engagements, toward a stable and prosperous long term regional future, and one which is mutually beneficial to all national participants;
   (f) potential offered by the Government's holistic approach to home-grown terrorism, to constitute a working model for consideration, adaptation as appropriate, and possible implementation, by equally determined Governments and nations, throughout our region;
   (g) need for sustained vigilance and regional engagement by all like-minded nations in our region;
   (h) need to maintain and support both ADF and civilian security agency capabilities, at the very forefront of counter-terrorist operational capacity and capability;
   (i) need for sustained border protection regimes and procedures; and
   (j) importance of maintaining and sustaining Australia's traditional defence alliance and treaty arrangements;
(2) acknowledges:
   (a) the Government's active and constructive efforts to do all within its powers to halt terrorism at its source, or points of origin;
   (b) that the Attorney-General's Department has led and implemented a diverse array of constructive initiatives and measures in support of community safety and resilience, which will further complement 'offshore' counter-terrorist initiatives and endeavours;
   (c) that Australian Government actions are in lockstep with sensible international responses to this global trend and challenges; and
   (d) the importance of secure information-sharing with traditional allies and regional partners, to achieve the negation of potentially diverse terrorist threats; and
(3) endorses and lends ongoing support to the Government's longstanding efforts to diminish the current and future terrorist threat to all Australians, including the removal of Australian citizenship status from dual citizens who are involved in terrorism in Australia or abroad.

(Notice given 26 May 2015.)

Time allotted—40 minutes.

Mr Nikolic—5 minutes.

Other Members—5 minutes each.
The Committee determined that consideration of this should continue on a future day.

2 MS HALL: To move:

That this House:

1. condemns the Government's decision to cut, without any warning and consultation, all funding from the Inborn Error of Metabolism (IEM) Programme that provides for families and carers with children who suffer from Phenylketonuria (PKU);

2. acknowledges that sufferers of PKU require a vital expensive medically prescribed diet, supplemented by the funding, to avoid brain damage, seizures, liver failure, coma and in some cases death; and

3. calls on the Government to reinstate the funding to the IEM program.

(Notice given 26 May 2015.)

Time allotted—30 minutes.

Ms Hall—5 minutes.

Other Members—5 minutes each.

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

3 MR HUTCHINSON: To move:

That this House:

1. recognises that:
   
   a. the Coalition's Economic Growth Plan for Tasmania dated 15 August 2013, committed the Government to creating a Tasmanian Fruit and Vegetable Industry Taskforce focusing on the growth of the fruit and vegetable sectors in Tasmania;
   
   b. the Taskforce will develop an industry-led plan to promote competitiveness, investment and jobs growth in these sectors; and
   
   c. the terms of reference prescribing the scope of the Taskforce included reviewing existing work, drawing conclusions and developing a unified and agreed plan for the Tasmanian fruit and vegetable industries to:
   
   i. increase grower returns and reduce their costs;
   
   ii. increase competitiveness, investment and jobs growth across the supply chain; and
   
   iii. develop domestic and export markets;

2. acknowledges:

   a. the vital importance of the agriculture sector to Tasmania, and for all Tasmanians;
   
   b. that Tasmania is an important producer of fruit and vegetables, mainly potatoes, onions, carrots, cherries and other stone fruit, pomefruit and berries;
   
   c. that in 2011-12, the gross value production of fruit and nuts in Tasmania was $100.8 million, vegetables $213.4 million, and nursery production (nurseries, cut flowers and cultivated turf) $28.4 million, with Tasmania also being an important producer of the special poppy and pyrethrum crops;
   
   d. that in contrast to other states, exporting and direct sales to processors are the predominant sales channels for fresh produce, for example:
   
   i. in 2011-12, an estimated 70 per cent of Tasmanian vegetable growers sold their produce directly to a processor (this includes the manufacturing of canned, bottled, preserved, quick frozen or dried vegetable products, dehydrated vegetable products, soups, sauces, pickles and mixed meat and

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vegetable cereal products, processing and packaging of fresh salads and pan-ready vegetables, as well as bulk packaged and cleaned vegetables; and

(ii) approximately 10 per cent for export, which compares with the national average of 26 per cent and 4 per cent, respectively;

(e) that in 2011-12 only 5 per cent of Tasmanian vegetable farms reported selling direct to state capital wholesale, compared to the national average of 62 per cent;

(f) that Tasmania exports significant volumes of onions and cherries, for example:

(i) in the 12 months to June 2013, it exported $44 million of fresh fruit and vegetables, 6.7 per cent of the total value of national exports of fresh fruit and vegetables, and of this, 98 per cent of the fruit were cherries and 94 per cent of the vegetables were onions,

(ii) Tasmania accounted for 52 per cent of all cherries and 86 per cent of all onions exported from Australia in 2012-13; and

(iii) in 2012 the Australian exports of fresh onions and fresh cherries accounted for 0.9 per cent and 0.4 per cent, respectively, of global exports of these products;

(g) that an independent assessment of the economic development potential of sectors of the Tasmanian economy found that the wine, dairy and aquaculture sectors had the greatest economic development potential;

(h) that horticulture also presents opportunities for growth in employment, though not as great as those in the wine, dairy and aquaculture sectors;

(i) that the challenges and opportunities faced by Tasmania's fruit and vegetable industry have been well documented and the industry has been subject to many reviews and planning processes; and

(j) that, to assist the deliberations of the Taskforce, the Commonwealth Department of Agriculture, as the secretariat to the Taskforce, has identified and summarised a collection of previous work and in so doing, is mindful that individual Taskforce members would be familiar with a number of these documents, in some cases contributing directly to their production; and

(3) notes the continuing importance of investment in the Tasmanian agriculture sector, as a traditional and ongoing source of economic development, including employment, in that state, and one which continues to enjoy a relatively high national and international profile for the reliability and quality of its primary food production.

(Notice given 26 May 2015.)
(d) people who perform work in Australia should be paid according to Australian-standard wages and conditions; and

(2) calls on the Government to act to support and promote the Australian coastal shipping industry, and to actively support Labor's recent changes to give the industry the certainty it needs to invest in new Australian flagged shipping.

(Notice given 26 May 2015.)

Time allotted—remaining private Members' business time prior to 1.30 pm.

Ms Claydon—5 minutes.

Other Members—5 minutes each.

[Minimum number of proposed Members speaking = 8 x 5 mins]

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

QUESTIONS TO THE SPEAKER

Question Time

The SPEAKER (15:16): With regard to the question from the Manager of Opposition Business and my attendance at party room meetings, I would simply refer him to the practice that that is the way of Ausminster.

DOCUMENTS

Presentation

Mr PYNE (Sturt—Leader of the House and Minister for Education and Training) (15:16): Documents are tabled in accordance with the list circulated to honourable members earlier today. Full details of the documents will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Budget

The SPEAKER (15:16): I have received a letter from the honourable member for McMahon proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The failure of the Government to come up with a fair and sustainable plan for Australia's future.

I call upon those honourable 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 BOWEN (McMahon) (15:17): The next election should be and will be a battle of plans about the Australian budget, about the Australian economy. The Labor Party does have a plan to tackle the most unsustainable parts of the budget in a fair way, to get more fairness into the budget and to make it more sustainable. The Abbott government also has a plan, but it is the opposite plan. The Abbott government's plan is to leave the most unsustainable parts, the fastest-growing parts of the federal budget untouched but to come up with more ways of making our tax and transfer system less fair. It wants to come up with unfair ways of tackling other parts of the budget, the sustainable parts of the budget. The Abbott government has gone out of its way to find ways of doing the opposite of what should be done when it comes to improving the budget bottom line.
Labor has a plan, for example, to make our tax system in superannuation fairer and more sustainable. The government, which lectured us and the Australian people that the budget was unsustainable, that we were heading towards Greek levels of debt, that tough decisions were necessary, does not have the courage to admit and acknowledge that which every serious commentator and analyst has pointed out—that the taxation treatment of high-income super in Australia is not sustainable, it cannot be afforded and it is not fair. We on this side of the chamber have the courage to say it and the Prime Minister and Treasurer lack the courage to say it.

The Treasurer did indicate a few weeks ago that he was interested in a national conversation about this, that he wanted to have bipartisanship.

Ms Macklin: It did not last long.

Mr BOWEN: It did not last long. The Prime Minister came out the next day said no. We are used to these backflips. They are getting faster, in fact. It took a few years to have the backflip on paid parental leave; it took about a week to have the backflip on the iron ore inquiry; and it took a day yesterday to have the backflip about the GST on sanitary products. On coding, it took a question, because putting coding in the national curriculum for primary schools was a terrible idea in answer to one question and a great idea in answer to the very next question, according to the Prime Minister.

Dr Leigh interjecting—

Mr BOWEN: As the shadow Assistant Treasurer points out, the cycle is speeding up. When it comes to backflips, the backflips happen more quickly every time. The Treasurer did call for bipartisanship, so we took him at his word. We put up a plan, a costed and detailed plan, a plan we had consulted on. This Prime Minister, so lacking in vision and courage, shot down the debate to engage in a good old-fashioned scare campaign. I acknowledge the Prime Minister has political skills, and that is what he does best—a good old-fashioned scare campaign. It is not one befitting the Prime Minister of Australia, not one befitting our nation, which is crying out for vision, for honesty about the challenges and opportunities of the future. No, this Prime Minister just engages in a scare campaign.

Let's have some facts on the table about Labor's plan for superannuation. Firstly, 94 per cent of Australian people in their retirement phase are completely unaffected by Labor's plan. Ninety per cent of the revenue raised by Labor's plan comes from people with balances of more than $2 million in their superannuation account; 97 per cent comes from people with more than $1½ million in their superannuation account. He does not like these facts. Of course, the Prime Minister takes a completely misleading approach when it comes to his scare campaigns. He says he does not like increasing tax on superannuation. 'I don't like increasing tax on superannuation.' Well, we know he actually does like it, because he has done it. He has increased the tax on low-income earners when it comes to their superannuation savings. He abolished the low-income superannuation contribution, which is a tax increase on the superannuation of people on low incomes.

There are about 180,000 people across the nation affected by Labor's plan. Do you know how many people are affected by the Prime Minister's tax increase on superannuation?—3.6 million Australians, the majority of whom are women and all of whom are low-income earners. The Prime Minister is more than prepared to be tough on them. He is more than
prepared to take away their tax breaks on superannuation. He is more than prepared to abolish the superannuation tax concession for low-income earners. But when it comes to high-income earners—‘Oh, no, we're not going to touch that,’ says the Prime Minister. 'That's off limits; that is out of bounds.' The fact is this Prime Minister does increase taxes; this Prime Minister is seeing tax increases as a percentage of the economy every year on his watch. This Prime Minister wants to increase the petrol tax, which will raise $19 billion over the next decade. He called a $14 billion plan from Labor ‘a tax grab'; he pretends his $19 billion plan does not exist.

We remember the litany of mistakes, errors and insults we have been subjected to by the Treasurer of Australia, but perhaps the low point came when he told us that 'poor people don't drive cars in Australia'. That came as a surprise to those poor people—those people around Australia who are on low incomes and who are using their cars to get their kids to school and to themselves to work. That insult from the Treasurer was particularly hurtful.

The Prime Minister and the Treasurer are quick to tell Australia's pensioners that their payments are unsustainable, that their modest pension cannot be afforded. That is what the Prime Minister and the Treasurer would have us believe. They do not point out the fact, which is in their own intergenerational report, that the age pension costs will increase to $3.6 per cent of GDP by 2054-55. We on this side say that Australia's pensioners deserve to have at least four per cent of our economy spent on them. This government says, ‘3.6 per cent of GDP is unsustainable and we can't afford it,' but they leave untouched the tax concessions on superannuation, which are the fastest growing tax concessions in the entire federal budget. In four years the cost of superannuation tax concessions will outstrip the cost of the age pension. That is what unsustainability looks like; that is what unfairness looks like. This government says, ‘Well, the age pension, which is growing more slowly than the tax concessions on superannuation and will be smaller than the tax concessions in four years, is unsustainable, but the tax concessions are perfectly sustainable.’ That is the argument put by the government; it lacks any logical consistency.

The government is planning to make the most sustainable part of the retirement income system, the age pension to just 16 per cent of average weekly earnings. We have looked into their eyes and that is what they want to do—it is their preferred model. There are plenty of people who have pointed out that the superannuation tax concessions need to be addressed. The government's own Murray inquiry into financial systems said that:

… the majority of tax concessions accrue to the top 20 per cent of income earners. These tax concessions are unlikely to reduce future Age Pension expenditure significantly. … Giving high-income individuals larger concessions than are required to achieve the objectives of the system also increases the inefficiencies that arise from higher taxation elsewhere in the economy, including differences in the tax treatment of savings.

What the Murray inquiry is really saying there is that a tax concession for somebody is paid for by higher taxes on somebody else—on the mums and dads of Australia, on the lower-middle-income earners of Australia.

Even the National Commission of Audit, which the government used to tell about a lot, but which we do not hear much about these days and which gave us the GP tax and $100,000 university degrees, thought that the tax concessions for high income earners needed to be dealt with. The commission of audit said:
... many superannuation tax concessions disproportionately benefit higher income earners, when compared to taxation at marginal tax rates under the progressive income tax system.

Then we had the government's own hand-picked new Secretary of the Treasury say:

...substantial tax assistance is provided to superannuation savings. We need to consider whether the level and distribution of these tax concessions remains appropriate.

It does not remain appropriate and it needs to be fixed.

This side of the House is prepared to show the courage to fix it. That side of the House does not have the courage and is sticking to their business model of misleading the Australian people before an election and then doing something completely opposite in delivering their budget after the election. This tells us about the government's values. They are prepared to be tough on Australian pensioners, but they are not prepared to show the courage to tell Australia's high-income earners, 'It's time to pay you fair share.'

Mr BILLSON (Dunkley—Minister for Small Business) (15:27): Madam Speaker, what a gob-smacking performance from the member for McMahon! This topic was supposed to be about a fair and sustainable plan for Australia's future, but all we heard about was Labor's plan for a new tax. That is all we get from Labor. What are they doing in opposition? Are they congratulating each other that they are the shadow ministers for something or other? They are not coming up with any ideas in this year of the big ideas. We just heard the shadow Treasurer—the person who aspires to be managing the levers of our economy and our capacity to fund essential works and services for our nation—tease us that he may have come up with something that looked like a fair and sustainable plan for Australia's future. Yet all we heard was Labor's big idea—a new tax. They want to reach into the superannuation savings—if in case of fiscal danger, break glass and pinch people's superannuation retirement funds to prop up their inability to manage the budget and articulate any kind of plan for the future of our country.

What a vivid contrast! There is no preparedness whatsoever from Labor to recognise the debt and deficit trajectory they had hard-wired our nation into. They have no shame in ignoring the circumstances they have left this government to repair and renew opportunity and hope for the future. There is no acknowledgement whatsoever that it is this government that has a plan. It has a plan for economic recovery—to boost jobs and participation and to energise enterprise in small business. Did you hear one positive or constructive idea? No, all you got was the member for McMahon—who is now known as 'Bowe of Blah Blah'—go on with this torrent of words to torment the ears of everybody in the chamber. Could you get one single, coherent idea or even something that masqueraded as a plan? No, it was just a 'cunning plan', to use Baldrick's term, to reach into the pockets of superannuants to prop up Labor's inability to manage the budget.

So what have we been doing? Well, our plan is about repairing our economic circumstances. It is about, as a nation, fronting up to our responsibility to those in the future. We should pay our way; there is nothing fair about gifting debt, deficit and the burden to fund today's works and services to future generations. That is not fair; that is intergenerational theft. Labor cannot even confront the idea that it has caused this financial challenge, which it has now left to the Abbott coalition government to deal with. It is left to us to get the economy and the budget of the nation back on track. That is at the heart of our plan: paying our way, providing scope for improved opportunities for the future, and promising that we
will do what is needed to deliver the great promise of our country that the next generation will have it better than we had it. If we left things on Labor's setting, we would be the first generation to deny the next generation that great promise. What is fair about that?

You see these Labor people opposite; where are their ideas, other than one plan? It is a plan that they have to rollout and bump the numbers up over a decade just so it gets the 'whoa' reaction from the journalists. They cannot even manage to work within the financial estimates. They need the whistle factor, and the only way that they can do that is roll it out 10 years ahead. What is it? It is a plan that Labor talked about when they were in government, but they did not have the wit to actually implement it, because the consequences go well beyond what they are saying would be the impact on those self-funded retirees in our economy.

Let us think about those self-funded retirees. We saw from the Intergenerational report that right now only one in six retirees are fully self-funded—that is, are genuinely independent. Labor thought 'Well, that's okay'. On the policy settings that they left behind, by 2050, after three generations of compulsory superannuation, do you know what the numbers look like? One in six; it does not change at all. The policy settings, which Labor have put in place to relieve some of the financial burden on future generations, were making no contribution whatsoever. What we have said is that, if people put aside and provide for their own retirement, put their own resources into their retirement nest egg, and take responsibility for their own retirement, it is a bit rich to see those resources as a raid opportunity to pickpocket to prop up the budget. That is what Labor want to do.

Our view, in order to ensure sustainability, is to make sure that income support is targeted to people who genuinely need their income supported. That is a difficult decision. That is being responsible. That is recognising the role of the taxpayer in funding income support, by making sure that income support goes to people who genuinely need it. We have a range of other measures in the budget—not to see expenditures drop like a lead balloon—but to tackle the fact that, under Labor, expenditures were taking off like a jet fighter and the revenue could not keep up. We are saying 'dial that back'. We see growth in key areas of our role and responsibilities of government: more funding for health, more funding for education, an adequate and responsive safety net for those who need our help, and a reprioritisation of scarce taxpayer resources to where they are needed so that we can actually get the economy going and create the jobs and opportunities for the future. That is a sustainable plan. This is that plan.

This is a plan that does not have as its ambition handcuffing people to welfare. That is not the ambition that Australians have. They want the dignity of work—the opportunity to improve their circumstances, to provide for their own needs and, through that, build the momentum for a good, dignified quality of life in this great country that we are blessed to the citizens in. This is a plan that says fix the budget; $58.6 billion is where Labor are currently behind the budget task. They cannot fix it; they are adding to the problem. In those thought bubbles masquerading as the Leader of the Opposition's budget reply speech, he added another $6.6 billion to the already $52 billion of budget black hole that Labor have created by denying savings that they even campaigned on in government, yet now will not support. Where we are making adjustments to live affordably within our means, Labor are saying 'No, no, we can't do that; that's not right' in order to play to their various interest groups and to not
really tackle the challenges that we face. Labor are $58.6 billion behind and they have the hide to come in here and talk about budget repair.

The member for McMahon was shadow Treasurer for about five minutes and he did not manage to mention that in his bio, but he has fixed that now. The member for McMahon failed to talk about getting the right environment in place to support enterprise job creation, to energise enterprise in small business and to put in place the right incentives so that those looking for work have that opportunity to work. You know where work is most likely to be found for those looking to get their first job or those who have been out of work for some time and are looking to return to the economy? It is not in the big corporates—the big Labor, big union, big government, big business chat fest that they love. No, it is not in that space. It is in the small businesses. It is small businesses, it is family or farming enterprises, and it is those entrepreneurial people right across our continent that are creating economic life and vitality in their community. That is where the opportunities come from. That is why that is our plan: target, support, encourage and incentivise enterprising men and women to do what they do best, and that is have a go and turn an idea and ambition into economic opportunity and action. Our plan, through our incentives, is to reward entrepreneurship with a company tax cut for small businesses, taking it to where it has not been for half a century. The tax rate has not been lower for 49 years. That is a good measure.

Labor forgets that two-thirds of small businesses are not incorporated. Labor had a thought bubble on budget night. Do you know why it is a thought bubble? Labor briefed the Leader of the Opposition's speech around. By early afternoon there was no mention of small business in his speech—none. Then somebody thought: 'Gee, you can't do that; you've already got a reputation when it comes to pies and small business, and the only small business you've ever got up close to is the one that you've picketed.' So there was a little add in. The little add in was: 'Let's try and trump what the government's doing. Not one 1½ per cent, let's go five!' It had a familiar ring to it because that is what they promised in 2010. What happened? Absolutely nothing—that is probably not true: they printed a whole lot of newsletters praising themselves for what they had done and then did not do it. They stooged small business again; they came up with an idea that ignored two-thirds of them.

What they needed to do was simply turn their mind to the government's jobs and small business package: a $5.5 billion investment in a fair, sustainable, robust economy that delivers the chance for people to secure work and for enterprising people to get ahead. It is a package to support and energise a thriving economy that can make the best of the opportunities which are in abundance for our country and our people. That is a plan. This is the plan. The best thing that Labor can do is stop kidding themselves and the Australian public that they care about jobs other their own. They should stop kidding the Australian public that there is some other interest group—other than the unions—that they come in here and spruik for. This is about the future. This is a plan. Labor did not have a plan other than a 'cunning plan' for a new tax, and that is their idea of the future.

Mr RIPOLL (Oxley) (15:37): It is a real pleasure to speak on this very important subject of sustainability for our economy. Sustainability is a concept that is often at the heart of most policies that we derive in this place—policies on the environment, economy, health, industry, energy, superannuation and, very importantly, on budgetary settings as well. It is timely that
we raise this issue of sustainability and the need to have a plan for the country, because the government does not have one.

That becomes clear when you look at the big numbers, let alone the little numbers, that are contained in the budget. On the really big numbers, what has this government actually done in this budget compared to its budget 12 months ago? In 12 months, Joe Hockey and the Liberal government have added $35 billion worth of deficit. We have gone from a $17 billion deficit—that is $17 billion with a big minus in front of it—with those opposite saying it was the worst thing that this country could ever possibly have in terms of supporting small business and the economy, and driving the economy. What does the government do to make it better? It does not make it better. It makes it worse. It increases the budget deficit to $35.1 billion, and that is not since they won office but since their last budget—since Joe Hockey’s last budget. There is more debt. Debt was a key feature; I think everyone can remember ‘debt and deficit’. There were only three-word slogans and cliches and fluffy statements. That one rings in my head pretty loudly.

What has the government done in this budget compared to the last budget? According to the budget papers, last year’s budget debt was $246 billion, but this year’s budget debt is $285 billion. Just ‘do the math’: it is more. In fact, it is a lot more. The government, in 12 months, has added to the bad position of its own last budget. Top job! They have added more debt. They have made a bigger deficit and added more debt—not since they came to government but since the last budget. You would think that in two budgets, surely, they could at least start to redress it, halt it and maybe start to make it look a little bit better. That was certainly the promise, but it certainly has not happened.

On the deficit side, the budget shows they have doubled the deficit. On the debt side, they have added $39 billion more worth of debt. Where is all this money coming from? Who is paying for this? If it is debt and deficit, the government must have borrowed more money. Where else could they have got the money? It is certainly not coming from revenues. It is certainly not coming from economic growth. It is not coming from small business, confidence or anywhere else in the economy. Where is it coming from? In fact, under this government, at the last budget, real GDP growth was three per cent. It is reasonable; it is not great. You would want it to be more. What is it this year? Joe Hockey and the Liberal government have done such a great job that it has fallen even lower! It is almost at depression levels of 2.75 per cent.

What really interests me about the mantra of government ministers, as we heard from the Minister for Small Business earlier, is that, from listening to them, they are actually spending more on everything. Every single minister that stands up here says that they are spending more in their budget areas. They are quite proud of it, as you would be if you were the minister for widgets and you could say, ‘We are spending more on widgets.’ But they cannot all be spending more, because it does not add up. If every single Liberal minister says, ‘We’re spending more, more, more,’ where are the savings coming from? Because there do not seem to be any savings. Hang on—I just found some! If you were a Liberal government, where would you look for savings? ‘Let’s look at low-income Australians first.’ Where else are you going to find savings!

When the government decided that they were going to take money off people to help them spend, spend, spend as a big-taxing, big-spending government, who do they attack first? They
attack low-income Australians, over two million working women who earn less than $37,000 a year. They take a ‘measly’ $500 off each one of those. Five hundred dollars is a lot of money to a low-income earner—not so much money to the government. Why would you just attack low-income Australians?

Why would you go even further and say, ‘Absolutely never, ever—no adverse changes to superannuation’? We are now in this ridiculous territory where the government say they are never going to make any changes at all to anything to do with super, but they are quite happy to delay by many, many years the superannuation guarantee, which helps ordinary working Australians, going from 9.5 per cent today—which the government did not support—to 12 per cent in the future. We all know that this is part of having a sustainable economy, a sustainable pension system and a sustainable way of making sure that our economy continues to grow. As for whether this government is sustainable, it is not. It is spend, spend, spend, and it attacks low-income earners at the same time.

**Mr McCormack** (Riverina—Parliamentary Secretary to the Minister for Finance) (15:42): Listening to the member for Oxley, it is like a script for a new movie called *Weekday at Bernie’s*. ‘There’s a whole lot of money embezzled; we’ll just say debt and deficit racked up,’ not embezzled but racked up. Then somebody passes away and everybody tries to make out as though it has not happened and they just keep going as per normal. It is a new movie, *Weekday at Bernie’s*—because, if the member for Oxley has not been sitting there asleep since September 2013, he would know that we do have a crisis of confidence in this country, left by Labor. However, we are getting on with the job of fixing that crisis of confidence, and the budget released at the start of May has done just that. It has calmed the waters. It has given people back the absolute confidence that they need to invest in small business and jobs, and to get on with the job of paying back the debt and deficit legacy of Labor.

We will not be lectured by Labor on fairness or sustainability—just like we would not take political advice from Kyle Sandilands! We have just heard from Labor members sounding a little bit like that shock jock. We will not succumb to the lefties on Twitter who tell us how to run this country, because we know from going into small businesses, talking to family groups, pushing our shopping trolleys around the supermarkets—in those IGA supermarkets, which are great little businesses—that the people who have trusted us with government have confidence that we are doing the right thing by this nation, paying back the debt and deficit left by Labor.

That is how good government operates. We do not operate on knee-jerk reactions like Labor did on 7 June 2011 when they shut down the live cattle trade. Labor talks ad hoc and at length about NATSEM modelling. It did not even include the 2015 budget. He who pays the piper calls the tune, and it is rubbish in rubbish out. If you want material out of particular modelling, pay for it, commission it, get it like Labor did. Then you will get the answers that you want. Push briefing, push modelling.

Labor needs to get on with the job of helping us to pass our budget because if they do that they will be doing the right thing by this nation, putting in place the sorts of things that our country needs—small business needs. We heard the health minister today making medicines more affordable with a package of measures transforming the Pharmaceutical Benefits Scheme. That is a good thing. Just signed, or in the process of being signed, is the 6th
Community Pharmacy Agreement. The 47 chemists around the Riverina are very happy with that, let me tell you.

What do we get from the other side? Labor wants to reintroduce the carbon tax. Labor wants to introduce a mining tax that hits some mining companies but not others. Labor wants to tax superannuation. Labor will reopen our borders. We are there. We are supporting welfare to work. We are giving people the dignity of a job. That is what good governments do. Our $5½ billion small business package includes a suite of measures that will inject confidence and boost momentum right throughout the country.

Today we have heard that we are getting on with the job, with the tax depreciation measures for farmers announced in the 2015 budget being brought forward to 1 July this year. That is great. On 12 May, the federal Treasurer announced that $70 million would be allocated for accelerated depreciation claims for fencing and water infrastructure and fodder storage, but the move was scheduled for July 2016. So the good Nationals, of which you are one, Deputy Speaker, lobbied to have that brought forward because we know that regional Australia is one of the driving forces—

Mr McCORMACK: The member for Fraser would not understand that, because he would not know a farmer if he fell over one. But we know that the confidence is out there in regional Australia. They grow the food and fibre to feed our nation and many others besides. We just heard from the small business minister. He is getting on with the job of getting through those measures that small business needs, such as the tax write-offs and the incentive to employ people. Labor had six small business ministers in six years. They did not understand the engine room of the economy. We do. That is because we have been in small business. All Labor cares about is debt, deficit and unions.

Mr MITCHELL (McEwen—Second Deputy Speaker) (15:47): I rise to speak on the incomprehensible stubbornness and ignorance of this government when it comes to superannuation. Everyone in this House and around Australia can see the ideology of this government is essentially to protect the rich and damn the poor.

As the system currently stands, we are seeing an increasing disparity, and that is unsustainable. The lucky few with potentially millions in their superannuation accounts pay nothing on their earnings once they have hit 60 years of age. The government has collected no net revenue from superannuation in recent years, yet it feels cutting the pension to struggling seniors is the best way to achieve a surplus. Even audits and reports commissioned by this government highlight the acute inequality in our superannuation system due to the disproportionate tax concessions offered to the wealthy. The Financial System Inquiry says:

… the majority of tax concessions accrue to the top 20 per cent of income earners … These tax concessions are unlikely to reduce future Age Pension expenditure significantly.

This will give high-income individuals larger concession than required to achieve the objectives of the system. The government's own Murray inquiry states that badly targeted superannuation concessions mean higher taxes on ordinary mums and dads. Even the
Commission of Audit, that woeful report that wants to punish Australia with $100,000 degrees and GP taxes says that super concessions are unfair.

Is it because the members opposite want to protect their own hefty nest eggs? It is okay for them to reap the benefits of Labor, and let us not forget that superannuation is a proud Labor program. Let us not let the hardworking families of Australia be punished by it, because the inequity is astounding. Remember, the member for Warringah, the now Prime Minister, standing in this place saying that compulsory superannuation is a con. To give you an insight into the wonderful thinking of the Prime Minister, I quote from Hansard on 25 September 1995 when he said:

Any money you put in is your money and you are certain to get back less than you put in.

That is just astounding, and I think it shows how badly the government are going. I want to keep calling you the opposition because that is where you are going to go back to very shortly. I shows how bad they are that they get a guy who says that superannuation is going to cost you money to have and make him their leader. Meanwhile, I am sure the would-be leader sitting over there just shakes his head quite often, thinking, 'Where did it all go wrong?' It sounds like one of those songs from The Muppet Movie.

Our plans for the superannuation system make it more sustainable by targeting the superannuation tax concessions to those who need them most. We will lower the threshold of the 15 per cent high-income superannuation charge from $300,000 to $250,000 to better align the tax concession. We will ensure that earnings of more than $75,000 during the retirement phase are taxed at a concessional rate of 15 per cent instead of being tax free. Labor plans to make the superannuation system better for those who need the support the most, and we have seen that today.

We have seen the small business minister stand up here like the little Energizer bunny, jumping around saying, 'The government are putting income support to people who genuinely need it.' So what did they do? They took away tax for those who have multimillions of dollars in their superannuation and put a tax back on people who are earning less than $37,500 a year. That is their way and that is their plan. It is the ideological way they do things. They want to tax the poor and help the rich. It is appalling. What it means is that people who can least afford it are the ones who are being hit the hardest. We see members opposite smiling over there. They think it is going great guns. Auntie Jean is happy, but do not worry about the parliamentary cleaners. Do not worry about the Defence Force personnel. They promised to increase their wages and still have not done it.

Mr McCormack: What did you do for Defence people?

Mr MITCHELL: What do we do for Defence people? We give Defence people what they want. What have you done? I would ask you across the opposite side, but I will give you time to be able to decipher things and maybe one day you will learn. The measures that this government have put into the budget have shown that the only thing they believe in consistently is taxing those who can least afford it. Former Prime Minister Keating said:

You don't expect conservative governments to believe in much but, at least, you expect them to believe in thrift.

Well, this government does not even go that far. What they have done through their cuts to the pension is to make sure that 3.7 million pensioners are $80 a week worse off by the end of
the decade. It is an absolute disgrace that this government has no plan for a fair and sustainable future for our country. *(Time expired)*

**WYATT ROY** (Longman) (15:53): I picked up this proposal from the shadow Treasurer, in which he talks about the plan for a fair and sustainable future for our country, and I thought, 'We are just going to go back and forward with one of these ridiculous political arguments where the Labor Party in all of their speeches say that it does not matter really about what we hand over to next generation.' In this place we could keep going back and forward like this—Labor members could yell and interject and we could beat our chests on this side—or we could actually just talk about the future of Australia and what we are facing. It is a big decision for us in this place: are we actually going to talk about what we are facing for the next generation of Australians, or are we going to stand in here and chest-beat and laugh and point and go through this ridiculous political cycle, all for our own political survival today, and hand over to the next generation of Australians a country that ultimately will have less opportunity? If we cannot meet the challenges that we face as a country collectively, Labor or Liberal, that is what we are going to hand over to the next generation of Australians.

Let me try to remove the partisan politics from this matter, Mr Deputy Speaker. Let me tell you how I see it. The next generation of Australians will inherit a country that has a significantly greater debt burden—that is just a reality. Sure, when we left government last time the books were very much in the black and when we came to government they were very much in the red, but if we hand over a nation with that much debt to the next generation of Australians that will mean less money to invest in schools, in roads and in hospitals and less money to invest in education and training opportunities for the next generation of Australians. We have to be able to deal with that debt burden. It also means that, if we cannot deal with that, the next generation of Australians will pay more tax than this generation does.

There is also a demographic reality that we have to face at some point as a nation. Sure we can jump up and down and the Labor members can make political points and the coalition members can make political points, but at some point we have to realise as a country that our demography will change our society and we have to be able to deal with that.

This is the Productivity Commission report talking—not me as a coalition member, not those interjecting Labor members but the Productivity Commission: today, there are 7½ Australians working for every Australian that is not. By 2050, that will be only 2½ Australians working for every Australian that is not. So when my generation gets close to the retirement stage—and we have talked a bit about the retirement stage—there will be only 2½ people working for every person that is not. Today, the system has 7½. We need to be able to do something to ensure that the next generation inherits a country which has the same opportunity or, preferably, more opportunity than our country has today.

Just from the demographic reality, if we do nothing, which is what the Labor Party is currently proposing, the next generation of Australians will pay 21 per cent more tax than the current generation of Australians—just to fund the demographic change. What is fair, what is sustainable, about saying, for our own political survival as members of parliament: 'We will take cheap political decisions today so that the next generation can pick up the bill and the next generation of Australians will inherit that debt. The next generation of Australians will
pay at least 21 per cent more tax than we currently do? There is nothing fair and sustainable about that as a country.

We have to grow the productive capacity of the economy. We have to have the next generation of Australians in better jobs, earning higher real wages so that ultimately they can pay more tax. That is why we on this side of the parliament believe that ultimately the wealth and prosperity of our nation comes from the Australian people, not the government. If we keep putting the government back at the centre of our society and we keep restricting the ability of our citizens to go out there to find and to grow those new jobs of the future then we are going to lose. There is a demographic reality. We are going to lose. That is why we on this side of the chamber will do everything in our power to free our citizens, lower taxes and give them those equal opportunities to go out there and find their jobs, and actually have a country that is productive, that is outward looking and understands that, as a billion people come into the middle class in Asia, we have enormous opportunity to sell them the products that will create the future jobs our country needs.

Mr GRIFFIN (Bruce) (15:58): I actually hate following the member for Longman; I always do. I much prefer following you, Deputy Speaker, for a range of reasons but particularly on the basis that when I follow him I feel old and when I follow you I do not feel quite so old. But what I have to say—

Mr Turnbull: Mr Deputy Speaker, I rise on a point of order. I think the honourable member should withdraw that distinctly ungallant remark.

The DEPUTY SPEAKER (Hon. BC Scott): I appreciate the comments from the minister. I think we will take it in good humour without reflecting on the member for Bruce.

Mr GRIFFIN: Thank you, Mr Deputy Speaker. Rather than withdraw, I will expand: I will say that one speaks of wisdom and one has wisdom, and that is something also to remember. The member for Longman raised some interesting issues but I think that, at the end of the day, it is a political chamber and it is a chamber where we try and debate issues and we try and do it sometimes with good humour. He raises some very important points but, once again, at the end of the day, there was no plan.

What is a plan? A plan is a detailed proposal for doing or achieving something, and I think that needs to be understood as a starting point.

When we look at this government, what we have seen over the years is many plans. Remember, before the last election there was a plan. That plan involved the fact that there would be no cuts to education, no cuts to health, no cuts to the ABC, no cuts to SBS and no changes to the pension. There were a whole bunch of things that were ruled out, because that was their plan. There were leaflets that were glossy; there were a number of pages that talked about a plan for jobs. That just has not happened.

Then we had the election, and after the election we had a budget. People remember that budget from last year. Those opposite might hope that people have forgotten but, no, they still remember. That was another plan to say that we will all be ruined, that it is hell on wheels. To deal with that, they said: 'We're going to have to cut, cut, cut and go in hard.' That would be only on some people, only on some sectors of society, only on those who are down at the bottom end. We saw a whole range of claims and commitments in that earlier plan, but they all went west.
So we had another plan. That plan went so well with the Australian community—and, frankly, with the government's backbench—that earlier this year there was a need to find another plan. That was a plan to save a leadership. That plan, as we saw come to fruition with respect to the most recent budget, was based on a whole series of premises and commitments that were almost completely at odds with the rhetoric of last year. We have a Treasurer who thought he was—in the first part of this term—Winston Churchill. He would stand there with cigar in one hand and brandy in the other and talk about the need to 'fight them on the beaches' and the fact that we were facing an international existential threat. And off we go. Never have so many owed so much to so few.

Now what do we have? We have Winnie the Pooh. We have a situation of 'off looking for the honey pot': he is a bit slow. It is all okay, life is fine but, at the end of the day, not much else is going to happen.

**An opposition member:** Who is Tigger?

**Mr GRIFFIN:** You could look across there and say 'Who is Tigger?' Tigger jumps around. Tigger is frenetic. He is energetic. I think he has some interest in communications, actually! I think he does.

**An honourable member:** Eeyore!

**Mr GRIFFIN:** Eeyore? There is a selection. The owl, I think, was probably the good member for Berowra—but the owl is not so much in vogue these days.

**An opposition member:** Who is Piglet?

**Mr GRIFFIN:** As to Piglet, I will leave that to others—I have lost a fair bit of weight, so I hope they are not thinking it is me. The point is this: there are so many plans. The plans change. They cannot hold a tune. If this Treasurer and this Prime Minister were actually about holding a tune, having a consistent message, a consistent speech—they think a jingle is an opera. They have no capacity to hold a line for any longer than a 30-second ad. That is their problem.

A plan requires a commitment. It requires commitments on what you will do, and then you have to stick to it and work through it over time. This government seems to find a new plan every other day. And because they find a new plan every other day we all know, on this side of the House, there will have to be another plan for the leadership in a matter of weeks, because they cannot hold the plan together. *(Time expired)*

**Mrs WICKS** (Robertson) (16:03): I am so pleased to follow the member for Bruce, because he is the only member on that side of the House to talk about the fact that this side of the House is the only side that has a plan for Australia's future. Unfortunately, the member for Bruce does not seem to know the plans that Labor has—because Labor has no plans.

The people of Australia voted for our plans. The people of the Central Coast voted for our plan, a sensible plan to take Australia forward, a sensible plan to fix Labor's debt and deficit, a sensible plan to stop the boats, and a sensible plan to deliver hope and more opportunities for people not only on the Central Coast but also right around Australia. They voted for that plan. The interesting thing is that we do not just have a plan—we have been in government for just nearly two years and we are already delivering on that plan.
We are not only delivering on the plan to make sure that we do have jobs for the future and more opportunities for Australians but also we are getting on with the job of fixing the debt, the deficit and the legacy left to us by members opposite. We have been reminded of their legacy—and the mess that we inherited from them—many times in this House. I want to talk about my electorate, because the Central Coast is probably the best region of the best country in the world and I would love to spend some time talking about our plan for the Central Coast. But before I do that, I want to put on record the coalition government's plan.

In just two years we have created a quarter of a million new jobs. Jobs are now growing at three times the pace than under Labor and now we have, as part of this year's budget, another plan to help small businesses get ahead and have a go. This $5.5 billion growing jobs and small-business package is part of making sure that we have a strong plan for Australia's future, benefiting more than 95 per cent of Australian businesses, bringing a small-business company tax cut to the lowest it has been in almost 50 years and, for two years, giving all small businesses an immediate tax reduction on any asset they buy costing up to $20,000.

I was so pleased to hear the Minister for Small Business in the House yesterday talking up the benefits this will have for small businesses in my community of the Central Coast, and he raised examples in the House of how our small-business package will benefit those people. This is a small-business minister who really has his finger on the pulse. Why are we so focused on small business? Why are we so focused on supporting business? It is because it is not government that creates jobs, it is business that creates jobs. We want to make sure that small businesses can grow to become much larger businesses. If they grow, they thrive, they prosper and they succeed—and they provide even more jobs and opportunities for people, in my electorate, on the Central Coast.

Jobs is one of the biggest issues that we have on the Central Coast. In my electorate nearly one in three people—30,000 people—on the Central Coast leave early in the morning and return home late at night to their families. I talk about this all the time in this chamber, because it is so important and the people of my electorate talk to me about it every day. We went to the election with a growth plan not only for Australia but also for the Central Coast.

I am pleased to say that so many of the commitments we outlined in our growth plan have been confirmed in this year’s budget. This includes the 600 new jobs for Gosford with the relocation of the ATO to a purpose-built building—on time and on budget. There is $7 million to help revitalise Gosford and to stimulate the local economy through investing in a building called Kibbleplex to help bring more people and more opportunity into the heart of Gosford. And, of course, committing to NorthConnex. For 50 years this was talked about; only our government is delivering it, and this is going to be done by the end of 2019, creating 8,700 jobs and cutting off half an hour each day in round-trip commute for people on the Central Coast going down the freeway to Sydney every day.

But something we have not talked about so much in this House just yet but I intend to talk a lot about is the impact of our $10 million commitment to the Somersby Industrial Park. When we see the upgrade of that very important industrial park, we will actually see the creation of around 3,000 jobs, according to economic modelling. Those are 3,000 new jobs created as a result of a very important investment in the Central Coast because this is a government that believes that we not only have a plan for Australia's future but are delivering for the Central Coast.
Ms RYAN (Lalor—Opposition Whip) (16:08): I would like to echo the sentiments of the member for Bruce in terms of the planning that we have seen from this government since it came to government. As the member for Bruce said, they have had lots of plans but have not stuck to any of those plans. We will probably see a new plan. But I have sensed that there is one consistent line that is coming through from this government, and it is a line that distresses me.

Last year we had the Treasurer out there with his lifters and his leaners, showing his ignorance, showing his ability to divide this country, and today we had the member for Cook up there doing the same with rhetoric around the notion—the clear implication—that families in receipt of the family tax benefit part B are somehow not working, that to a family they are leaners. That was the implication I heard today and yesterday in question time.

That is the problem, because that plan is not going to work either. In my electorate, where 18,000 families are in receipt of the FTB, most of them are working. In fact, many of them are two-income families who are still in receipt of the FTB because they have modest incomes. I know it is not something that the Sydney North Shore frontbench over there understand, but many people work for a minimum wage—although those over there do know where they are when they want to hit them and take away their superannuation contribution. They know where to find them then.

But I do have another message, and I bring this message from home in Lalor today. This government's plans are not coming to fruition, because they are finding it difficult to stick to a plan, but that message, that attempt to divide this nation is mean, sneaky, tricky and will backfire. In my electorate many of those small business people—the small business people that the other side talk about and talk about saving this country—in my electorate are actually family tax benefit recipients. I want to drive that point home. It will not divide this nation. It will backfire as we unravel the detail of this budget and we find the people who are going to be impacted most. In my electorate you are going to find that those people are the same people—the people that the member for Cook, the minister, tried to demonise in this chamber today in question time. He tried to sell a line to the press gallery upstairs. He tried to sell a line that people who are getting support through the FTB are somehow leaners, not worthy, not contributors. In my community they contribute plenty.

Where we live—where I live—we do not have a lot of spare cash and we do not have many families who can afford to make huge personal contributions to their superannuation. That is why Labor's low-income superannuation input was so important and why it was so unfair that this government cut it out. It was incredibly unfair. Now, when Labor comes up with a plan on superannuation—a plan on superannuation that certainly meets the fairness test in my electorate, a plan that would mean that we will not lose $45 billion over the next seven years by freezing the superannuation guarantee or delay the increase in the superannuation guarantee and would help families in my electorate build superannuation so that they may not be reliant on the pension as they get older.

There seems to be an incredible unfairness at the core of this government. Families in my electorate on $65,000 stand to lose up to $6,000 on this government's changes, and yet high-income retirees with $2 million in their superannuation—don't touch them! They cannot be asked to make a contribution. It is unfair at the core.
Mr SIMPKINS (Cowan) (16:13): It is nice to be able to speak on this motion—incredible motion as it is with the suggestion the 'failure of the government to come up with a fair and sustainable plan'. We should go back to the end of 2007, back in the days when there was black ink on the budget papers of this country. Then we move forward six years—the six years that have evaporated in the memory of the Labor Party, with those wonderful projects like the pink batts, the cash for clunkers and the fabulous expenses that they installed in this country, taking net assets and driving them into the red. And yet, when we are here now, it is as if all that never happened. Labor talk about fairness. What about fairness with respect to giving a better future to the children of this country? As a parent I want—indeed, as do, I am sure, all members in this chamber who are parents—my kids to have a better life than I have. I have a better life than my parents had. They had a better life than their parents had and, so far, this country just keeps on moving forward. That is why everyone wants to come here and it is why people really see it as a country in the world that they would like to come to.

But as the member for Longman put so well, far better than I ever could, what we are now facing is handing on to future generations, whether they are up there in the galleries or anywhere around this country, debt levels that they have never seen before. That debt gets paid for by either higher taxes or a reduction in services. There is only one side trying to do something about that, trying to build the productive capacity.

The other side of politics, the Labor Party, have taken the easy road. They can just go back and say to every group around the country: 'You don't have to do anything; you don't have to bear the burden.' They do not mention who imposed the burden, which was them. They do not mention who imposed the debt, who drove it down with bad policies and big expectations. No, they do not mention that part. They basically are leaving all this debt for future generations to cop. I do not call that fair at all.

However, here on this side we are talking about a productive capacity increase. We are talking about benefits for small business—the multipliers, the job creators of this country—to move beyond the mining boom and those sorts of things, so we can actually create something bigger. What people need most in their life is a job, a support mechanism for their families. The future that the other side want seems to be nothing but welfare and self-interest and we are moving beyond that. We are saying to people: 'It's about jobs, it's about the opportunity to improve your country and things for your family. Through our small business package and our support for child care around this country, to enable people to move into work, these are the benefits that will actually happen and are the things that will build productive capacity all around the country.'
BILLS
- Quarantine Charges (Imposition—Customs) Amendment Bill 2015
- Quarantine Charges (Imposition—Excise) Amendment Bill 2015
- Quarantine Charges (Imposition—General) Amendment Bill 2015
- Health Insurance (Approved Pathology Specimen Collection Centres) Tax Amendment (Norfolk Island) Bill 2015
- Quarantine Charges (Imposition—Excise) Amendment Bill 2015
- Seafarers Rehabilitation and Compensation and Other Legislation Amendment Bill 2015
- Health Insurance (Approved Pathology Specimen Collection Centres) Tax Amendment (Norfolk Island) Bill 2015
- Tax and Superannuation Laws Amendment (Norfolk Island Reforms) Bill 2015
- Health and Other Services (Compensation) Care Charges Amendment (Norfolk Island) Bill 2015
- Aged Care (Accommodation Payment Security) Levy Amendment (Norfolk Island) Bill 2015
- Health Insurance (Pathology) (Fees) Amendment (Norfolk Island) Bill 2015
- Norfolk Island Legislation Amendment Bill 2015
- Tribunals Amalgamation Bill 2015

Assent

Messages from the Governor-General reported informing the House of assent to the bills.

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

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

"whilst not declining to give the Bill a second reading, the House condemns the Government's cuts to Australia's innovation and science capacity."

Mr BANDT (Melbourne) (16:17): I rise to make a few brief comments in support of this legislation, the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. The legislation makes what can only be described as a common-sense change and that is to make it easier for people who are in a position to start-up companies, who want to succeed and to be part of that from the ground. We know that some of the changes that have
been made before attempted to strike the right balance but did not in fact do so. They did that because an up-front tax bill was essentially imposed on the people who wanted to join in on start-up companies from the beginning.

We have a significant challenge in Australia, which is to grow those sectors of our economy that are not reliant on a 'dig it up, chop it down, ship it off' mentality. To do that, we will need to create an environment and ecosystem that will support companies and businesses that put a premium on innovation. To that extent, this bill makes a sensible change. In addition to removing the up-front tax bill, it will also provide tax concessions for start-ups acquiring shares under schemes, and employees of start-ups who are issued options will get a 15 per cent income tax deduction when those options are exercised after three years.

That is a series of sensible moves. There are two things that this bill does not do, though, that need further attention. Firstly, we need to address the critical issue of how in an environment where we support start-ups we also ensure that people who are genuine employees are not forced to live on less than the income they would otherwise get if they were treated as bona fide employees. That is, we have to ensure that arrangements that are struck in the course of start-up businesses or in similar areas do not undermine the basic floor of minimum wages and conditions that people would take for granted. Under this government, we have seen the proliferation of the carving out of sections of the Australian workforce from Australian minimum standards. We see it with the use of certain kinds of visas, the contracting out and the proliferation of independent contract arrangements that could only be said to be designed to avoid minimum standards and, in that context, potentially undermine tax revenue as well. We need to address that. Sadly, this bill does not do that. There is no reason to stand in the way of this bill, but it needs further attention.

Secondly—and I spoke at the start about the need to create a supportive ecosystem—if we want to create an environment in Australia where we can grow those sectors of the economy that are based on innovation and on our intellect, then we need to ensure that research and development and innovation in this country is supported. Yet, under this government, we find ourselves spending the lowest that this country has spent on research and development and innovation since we started keeping records. We are at an over 30-year low on spending on research and development and innovation in this country. So you cannot, on the one hand, create a notional legal framework that supports the establishment of start-ups and innovation while, on the other hand, you take the axe to other tax concessions such as for research and development but also to those public institutions that helped create the environment to partner with the private sector to grow research and development and innovation in this country. We are going to need to have something to sell the rest of the world when the rest of the world tells us to stop digging, and that point may come sooner rather than later. To do that, I have to be clear that we cannot compete with China and India on wages, nor should we try to. Our advantage in Australia and in this region is going to be based on our minds. That means putting in place the kinds of investments in research and development and innovation that other countries, our trading partners, are doing. Korea or Japan have well above three per cent of their GDP being spent on research and development and are on their way to four per cent and possibly even higher, and the US has set itself a goal of three per cent of GDP for public and private investment and spending on research and development. Yet here in Australia we languish at 2.2 per cent and we are going lower under this government.
It is not enough to come up with a piece of legislation that makes a common-sense change; you also need to match it with support in the innovation ecosystem. That is something that we have seen attacked every budget time under successive governments. Every time it comes to the federal budget, governments seem to treat the R&D pool as a bit of a honey pot to dip into, and the consequence of that is that people do not see Australia as a place to continue to invest in or to start a job and continue a job. If you are a young scientist, if you are a young researcher who could be about to contribute a groundbreaking discovery, and every May you see the threat of funding cuts to research and development and then you look overseas to countries like the US or the UK where they have a stable funding environment, you understand why many of them choose to join the brain drain and go overseas. We need to stop that, and the only way to stop that will be to set Australia on a path to three per cent of GDP—something that we, the Greens, have been calling for a while. I am glad to see that the opposition is now supportive of that. It is time for the government to get on board as well, because if we get on board in increasing our funding for science, research and development and innovation, then measures like this bill—welcome as they are—will really start to bite and we will be able to grow that sector of the new economy.

Mr Turnbull (Wentworth—Minister for Communications) (16:24): The Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015 addresses one of the most damaging acts of the previous Labor government. It did not involve the wasting of tens of billions of dollars like the NBN project did, but what it did do was potentially cost Australia billions of dollars. We will never know what it did cost, but, by changing the law on employee share schemes and options schemes in 2009, what the Labor government did was to stifle innovation and disincentivise start-up companies.

The reality is that nobody knows when a new idea or a new company will be successful or not. Everyone thinks they do; they think that their new project is going to make them rich but, regrettably, most projects do not succeed, even more are pretty mediocre and only a handful do really well. But it is that eternal optimism and entrepreneurship and that spirit of adventure and innovation that drives our economy. All of the laws that we pass here and all of the great speeches we give are fine, but what really makes Australia great, and what provides the jobs and the security for Australians in the future, is the energy and enterprise of thousands of Australians. I think all of us, whatever our politics, know in our hearts that that is right.

Some people in this place think that the government can tell business how to be innovative and can provide business tips. Oddly enough, the side that thinks that is the Labor Party, which is least qualified to do so. But on our side we believe that government’s role is not to tell citizens, let alone businesses, what is best, but rather to enable them to do their best. One of the important things we should do is to make sure that we remove as many obstacles to enterprise and entrepreneurship as we can; in other words, to clear the way for that spirit of enterprise to take off. That is one of the reasons the Abbott government has been so assiduous in cutting regulation and red tape wherever we can, and we will continue to do that. I hope that the governments that follow us in the years and the decades to come will do the same, because there has always been a tendency for governments to create new regulation as new issues arise, but to fail to prune away the regulation that is no longer needed or is no longer fit for purpose.
In any new enterprise, and indeed in existing enterprises, it is absolutely critical to incentivise the staff, the team; and the best way to do that is to give them a sense of co-ownership. Again, who would argue with that? One of the ways that that is done in a modern economy is to provide employees with shares or, very often, with options to acquire shares in the future. The hope is that that gives them a feeling that they have got some skin in the game and that they are not just working for wages or some cash remuneration. That is absolutely critical, particularly with start-up companies, because the reality is that, with a start-up, generally funds are scarce; what little money is available is generally going into the acquisition of necessary resources and equipment and so forth. The people are generally working for below market remuneration, and their upside is expected to come if the project is a big hit. Of course, as we know, often it is not, but sometimes it is. So hope springs eternal, and hence the ability to incentivise your team is absolutely critical.

It is practically beyond belief that something as important as this to the economy of enterprise and innovation and entrepreneurship would have been attacked by the Labor Party in 2009. The effect of the changes that were made to employee share and option schemes was that employees became liable to taxation upon being granted options and being granted rights to shares even though they had no means of realising the value of what they were being given. You would have to be very confident to go off to the bank and borrow money, take out another mortgage on your house or pay tax on some options you had been given in a start-up company. Yes, it might be the next Facebook—there is always the possibility of that—but more likely than not it is not going to be anything of the kind.

This was a change that was absolutely calculated to kill employee share and option schemes dead. If that was the intent, it worked. It was as though the previous government had asked themselves, 'What is the stake that we can drive into the heart of Australian innovation?' They found out, and it worked perfectly. Big companies could spend a lot of money on lawyers and accountants to structure things and get around the rules—there were not many that did that although I know a few did—but the start-up sector basically stopped giving their employees shares and options as incentives. That obviously reduced their ability to attract talented people and, as I think all honourable members who have taken an interest in this matter know—I acknowledge the member for Chifley sitting opposite me at the table, who on the Labor side has taken a keen interest in innovation—this became a huge issue with the start-up sector. Whenever you spoke to people in the start-up sector, particularly in the technology area, this was the one big complaint they had.

Yesterday in a matter of public importance discussion the member for Blaxland, the shadow minister for communications, referred to an Australian entrepreneur in Silicon Valley, Tan Le, and how he had been inspired by her—so he should have been; she has a really inspiring story. During my visits to Silicon Valley in recent years, and I think everyone has shared the same experience, the big complaint from Australian companies over there has been this extraordinary tax treatment of employee shares and options that the Labor Party imposed. By the way, that is entirely at odds with global practice. Everywhere else in the world, one way or another tax is paid—often at a concessional rate, but it is paid—when the employee either realises the share or the option or is able to realise it; in other words, when a share becomes liquid and tradeable. That makes perfect sense because then the employee can realise the security that he or she has been given and pay the tax. This was the biggest single concern...
that people had. Even though it was attacked by the technology sector, the start-up sector, from the time the changes were made in 2009—and that criticism became more and more intense—it is remarkable and tells you how deaf the Labor Party has been to the spirit of enterprise and the spirit of innovation so critical to our economic future that they made no efforts to change the law. They could simply have turned around and said, 'Whoops, we have made a mistake, let's reverse it,' but they did not.

Mr Husic: We did.

Mr Turnbull: The honourable member opposite me says they did. That is remarkable. If the bad law in 2009 was repealed, I wonder why we are going to the trouble of debating this bill today. The Labor Party did nothing about it. They made no change to the law; they wrung their hands but we are here actually getting the changes made.

This is a very important reform, starting from 1 July, in the new financial year, that will bring the Australian regime on employee shares and options into line with global practice. It will basically ensure that there will be no up-front taxation of employee shares and options. It will increase the deferral period—the taxing point—from seven years to 15 years. There will be no taxation on the grant of an option. Taxation will occur when the employee exercises the option, and after exercising the option there is no real risk of forfeiting the underlying share and restrictions on the sale of the share have been lifted. There are special tax concessions to employees on the grant of shares and options in smaller start-up companies, and that is very important too. It shows the concern the government has. I know honourable members are familiar with these points, but eligible start-ups that have an aggregate turnover of less than $50 million, are unlisted and have been incorporated for less than 10 years will be allowed to issue shares to employees at a small discount, up to 15 per cent, and issue options on very advantageous conditions. Options that have been allocated at a discount will not be subject to up-front taxation, as I noted, as long as they are held by the employee for at least three years. That means, therefore, that employees will only have to pay tax when they actually have some value that they can realise, when they can get some cash in their pocket to pay it. These start-ups will benefit by having gains on options taxed as a capital gain and not as income and therefore taxed at the lower concessional rate.

I know, as the Minister for Small Business noted in his second reading speech, that there have been some concerns, or complaints if you like, from the industry that these changes could and should go further. There is concern that taxation is payable, or a taxing point is realised, when an employee leaves his employment. There is of course, as the minister said in the second reading speech, the right to have any tax paid refunded if it turns out that there was in fact no gain realised on the shares at the time they are actually granted and become liquid. These are fair comments, and I hope that the government, over time, will be able to further improve and refine this legislation. The important thing is that our approach to the innovation sector is one of enablement. We are making these very important changes in the bill—and we appreciate the support of honourable members for that—but we will continue to seek to improve legislation and regulation that affects start-ups and innovation generally so that, all the time, we can be proactively improving the environment for Australian innovation, upon which our future prosperity depends. In other words, none of this should be regarded as set and forget.
This is a really important first step. It is going to make a very big change to the start-up sector. It will result in thousands of additional jobs being created and millions of dollars—perhaps billions of dollars—of additional value being created in Australia. We will never know the exact numbers, but the bottom line is that anything that can enable innovation in Australia has got to be good for our economy and, indeed, for all Australians—and that is what this bill does. Together with the minister and my colleagues, I commend this bill to the House.

Mr HUSIC (Chifley) (16:39): If the value of innovation to the Australian economy is to be fully realised, we need to address the concern among smaller companies, among start-ups, that larger and more established sections of our economy have had the ear of government, regardless of politics, for way too long. They believe it is easier for miners and farmers to get into a minister’s office than it is for some of these firms to do so. We need to actively dispel that notion by demonstrating support, through this parliament, for changing this perception through deed not just word. It is easy for the minister and others to talk about the negatives of the previous bill—the changes that we made in government which we have acknowledged have caused the unintended consequence of making life more difficult for start-ups. We have acknowledged that not just in word but in deed. In 2013, we were the ones who kicked off the process of getting Treasury to look at how we can change the law to ensure that the impact on start-ups would not continue and would not act as a drag on innovation in this country. We started that process.

Based on our dealings with the sector, a lot of us would have preferred that that happened way earlier—absolutely. But I would point out that, as much as the coalition were very keen to see change happen, it is nearly two years since they started talking about this when they were in opposition. The Minister for Communications was talking about this issue when the coalition were in opposition. When the coalition was elected to government, a number of backbenchers said they wanted to deal with this. It took them a considerable period of time; it did not happen in the last budget. In fact, it was continually promised that action would be taken and legislation would be enacted in a speedy way. But it took a long time to happen. Why? It was because, as people know, this is not an easy area to deal with. It took a lot of work to determine how much money would be set aside by government to deal with this—and the answers were not present quickly. Despite the eagerness displayed by a number of people, including the minister, to deal with it quickly, they did not, they could not. So we can certainly play political games if you want to, but I do not think that is of any value to this sector.

What is important is seeing action. That is why the opposition is keen to work with the government in supporting this bill and making sure that it goes through so that we can move quickly to a situation where start-ups are able to offer these things as part of the remuneration package that they extend to people they want to bring on board to help them bring their ideas to life and transform the economy. There is a lot at stake. Matt Barrie, the founder and Chief Executive Officer of Freelancer.com, said: ‘The fact that a 20-year-old can start a company worth $20 billion is mind-blowing.’ But that is where we are at. Matt Barrie has done remarkable things, and he is absolutely right. That quote, in itself, indicates what a remarkable time it is for young Australians in this country. We are on the threshold of potentially fundamental shifts within our broader economy, and it is younger Australians who can drive
it. These are not established companies, people who are long in the tooth and have built up a long list of experiences; these are young people with the guts and determination and capability to change the way the economy works. This been unleashed through the internet and through the innovation that has sprung from it. The imperative is there.

The reason I am so enthused about the sector is that they can fundamentally change and re-gear our economy at a time when we need it most. We are seeing our sources of income and economic wealth change. We have pressure on us to grow sectors of the economy other than mining. We need to see that change occur. We also need to get ready as technology slices into all those jobs that used to exist and changes the way companies work. It will put greater demands on the individual skills of Australian employees. They will not be able to get the same manual jobs and entry-level jobs that once existed. It will fundamentally alter the way that they live in the world of work. And so we need to be able to look at this sector and we need to be able to work out how we can encourage its greater growth.

And, why the fuss? It may seem that start-ups themselves—particularly when they have been mentioned so much in the last couple of weeks on the floor of the House of Representatives—are the fad du jour. But put quite simply, there is no such thing as overnight success. As Seth Godin, the marketing writer, said:

… it takes about six years of hard work to become an overnight success.

He is quite right. Look at the stories of a lot of these people: people like Jodie Fox and Shoes of Prey; Leni Mayo and the others at 99designs; Scott Farquhar and Mark Cannon-Brookes at Atlassian; and Rebekah Campbell at Posse.com—I recall all the stories she has told of the pitches she has had to make to try to get funds and support to build and bring her vision to life—and a lot of them will tell you that there is no such thing as overnight success. They have had to work at it for quite sometime.

They have been on a long pathway to this point. But in terms of start-ups themselves, they also are not just an overnight success. They are actually a reflection on the evolution of innovation. Innovation was once driven primarily by government R&D. It then went into big business and then big business outsourced it to smaller research capabilities and firms and it is now start-ups that are leading in research and development. And they can only do it, fundamentally, through a number of key ingredients. Naturally, having faith in their own ability to bring their ideas to life is one thing. But they need two other things on top of that: they need the talent and skills—people who have the know-how to help bring those ideas to life—and they need capital.

The reason this bill is so important is because it helps deal with the issue of capital. It helps deal with the issue of being able to defer in some way the pressures that might exist on a start-up in being able to stump up money quickly and being able to funnel it through remuneration. For instance, those start-ups that do not have the money there to pay people for the talent and skills that they bring to that start-up can defer that wealth creation by providing options—shares or some sort of equity in the start-up itself. That is how these share schemes and options have arisen.

In 2009 there was an intention to deal with the attempt by bigger businesses to change the way they remunerated their executives—basically by paying them through options and share schemes, and not having salary packages structured in the way that they were. That was the intent. The unintended consequence was that it affected start-ups who wanted to be able to
issue these options. It was something that had a terrible impact on start-ups. Certainly, a number of us have acknowledged the impact that existed for these start-ups and this is the big reason why we have been keen to support a change. As I said earlier, we started that process when we were in government. It has now been picked up by this government and we support the move.

We certainly recognise the range of things that this bill seeks to achieve. For example, deferring the requirement to have taxation paid until the actual options are exercised. There is also the provision of an additional concession to start-up companies that will target young enterprises to reactivate and energise employee share scheme arrangements, as the Minister for Small Business indicated in his second reading speech. It will also, through the types of initiatives that have been announced by the government, see the Australian Taxation Office work with industry to develop safe harbour valuation methods and standard documents that will be useful for the sector. In particular, it is targeting those start-ups with revenue under $50 million. And, as I indicated before, there is the requirement for taxation only when the value is realised. These are important steps.

I might add that I have detected, from the consultations that I have had with the start-up sector, a degree of interest by a number of listed companies. They have sought to exercise a degree of pressure on the government—which I see it resisted, and I think it is important that it was resisted—to put in place arrangements that would have benefited listed companies to a far greater extent than was proportionate or proper. The bill makes sure that a lot of this benefit is targeted to start-ups themselves. That has been very important, and it is something we should keep a watching brief on.

In making these changes, if there is a temptation—for one moment—to think that this mechanism alone will support start-ups then that is misplaced. It is quite clear that there is still a very big reform agenda that is required to ensure that start-ups will continue. As I said before, they are at the front of innovation. They are now picking up the lion's share of R&D in this country by way of what they are doing in breaking down existing business models and changing the way that a services economy like ours works—70 per cent of our economy is based on services and they are very vulnerable to disruption. They are doing a lot of work there, but there is still a lot to do.

Start-up communities certainly welcome it. I have detected this in my consultations with the community and I am sure that the Minister for Communications, sitting at the table here, has detected that, as I know he talks with representatives of the start-up community quite a lot. They certainly welcome the extra attention. But my biggest fear is that this will become a fad, and we cannot afford it to be a trend or a passing phase. Start-ups themselves are adding enormous economic value to the nation. They cannot be seen as an afterthought or a passing thought, as the shadow Treasurer said in his Press Club speech last week. They have to remain constantly in our thoughts because they will generate the jobs of the future. Every single job in the tech sector has the potential to generate five others. In the US, the tech sector—as I have indicated previously to the House—is experiencing job growth at a rate of 25 times the rate of other sectors. We cannot afford to think or believe that start-ups are simply the creators of neat or nifty apps that might have some sort of limited productivity benefit. This is the wrong way, and undersells the value of the work of start-ups in our
broader economy and in our community. They generate real economic value, and we cannot afford to see them just ignored as a fad that will pass.

This is why shadow Treasurer Bowen, the member for McMahon, indicated that we will set up a Treasurer's entrepreneurial council that will ensure that the Treasurer, one of the key drivers of the development and implementation of economic policy in this country, has input at the time that is critical in the development of policy. The assistant shadow Treasurer said today that this whole area will continue, whether or not the benefits are delivered from the bill that is being debated now. That is important. I certainly welcome that initiative.

We also need to make sure that we continually address those two areas that start-ups say need attention—building up of talent in this country and being able to ensure that the next generation of people who go into the sector will have the skills and capability to do so. But we can also ensure that talent from other parts of the world come here too. That is an area that needs reform as well. We can bring back our own talent that has been developed here in Australia but is sitting in other parts of the world. For instance, when I visited the United States I was staggered to hear that 20,000 Australians work on the west coast in the sector. We need to bring them back. We need to greater support those ideas through capital. I certainly think the other area that needs reform is finding a way to build bridges between one of the largest national savings pools in the world, our superannuation sector, and the VC and angel investor community to ensure that we have greater support for ideas on the way through.

We have a lot to do in this space. This bill is important—I certainly recognise that—but it is not the final step. It is one step in a continuing journey to ensure that Australia can exercise its full potential, generate jobs for the future and make an impact on a world scale.

Ms HENDERSON (Corangamite) (16:54): I rise to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. This bill, like so many of our other initiatives in our budget handed down on 12 May, reflects our government's strong focus on jobs growth and opportunity. This bill recognises that small businesses cannot grow and prosper and become bigger and more successful businesses unless they get the right start. Just consider how quickly the world is changing. This is something about which the Treasurer has spoken often. Facebook is the biggest media company in the world and it does not employ a journalist. Uber is the biggest taxi company in the world and does not own a taxi. Airbnb is a global accommodation giant and does not own a single piece of real estate. At the heart of their success is a great idea supported by great innovators, great financial backing and the right regulatory environments to inspire investors to invest. Great ideas do not turn into great businesses without first creating the right investment climate.

This bill is all about driving innovation by helping to build investment confidence and, very importantly, those incentives. I am delighted that this bill rights the wrong that has been a real drag on driving investment in start-ups. I do not say this with any sense of rhetoric at all. Just a couple of weeks ago I attended a function and spoke to a gentleman who runs a relatively new internet business. It is going well. Sales are improving. But it has the potential to grow into a very major business. He told me that he could not wait for the rules to change on 1 July when our new employee share scheme comes into effect. This will give his employees great incentive and will give him a great way of partnering with his employees to ensure that his business goes from strength to strength.
I welcome the support of members opposite on this bill. I want to particularly recognise the positive comments from the member for Chifley, who has indicated his very strong support for this bill. As we have heard in this debate, back in 2009 under the previous Labor government a number of changes were made to the way employee share schemes were taxed. One of these changes meant that the discount component of shares or options issued under any employee share scheme were taxed when the employee received those shares or options. I accept the member for Chifley's remarks that these were unintended consequences. Nonetheless, it demonstrates that perhaps the previous government did not properly consider the way in which it changed the employee share scheme, because it had a very significant and serious consequence. It meant that employees were forced to pay tax on their options before there was any opportunity to realise a financial benefit on those options.

Very importantly, the changes contained in this bill will better align the interests of employers and employees and do much to stimulate the growth of start-ups in Australia. It is incredibly important that we do everything that we possibly can to do that. Just to reiterate the main changes in the bill, for all companies, employees who are issued with options will generally be able to defer tax until they exercise the options or convert the options to shares rather than having to pay tax on those options vest, and eligible start-ups will be able to issue options or shares to their employees at a small discount and have that discount exempted or deferred from income tax. This is a very important part of our very strong support for small businesses. We are seeing a very strong realisation that, if employees can have skin in the game, it follows that they will be more involved and more interested in a company's future, working together, hand in hand, with the company owner to ensure that the company goes from strength to strength.

I think the member for Chifley said this is only one part of the solution. We have seen in our budget a comprehensive package of solutions for small business to drive jobs growth and innovation. I reflect on the 1.5 per cent company tax cut that we have announced, and for businesses which are not incorporated there is a tax discount of five per cent. They make up some two-thirds of all small businesses. These are the forgotten businesses under Labor. In the Leader of the Opposition's budget reply speech, he spoke about a five per cent unfunded discount or company tax cut that he intended to roll out, but we have heard no detail or proper commitment that that will ever happen. The Leader of the Opposition forgot that most small businesses are not incorporated. It is the sole traders, the independent contractors and the unincorporated businesses which make up the majority of small businesses. So that is perhaps one example of where Labor and members opposite have fundamentally let down small business.

Measures such as our $20,000 small business tax deduction, the instant asset write-off, have been broadly welcomed right across the Australian community. They reflect our have-a-go budget, as I have talked about often. We are encouraging businesses to go out there and spend and invest in their businesses to help grow their businesses. It is a wonderful incentive. I do have to say that when the Minister for Small Business was in Colac and Geelong last week he received a great reception. We hosted small businesses forums in both of those cities. These measures have been incredibly important in exciting the small business community. As Kylie Warne, the President of the Geelong Chamber of Commerce, said: 'We feel that small business finally has a voice.'
As a former commercial lawyer practising in intellectual property, I have to say that Australia has travelled a difficult road when it comes to supporting our innovators, our inventors, our businesses of today to become the giants of tomorrow. It is why this bill is so important, and it is why these initiatives are so welcome. I do believe the wonderful electorate that I represent, the people of Corangamite and the greater Geelong region, has the potential to become an innovation capital. I just reflect on the work of Deakin University. Deakin is now ranked 45th in the world for universities under 50 years of age. Deakin's medical school—an initiative of the previous Howard government—is doing wonders. There is incredible work happening in future fibres. Just last week we were very proud to announce a $4.7 million grant to Deakin University to establish an industrial transformation research hub. Deakin will be working in conjunction with a number of industry players, as well as with universities such as Oxford and MIT, to create a future fibres research hub. It is just an example of the wonderful innovation going on in Geelong at the moment.

We hear a lot about tech companies, but I want to reflect on the fact that innovation is not just about high-tech companies. Innovation should and is being applied across so many sectors of the economy. Advanced manufacturing is an industry, a sector, driven by innovation. We are a very proud home of advanced manufacturing, and I was delighted that Andrew Stevens, the new chair of the Advanced Manufacturing Industry Growth Centre—one of five growth centres being rolled out as part of an initiative of the Minister for Industry and Science—was in Geelong just a couple of weeks ago, holding a stakeholders round table. We are a great home of advanced manufacturing and we have great potential. That is why I am pushing so hard that Geelong become the home of the advanced manufacturing growth centre. There are wonderful advanced manufacturers like Marand, which is helping to manufacture the Joint Strike Fighter. Carbon Revolution, which are based at Deakin University, came out of some research done at Deakin university. Carbon Revolution are building carbon fibre wheels for the world; they are doing some extraordinary work. I will not hear, as I do often from members opposite, that auto manufacturing in this country is dead. I say: do not forget the 490 workers at Ford’s product engineering and development plant in Geelong who are doing incredible work, high-tech work, innovative work, for the international car industry. Look at the likes of Carbon Revolution and what they are doing in supplying the global auto market: these are the global auto companies of the future. It is very, very exciting to see what is going on there.

We have also made a very strong commitment to conduct a pilot of a P-TECH in Geelong. The school is yet to be announced, so we are still waiting to hear which school has been selected; but it is incredibly exciting. This model has been very successful in America, particularly in New York, where it brings businesses together with high schools to help students develop an academic and industry path into the jobs of the future. It is a model which focuses very much on science, technology, engineering and maths working hand in hand with industry to present and provide students with those incredibly important opportunities in those sectors.

There is one missing link in Geelong. We are very proudly rolling out the NBN to some 40,000 premises across Geelong. There are 35,000 by fixed line, another 2,500 fixed-wireless connections are in the planning and 2,500 are actually active. So we are again very, very quickly righting the wrongs that we saw with the disaster of the NBN under the previous
government. However, I am working very hard at advocating that the rollout of the NBN be expedited in Geelong, particularly in Grovedale, Waurn Ponds, Belmont, Highton and Marshalls. These are very large growth areas in Geelong. There has been very significant growth in these areas and many residents are struggling with internet connections. So I can assure the people of my electorate, particularly in the Geelong suburbs, that I am working very, very hard at advocating an expedited rollout of the NBN.

I am very proud to commend this bill today. This is a very important bill for innovators, for inventors. It reflects a strong support for small business, which is very much reflected through many of our measures in the budget. I commend this bill to the House.

Mr FLETCHER (Bradfield—Parliamentary Secretary to the Minister for Communications) (17:07): I am very pleased to rise to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. It is an important bill that will improve the taxation arrangements for employee share schemes. In the time available to me, I would like to make three points. Firstly, we need to encourage start-up companies in the technology sector. Secondly, supporting employee share schemes is a key means of such encouragement. Thirdly, the previous Labor government did the opposite and effectively blocked employee share schemes. This bill will fix Labor's mess and facilitate employee share schemes.

In the technology sector around the world, start-up companies form a critically important part of the growth cycle. A start-up is a company formed from scratch, typically with the aim of commercialising some technology, such as software. It might be medical technology or biotechnology; it might be renewable energy technology. The most successful start-ups grow at extraordinary rates. Google was founded in 1998; by 2014 it was the third largest company in the world by market capitalisation. Facebook started in 2004; 10 years later, its market capitalisation is almost $200 billion.

Australia has had some similar successes. Atlassian produces software which helps software teams collaborate. Founded by two University of New South Wales graduates, Mike Cannon-Brookes and Scott Farquhar, in 2002, it now employs around 1,000 people. A recent transaction valued the company at $3½ billion. Cochlear, based in Sydney, is a world leader in hearing implant technology, with global revenues of around $900 million a year based on technology developed in Australia. I want to pay tribute today to the CEO, Chris Roberts, who has announced that he will be stepping down after a very successful tenure as chief executive.

There are three important reasons why we should encourage start-ups. Firstly, start-ups, particularly in the technology sector, have an outsized role in job creation. According to the OECD's most recent science, technology and innovation report, one-third of job creation in the business sector comes from young firms with fewer than 50 employees, even though these make up only 11 per cent of total employment. A recent report from America's Kauffman Foundation found that new business formation was 23 per cent more likely in the high-tech sector of the US economy than in the private sector as a whole and 48 per cent more likely in the information and communications technology subsector of high technology. Secondly, start-ups are particularly important as a mechanism to introduce and commercialise new technologies. In a world where economic growth and prosperity is tied ever more closely to technological progress, countries with low levels of start-up activity risk missing out on the
economic growth which technology can deliver. Thirdly, if we do not have vigorous start-up activity, we risk losing some of our best and brightest to other countries which do. Already, there is a steady flow of Australians with IT skills heading to Silicon Valley or other places, where they can employ their talents and obtain rewards greater than they believe may be possible in Australia.

If we want to encourage start-up companies in Australia, then ensuring that these companies are able to offer employee share ownership plans is critical. It is standard practice for start-up companies in the US and many other countries to offer employees options—that is, rights to purchase a designated number of shares in the company at a specified price and usually at a specified time in the future under what is usually called an employee share ownership plan, or ESOP. If the company does well, the market price of the shares will be far in excess of the price that the option-holding employee will pay. This can be an attractive form of remuneration for those wishing to take a risk and work hard on the creation of a new business. Equally important for a start-up with limited resources, it can issue options to employees and, in exchange, the employee will accept a lower cash salary than would otherwise be required because of the potential for a generous pay-off at a later date if all goes well.

Let me quote from the co-chief executive officer of Atlassian, Scott Farquhar, who last year, at my request, delivered the JJC Bradfield lecture on the topic 'Capitalising on the software revolution in Australia'. This is what Scott Farquhar had to say:

… the simple fact is that tax matters in attracting people; tax matters in attracting capital. And, in a global market for both, you simply can't afford to be too far off the pace … we need to fix the tax treatment of employee share ownership plans … These are a vital tool for attracting and retaining talent in the software industry. If Australian companies cannot meet the world standard for rewarding our people, how can we compete on the world stage? … ESOPs are most commonly stock options offered to employees—the rights to company shares which accrue in value as a business grows in wealth. For an employee who is considering whether to join a start-up, the option to share in future riches is needed to lure staff from the big banks and large corporate firms or from start-ups overseas.

Despite the fundamental importance of employee share schemes, Labor effectively blocked them. The previous Labor government and then Treasurer Wayne Swan demonstrated a hostility to employee share plans. They introduced tax settings which made such plans unattractive for companies to offer and unattractive for employees to participate in. The 2009 tax law changes made the issue of share options to employees of a start-up extremely unattractive. In those changes, under then Treasurer Wayne Swan, the then Labor government imposed a new rule that options would attract tax in the year they were issued. So the employee was hit with a big tax bill payable in cash in that year—an employee was issued options and then faced a requirement to pay tax in cash that year even though the options may well ultimately prove to be worthless. It is unsurprising that this tax change resulted in employee share options becoming extremely unattractive. Far from being an incentive to employees, they effectively became a disincentive.

The consequence was that Labor's policy change of 2009 effectively destroyed an important mechanism to stimulate start-ups in the technology sector. It put Australian companies in the technology sector at a marked disadvantage to the position of such companies in other jurisdictions—in turn leading to difficulties in attracting talent to
technology companies in Australia. This, in turn, increased the relative attractiveness for Australian businesses of relocating to other jurisdictions.

The bill before the House this afternoon will fix Labor's mess and facilitate employee share schemes. It makes two main changes to the tax treatment of employee share schemes. First, for all companies, employees who are issued with options will now generally be able to defer tax until they exercise the options—that is to say, until they convert the options to shares—rather than having to pay tax in the year they receive the options. This will benefit employees by deferring their tax liability until they are able to realise a financial benefit from their options. Other changes that are being made for all companies include that the maximum time for tax deferral will be increased from seven years to 15 years and the maximum individual ownership limit will be doubled, from five per cent to 10 per cent. Secondly, eligible start-ups will be able to issue options or shares to their employees at a small discount and have that discount exempted, in the case of shares, or further deferred, in the case of options, from income tax. To qualify for this concession, companies must have been incorporated for less than 10 years, be unlisted and have a turnover of no more than $50 million. In addition, employees will need to hold the shares or options for a minimum of three years to qualify for the concession.

Red tape and unnecessary legal expense has been another challenge associated with employee share schemes. The government will address this by developing standardised documentation that streamlines the process of establishing and maintaining an employee share scheme and also developing a safe harbour valuation method for unlisted shares. I have been pleased to have some involvement in the development of these documents, particularly through jointly hosting a round table with representatives from the technology sector, along with Minister Billson, and it was also attended by officials from the ATO. And of course the ATO has been carrying out and has recently completed its consultation process in relation to these changes.

I should highlight that the bill also addresses some technical concerns and further clarifies policies on the start-up concession. It makes it clear that the 50 per cent capital gains tax discount will be available for options issued to beneficiaries of the start-up concession, even where the underlying shares are held for less than 12 months. This will provide a significant concession to employees who are issued with options under the start-up concession. It is also an incentive for employers to offer employee share schemes to their employees.

Let me conclude with the observation that if we want to build a strong technology sector in Australia we need a strong start-up culture. The job for government is to help create the conditions in which entrepreneurs in the technology sector and every other sector have the best possible chance of achieving the success they aspire to. This bill is a significant step in that direction, with measures to improve the taxation of employee share schemes. It is clear that employee share schemes are key to attracting and retaining talent in start-ups. In 2009 the changes that the then Labor government made to the tax law effectively halted the provision of options through employee share schemes, at least for the vast majority of start-up companies that were unable to afford complex and expensive workarounds. This bill will fix Labor's mess and facilitate employee share schemes. It will increase the international competitiveness of our tax system and will help innovative Australian start-ups to attract and retain employees. I commend the bill to the House.
Mr Hutchinson (Lyons) (17:18): The government is creating the right environment for over two million small businesses across Australia. Since the coalition came to office around a quarter of a million new jobs have been created. Company registrations reached a record high in 2014. Over 280,000 new businesses were established during 2013-14. Ninety-six per cent of Australian businesses are small businesses; 4½ million Australians are employed in small business. Small business provides $330 billion of our nation's economic output annually.

The government is working to support jobs in small business. Since coming to government we have repealed the carbon tax; repealed the mining tax; delivered three free trade agreements, with China, Korea and Japan; announced $2.45 billion in annual red tape savings; established the $484 million Entrepreneurs' Infrastructure Program; created new employment opportunities through a $50 billion commitment to infrastructure; established a $6.8 billion Job Active Employment Service package; delivered a comprehensive reform package for the vocational education and training sector; introduced Restart, a wage subsidy to help Australians aged over 50 to find employment; established the Small Business and Family Enterprise Ombudsman; expanded tax concessions for employee share schemes—and we will discuss that further—begun to introduce changes to support crowd funding; and extended unfair contract term protections to small business. We have improved the balance between franchisors and franchisees, we have done a root-and-branch review of the competition framework, and we have improved government procurement policy for small business. We want to ensure that Australia is one of the best places in the world to start and grow a business. The Jobs and Small Business package announced in the budget delivers further measures that will energise enterprise and help Australians into jobs.

No-one can describe this as a fad or a trend. Since coming to government we have had in Minister Billson a minister who is absolutely committed to this sector. The address today at the Press Club highlighted the passion, the understanding, and the depth of knowledge that the minister has. Under Labor there were five small business ministers, and Minister Billson's contribution at the Press Club today was a vote of confidence in the sector. I encourage every small business employer and every small business employee to listen to that presentation today and the questions that were answered by the minister. It truly is something that will inspire and empower small businesses to know that their government is behind them. We are committed to supporting innovation and creating the right conditions for Australian entrepreneurs.

As part of that commitment we plan to improve the taxation arrangements for employee share schemes. These changes have been designed to increase the international competitiveness of Australia's tax system and allow Australian businesses to attract and retain high-quality employees in a globally competitive labour market. They are part of an extensive package of initiatives contained in this year's budget to support and encourage small business in Australia. Small business is the engine room of the Australian economy, which is why the government made it one of the cornerstones of this year's budget. Ninety-six per cent of all of Australia's businesses are small businesses, employing more than 4½ million people and producing more than $330 billion of our country's economic output annually.

I have received a huge amount of positive feedback to the $5.5 million jobs and small business package in the budget—the biggest small business package in the country's history. I
could give examples. Jane Shaw at the Ingleside Bakery in Evandale and Keith Rice, who is a consultant to a number of agribusinesses around Tasmania, will be expanding their businesses and will be looking to make capital purchases to take advantage of the $20,000 instant asset write-off. At the heart of the package are tax cuts for all small businesses with annual turnovers of under $2 million. The company tax rate for those incorporated businesses will be reduced by 1½ percentage points to 28.5 per cent. Businesses that are unincorporated, which is the majority, will have a discount on their assessable income. This will improve the cash flow of incorporated small businesses and increase their capacity to engage in the economy.

Small businesses will be able to immediately deduct each and every asset costing less than $20,000 that they buy from budget night, two weeks ago, to the end of June 2017. As part of that package, the employee share schemes changes have also been introduced to boost the performance of small businesses. In the past, shares or options were taxed when they were provided to the employee. This meant that there was no real way of determining their true values, which meant that employees were hit with a substantial tax liability even though there was probably no means to generate the resources to pay it at the time. That is particularly true for start-up businesses. These amendments will mean that the tax on the options will be paid when there is an actual value on the options—in other words, when those options are exercised. Eligible start-up companies will be able to issue shares or options to their employees at a small discount, with the discount generally exempt from upfront tax. It is an incentive.

The background to this is that, in 2009, the former federal Labor government made a number of changes to the way that employee share scheme arrangements were taxed. One of the changes meant that the discount component of shares or options issued under an employee share scheme was taxed when the employee received those shares or options. The changes that we bring forward today are intended to better align the interests of employers and employees and stimulate the growth of start-ups in Australia. Not only will these necessary changes be made with this amendment legislation but the government will also develop standardised documentation that streamlines the setting up and maintenance of an employee share scheme, thus reducing red tape. This will also develop a safe harbour valuation method for unlisted shares. Small businesses grow into big businesses. It is about encouraging the entrepreneurial spirit that exists within the small business sector and knowing that there is the confidence and the support of the government to see them succeed. The Australian Taxation Office has recently completed its consultation process on both of the changes mentioned above.

Who does this impact? This will benefit employees of companies which offer such share schemes. It will make employee share schemes more attractive, encouraging more businesses to offer these schemes to their employees. Employers will also benefit from these amendments. Employee share schemes are a great way to bring the interests of employees and employers together. Employees are often the single-biggest asset that small business has and they want to keep good people. Research suggests—and it makes absolute sense—higher productivity in companies that offer these schemes.

An eligible start-up company is a company with an annual turnover of not more than $50 million, is unlisted and has been incorporated for fewer than 10 years. Shares must be provided at a discount of no greater than 15 per cent and options must not be 'in the money'
when issued—that is, the option must have a strike price that is either equal to or greater than the market value of the company's shares. That is effectively the buying of puts, if you like—the right but not the obligation to exercise the underlying option at the nominated strike price. Without a tax deduction upfront, they may or may not have a value, and that is the very point: there was no incentive in start-up businesses that were offering shares or options that had that tax payable upfront, let alone the cash flow implications. There are no exclusions based on industry sectors. That is really important. There will be great opportunities within the agribusiness sector particularly to see innovation and entrepreneurial skills released because of this policy. The government has targeted the start-up concession to unlisted companies because during consultations last year stakeholders noted that unlisted companies had problems valuing their business and accessing capital.

We have seen the current tax arrangements effectively stop the provision of options through employee share schemes since the 2009 changes. We know small businesses sometimes lack the cash flow to pay salaries which allow them to compete internationally. Employee share schemes allow firms to be globally competitive by supplementing employees' salaries with equity in the company that they work for. It is the ultimate incentive and has a real and positive impact on productivity, with the ultimate reward being the success of the business, because they are part-owners in that business, as stands to reason. They are a valuable tool for employers to attract and retain talented employees—often the very best asset that new start-up businesses have, and small businesses more generally.

Unfortunately, the potential of employee share schemes has not yet been realised in Australia. We are missing out on opportunities for small business to expand and to be competitive internationally. We are not an island. Australia is increasingly competing with businesses in our region and also around the world. We want to do everything we can as a government to kick-start small business and give back as much control to the sector as possible, because they know best how to do business; they just need the tools to do it. As we have seen in the budget, it is about allowing business to do with their money what is going to be best for their businesses. We know that government will never make choices as good as small businesses will make about what is best for them.

As has been mentioned, there is still work to do, but I reinforce the fact that small business is at the heart of this government; it is at the heart of growing the economy. Ninety-six per cent of Australian businesses are small businesses and they know that they have a government that is right behind them and that is allowing them to get on the with doing what they do best.

Mr IRONS (Swan) (17:31): I too rise to speak on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015, which will make a number of overdue changes to the tax arrangements of an ESS, which will benefit both employers and employees in the short and long term.

Whether you are a member of parliament, a small business owner—I know there are many on this side of the chamber and very few on the other side—or the CEO of a large corporation, each of these people would know that attracting and retaining good employees can be difficult in the first instance but can also be the difference between success and failure. A business's employees are those who are on the front line dealing with consumers or making the products that they intend to sell, so if they are not motivated to work hard and represent your business in the same way that you as an owner would then this can be the straw that
breaks the camel's back. The business could be put in jeopardy because of the lack of performance by employees. As someone who employed 16 staff at one stage, I am fully aware of the difficulties that go with employing people and keeping them motivated. The intent of an ESS is to help remove this distinct separation between owners and employees by incentivising the employees to work hard and generate growth in the business—and, of course, profit. That is why we all go into business—for the profit. It is not a charity; it is there to make a profit. I know that 'profit' is a dirty word for those on the other side of the House, especially if it is above six per cent, but that is why we go into business.

The incentive here is not necessarily a large salary each week or fortnight. In fact, the incentives of an ESS can often be in lieu of a large salary, particularly when it comes to start-up businesses, as they simply cannot afford to offer the form of remuneration for an employee's hard work that an established business or a large corporation can offer. What an ESS instead allows a business to do is to provide incentives in the form of options or shares so that employees have a vested interest in the business and its future success. As I said, this removes that owner-employee separation and instead aligns their interests so that they are now working toward the same thing—business growth and profit. No longer is this just for the benefit of the owner; it is also now for the benefit of the employee's own hip pocket as well.

As a small business owner for 30 years, I understand how competition impediments, and in particular those impediments that come in the form of a tax, can significantly hinder a business. I also know that there are some employees who are employed but, in the long run, do not suit the business's requirements and you have to let them go. But there are also those employees you do want to retain—not just for a year or two, which has become quite standard in today's employment arena, compared to 20 or 40 years ago, when you would stay in the same job for the majority of your working life. Instead, you want to retain these people for the long term. You want to keep them for 10 or 20 years and make them what we would now deem veterans in your business and part of a succession plan.

But, to give businesses this opportunity, change first needs to be implemented on a legislative level. And to achieve that, each member in this place and in the other place needs to commend the bill which is before the House. By doing so, you will be supporting business owners and you will be supporting employees across all sectors, because no industry will be exempt from the ESS changes that this bill is seeking to implement. All businesses can benefit, and all businesses will benefit if they make the decision to establish a scheme.

Currently, so many Australian businesses have stopped or shied away from establishing a scheme, for two key reasons. Firstly, as a result of amendments implemented in 2009 by those opposite, the scheme put Australian firms at a disadvantage compared to those in other countries. I have been listening to the speeches made by those opposite on the appropriation bills. I have heard some amazing speeches—you would never have thought that they had been in government for six years, because they had nothing to do with everything that is happening. It was not their fault; they were not anywhere near the balance sheet! I heard the member for Lingiari say that the 1.5 per cent tax deduction for small business was their idea. He blamed us for them not getting it through. The fact was that they canned it. They had the numbers in this place to get it through, but they canned it and then they blamed it on us. It was
because of their failed mining tax, which produced nothing but trouble for Australian businesses. That is just one of the many examples we could put forward from those opposite. This is because they introduced measures which forced employees to pay tax on the options they received from an ESS—

Mr Craig Kelly: A good scheme!

Mr IRONS: I hear the member for Hughes saying what a great scheme that was—they had to pay tax on the options they received from an ESS before they even had the opportunity to gain a financial benefit. That is like provisional tax. Paying provisional tax on an ESS scheme—what a crazy idea.

As members would be aware, employees gain this financial benefit by converting the options to shares and selling them. Even if they do not do this, it begs the question: why are they being made to pay the tax? Under this measure, employees are also paying tax on an option that is very difficult to value and could potentially not result in a benefit to the employee at all, depending on how the business fares. We on this side of the House recognise that this is not fair, it is not equitable and it is stifling businesses' ability to offer globally competitive schemes to their employees. In fact, as a result of the changes by those opposite, stakeholders have highlighted that the provision of options under these schemes were effectively ended. This was particularly the case for start-up businesses, which this government recognises as being the businesses which need the most support to ensure their future success. To combat these competition-stifling changes and to re-ignite interest in establishing an employee share scheme, the bill before the House seeks to make two central changes to the scheme's tax treatment.

The first of these amendments will effectively change the way options are taxed so that they revert to being a benefit for employees rather than a potential burden. The government will achieve this by allowing employees who enter into an employee share scheme to defer the tax they pay on the option until they actually exercise those options by converting them to shares, rather than paying the tax up-front. Another provision extends the maximum time for tax deferral from seven to 15 years. This is based on the understanding that it does take time for businesses to grow.

As I said earlier, there are employees whom businesses will want to retain in the long term, but there are also employees who can see the value in a business and will want their share in the business to be greater than what current laws allow them to share in it. To support all employees, no matter whether they work for a large corporation or a business that has just opened its doors, to make a greater investment in their workplace, this government is proposing changes to double the ownership percentage in a business that an individual can have. Currently employees can own a maximum five per cent in a company under an employee share scheme, but, thanks to the new provisions outlined in this bill, they will now be able to own up to 10 per cent. This will assist employers to attract and retain valued employees, who, in the global environment we live in, have the ability to cross not only domestic borders with ease but international borders as well. This 10 per cent threshold is also consistent with other provisions in Australia's tax laws and those of other countries.

The government has not, however, just gone out on a whim with the proposed changes in this bill. We have consulted widely across Australia and we have reviewed all submissions made by an array of stakeholders. I repeat: we have consulted wildly—widely.
Mr Neumann: A Freudian slip!

Mr IRONS: That is another word those on the other side do not understand—consulting. For them: it is just put it in the legislation and ram it through. That is all they do. I see the member for Blair is supporting the changes to the ESS; he is very excited about it.

Mr Neumann: I am very excited about it.

Mr IRONS: I know that, as someone who worked in business before, you would have loved to have a good ESS scheme to support your valuable employees. We held consultation meetings in Sydney and Melbourne, held teleconferences for those who were not able to attend those meetings and reviewed approximately 50 submissions. Following these consultations, the government also announced our policy response on 14 October 2014 as part of the Industry Innovation and Competitiveness Agenda. A further five roundtable meetings were held regarding this draft policy and one teleconference, with another 50 or so submissions received.

In response to concerns raised by stakeholders at this time, a second key measure will be implemented in the bill before the House to encourage more Australian businesses to offer an ESS. These concerns were in relation to red tape and compliance costs, which, as members on this side of the House would know, the coalition has no time for, if they unnecessarily burden business and enterprise. In the case of the comprehensive company valuations that are required to establish an ESS in Australia, this is exactly what we are seeing—unnecessary overregulation. When valuations cost $50,000 in Australia, while the costs in the United States are between $2,000 to $5,000, I think it is safe to say that the government compliance costs are strangling businesses' ability to offer competitive schemes to their employees. And if we cannot offer competitive schemes, we all know what our future will hold. Our best employees may move overseas, where they are likely to receive a better offer because they are not restricted by taxes and unnecessary compliance costs.

I am pleased to advise the House that, as a result of the extensive consultation process, other provisions have been added to the government's original draft policy to form the bill before the House. That is because the coalition understood that further reform was needed, particularly in relation to start-up businesses. As I previously said, we are a government that recognises that it is these new businesses which will need the greatest support in today's economic environment not only to establish themselves but to grow in the long term. They cannot do that without good and valuable staff; and this is a way to retain those staff. Not only do we recognise this, but we also design and implement policies that will meet these needs head on by providing a range of concessions to assist in the future success of these businesses.

Before I explain these additional concessions to the House, I would also like to highlight that it is not only through the proposed changes to the employee shares scheme that this government is supporting small businesses. In fact, the 2015-16 budget, which the Treasurer announced earlier this month, included a number of measures that give small businesses a leg up and encourage them to look at ways to grow their business. They include: tax cuts of 1.5 per cent for incorporated small businesses with an annual turnover of up to $2 million; a five per cent tax discount, up to $1,000 a year, for unincorporated businesses; and an immediate tax deduction for each and every asset purchase up to $20,000 for all small businesses. Each of these concessions will support small businesses across Australia and will give them the confidence they need to have a go and invest in their company's future. This may be through a
range of measures, including taking advantage of the tax deduction and buying new equipment, employing additional staff or expanding the business into other markets.

The concession for businesses proposed under the amendments before the House specifically focus on eligible start-up businesses. Under this concession, eligible start-up businesses will be able to issue options or shares at a small discount and, if they hold the shares or options for at least three years, they will not be subject to up-front taxation. Under this concession, eligible start-ups will be those businesses which have been incorporated for less than 10 years, are unlisted and have a turnover of no more than $50 million per year. Start-up companies with venture capital investors will also be eligible for this concession.

The Minister for Small Business, Bruce Billson, said in this place that the discount component for options concession 'will be taxed when the employee is in a better position to fund the tax liability. For shares provided at a discount of up to 15 per cent, the discount component will be exempt from tax.' These changes, if passed in this place and in the other, will be the rules and regulations by which future employee share schemes will be assessed from 1 July this year. They will not affect existing schemes, as these have already been negotiated between employees and employers and the changes would otherwise, therefore, interfere with these contractual arrangements. Of course, businesses could opt to introduce a new scheme under which these changes would apply.

I also take time to highlight that—although this government is proposing a number of amendments to the employee share scheme in response to stakeholders feedback—we will be retaining the integrity measures that were introduced in 2009, which were designed to limit tax avoidance opportunities. We are also making it clear that the 50 per cent capital gains tax discount will be available for options issued under the start-up concession. This includes those circumstances where the underlying shares are held for less than 12 months.

The last key provision in the bill before the House that I would like to take this time to highlight is in regard to the tax that is currently levied when an employee ceases employment. This is based on the concept that, once a person ceases employment, the mutual interests of that business and the employer also cease and so too should the tax concessions they receive. Concerns were, however, raised by stakeholders that this tax is, therefore, being paid on gains that they may never realise. In response to this, the government is proposing to change the refund provisions so that income tax paid on options when employment ceases will be refundable if the option is not exercised and lapses or is cancelled.

As part of a team that supports small businesses, and we are known to support small business in Australia, and as someone who has had experience, as have many on this side of the House, this is another piece of legislation and support that this coalition government is giving to small businesses across Australia, and I commend the amendments to the House.

Mr VAN MANEN (Forde) (17:46): It is with great pleasure that I rise to speak today on the Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015. Employee share ownership is something that, in Australia, has been around since the 1950s, but we never hear particularly much about it. In the year 2000, the Shared Endeavours report noted that employee share ownership plans have been around for a significant period of time and have also enjoyed legislative support since the early 1970s. In that time, they also enjoyed bipartisan support.
The history of employee share plans in Australia has two facets: their evolving significance in business, where they undergo constant modification in response to global pressures being experienced by business, to contemporary business management practices as well as to changes in taxation corporation law; and the gradual evolution of the legislative arrangements and changes, which have attempted to foster employee share plans and participation in them while at the same time, understandably, limiting their use as vehicles for aggressive tax planning.

As I am sure many of the other speakers on this bill have already noted, this bill seeks to redress a number of the changes that the former Labor government made in 2009 to the taxation arrangements for employee share ownership plans. Those changes effectively put a stop to their use for the past six years. It is important in a global marketplace that Australia is able to compete with other countries such as the United Kingdom and the United States, and is able to land new enterprise opportunities here. The current arrangements that are in place impede the opportunity for that to occur. They impede opportunities for innovation and entrepreneurship in our economy. The way we have done business in the past around employee share ownership schemes is not conducive to the commercialisation of great Australian ideas. It has not enabled the unleashing of the 'have a go' enterprising spirit that we are trying to encourage in order to grow our economy and employment potential. The changes in this bill are intent on better aligning the interests of employers and their employees, to stimulate the growth of start-ups in Australia.

Sometimes, when discussing these topics, I think it is interesting to look at a little bit of history. The importance of the aligning of interests through employee share ownership was first recognised by philosopher John Stuart Mill in 1848 when he wrote:

The form of association, however, which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and workpeople without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves.

He went on, interestingly, to give the example of Parisian painter who had complained about the frustrations of being a business owner and being unable to get the results that he wanted from the work that his tradesman were doing. He complained that if they were working for themselves and producing that quality of work, they would be soon out of a job, so he decided to change the way that he operated his business, and introduce a yearly profit-sharing plan. It was so successful after the end of the first year that his business became one of the leading businesses in Paris, recognised for the quality of their work, and the business grew remarkably.

This is just one example of why the government—in listening to enterprising Australians through the extensive consultation that the previous speaker touched on—are taking this road to open up again employee share ownerships to the Australian business community and the employees in that community. Time and again, we have heard business say to us that the current taxation regime for employee share schemes is uncompetitive. Of the 50 submissions received, the majority of written submissions noted the changes were positive and encouraged the government to implement them. This is why the coalition will unwind the harm caused by the former Labor government's amendments to the taxation of options issued under employee
share schemes. One of the biggest problems faced was that options were taxed when they were provided to the employee and there was no real way of determining their true values. This means that employees were hit with a substantial tax liability, even though there was no material capacity for them to generate the resources to pay it.

The two main changes to the tax treatment for employee share schemes are presented in this bill. Firstly, for all companies, employees who are issued with options will generally be able to defer tax until the exercise of the options, rather than having to pay the tax when those options are vested. Secondly, eligible start-ups will be able to issue options or shares to their employees at a small discount and have that discount exempt or further deferred from income tax. The other changes include the maximum time for tax deferral, which will be increased from seven to 15 years, and the maximum time for the individual ownership limit will double from five per cent to 10 per cent.

The government will address the red-tape burden by developing standardised documentation that streamlines the process of establishing and maintaining an employee share scheme. Following consultation on the draft legislation, the bill will also address technical concerns and further clarify policy on the start-up concession.

All companies in some way will benefit from these changes. Employees who are issued with options will generally be able to defer tax until they exercise their options, rather than having to pay tax when they receive them. This is a huge win for employees who were hit, as I said before, with a substantial tax liability and no way to pay it. Unwinding the changes to the tax treatment for employee share schemes will make employee share schemes more attractive and encourage more firms to offer these schemes to their employees, who will ultimately benefit if the company is successful.

It is vitally important that these amendments are introduced to allow the application of employee share scheme interests that are issued on or after 1 July 2015. Stakeholders have emphasised the preference for this to be achieved so that employers and employees can begin to benefit from these amendments. It is clear that, when employees have a stake in the business, they have a clear path of participation and control. When business leads directly to worker success, worker-owners will be willing to put forth extraordinary efforts to assure the economic success of the firm. As CentreForum, in its 2012 report *Employee ownership: unlocking growth in the UK economy*, identified:

There are good reasons why now is a good time to be promoting employee ownership, co-ownership and employee share ownership. Employee ownership and share ownership have been shown to improve company performance and productivity. Employee ownership reduces absenteeism, and fosters greater innovation and a longer term approach to business decisions. Greater employee ownership within the firm leads to less of a differential between the high and the low paid, and wages which are at least as high as in comparable firms.

Employee share schemes are a fantastic way to align the interests of employees with those of their employers.

I do not support the amendment. It is a political stunt from those opposite because they have nothing better to offer. However, I commend the bill in its original form to the House.
mess that we were left after six years of Labor. Before I speak on the details, it is very important to focus on the importance of entrepreneurship, which this bill goes to the heart of. It is entrepreneurship that leads to innovation, and it is through innovation that we raise our living standards. We need to create an economic environment that encourages entrepreneurship, risk taking and experimentation, and that provides reward for those people who are prepared to put their own capital on the line and have a go. That is the way we improve the living standards of all Australians. It is that innovation through small-scale experiments, time after time, with a combination of, yes, good luck, judgement and hard work that gets the innovation and the wealth creation in this country.

We have seen examples of countries where innovation fails to happen. We have seen it in countries such as the former Soviet Union, a very rich and wealthy country. They simply failed to create innovation and they went backwards. The failures of centrally planned economies are simply failures of innovation. They are not able to produce the new drugs, the new methods of transport, the new methods of communication and the new consumer products. That is what happens to a nation if you do not have innovation.

I think of one of the greatest failures of that regime. There is a famous photograph taken in a supermarket in Houston in 1989 when Boris Yeltsin, who at the time was making his first trip to the USA, made a side-trip to a small supermarket. Other Soviet leaders had made trips to supermarkets in the USA, and they always thought these were something that were set up as a dummy display to try and show how rich and prosperous the Americans were. They did not believe it. Because Yeltsin had made an unscheduled detour, he knew that this could not have been something that had been set up. The story is that he wandered around the supermarket in complete amazement. The photograph is of him looking into the freezers, seeing all the consumer products that were available to the average American and to most citizens in Western democracies. Yeltsin later wrote:

When I saw those shelves crammed with hundreds, thousands of cans, cartons and goods of every possible sort, for the first time I felt quite frankly sick with despair for the Soviet people … That such a potentially super-rich country as ours has been brought to a state of such poverty! It is terrible to think of it.

That is what happens when you deter innovation and when you deter entrepreneurship. One of the ways of encouraging entrepreneurship and innovation is through employee involvement—the employees having skin in the game through employee share schemes. That is at the heart of this bill. It has long been known that if you can get employees to have some skin in the game they will perform better. The member for Forde quoted John Stuart Mill. I think I have an even better quote, from Adam Smith. Smith noted the importance of ownership and, in the 18th century, he said:

A small proprietor, however, who knows every part of his little territory, who views it with all the affection which property, especially small property, naturally inspires, and who upon that account takes pleasure not only in cultivating but in adorning it, is generally of all improvers the most industrious, the most intelligent, and the most successful.

So for several hundred years employee share schemes have been known to increase productivity.

This brings us to what Labor actually did during its six years of government. We saw many disasters, but perhaps this was one of their greatest: in 2009 they made changes to the way
employee share schemes were taxed. Where a share scheme gave an employee an option, they made the tax payable upon the granting of the option, not when the option was exercised. Such an insane policy could only have been cooked up by a government run by ex-union officials—ex-union officials that believed in central planning. As was predicted by all and sundry, it was an absolute disaster. The law of unintended consequences applied—it stifled investment and disincentivised innovation and especially start-up companies. It also placed at an international competitive disadvantage Australian start-up businesses and entrepreneurs with a good idea looking for ways of raising capital to attract talented employees. The carbon tax was a tax on Australian companies—effectively a reverse carrot for producing goods in Australia. This was exactly the same—it placed Australian companies at a competitive disadvantage.

We can measure some of the damage Labor did to innovation and start-ups and new businesses. In 2003-04, Australia's business entry rate saw a total of 325,000 new companies, new businesses, start up. If we fast forward nine years to 2012-13, the last full year of the Labor government, you would expect, with a growing population and a growing economy, more business start-ups. But under the Labor government there was a 50 per cent decline in business start-ups. We were 100,000 start-up businesses less than we had been almost a decade ago, because of the incompetent policies of the Labor government. The damage done will not be known. We can put an economic cost against their wasteful destruction of resources, we can put a value on their wasted pink batts scheme and the wasted expenditure on school halls and the $900 cheques to dead people and people living overseas; we can measure the failure of their border protection and the wasteful destruction of our resources. But we will never be able to measure the damage the Labor Party did by disincentivising start-up businesses and entrepreneurs in this country. We will never know what new products, what new services and what new jobs would otherwise have been created without the economically reckless policies of the Labor government.

That is what this bill addresses—it addresses cleaning up Labor's mess in the area of employee share schemes. It does three things. It reverses Labor's 2009 changes to our tax laws; it introduces further tax concessions for employees of certain small start-up companies; and it supports the Australian Taxation Office in working with industry to develop and approve safe harbour valuation methods and standardised documentation to streamline the process of establishing an employee share scheme.

We on the side of the House understand the importance of innovation. We understand the importance of energising entrepreneurs. We understand that we must encourage risk takers; we understand that we must give them at least a level playing field so they can compete internationally. Ultimately, the money that we get here in the government's treasury simply comes from productive business enterprises. The more productive our business enterprises are, the more money that flows into government coffers, the more we have for all those important social programs.

I acknowledge the presence in the House of the Minister for Small Business, the member for Dunkley, Minister Billson. I commend the outstanding work he has done on behalf of the hundreds of thousands, if not millions, of small businesses in this country. We are slowly turning the tide around. After a Labor government under which more than 500,000 people in small business lost their job, we are turning it around—we are incentivising our entrepreneurs
because that is the only way we can grow wealth in this country. I congratulate the small business minister for his efforts and I commend the bill to the House.

Mr BILLSON (Dunkley—Minister for Small Business) (18:07): Firstly, I would like to thank all those who have contributed to this debate—in particular, the member for Hughes. I am grateful for his kind words. The small business community runs through his veins and he has deep convictions about what this nation should be doing to support enterprise. I will briefly touch on the surprising and rather curious amendments from the opposition that do not actually seek to do anything in relation to the bill; they present some kind of alternative view of what perhaps should be happening in this economy but without actually go into much detail. There is no proposition before the parliament to change the legislation that the Abbott coalition government has introduced; we have got a political statement. I will touch briefly on that.

Essentially, we are here because the previous Labor government made a massive error that put employee share schemes on life support. We want to heal that harm and get the momentum back into employee share schemes and options as a great way of energising enterprise. As we have heard, in 2009 the former Labor government changed the way employee share schemes and options were taxed. This deterred the use of employee share schemes in Australia. It is an epic Labor failure that we need to fix, and we are doing that tonight. Clearly, the government is fully in support of Australia's innovation and science capacity. That is a decoy observation Labor sought to inject into this discussion and one I would like to briefly deal with given that it has been the focus of Labor's contribution—not the actual remedy and rehabilitation of employee share schemes, which is the purpose of the bill.

In 2014-15, the government committed around $9 billion to innovation, science and research. There is a $484.2 million Entrepreneurs' Infrastructure Program and a range of measures in the Industry Innovation and Competitiveness Agenda, including $188.5 million to fund Industry Growth Centres. This is all about innovation, science and research. Importantly, it is about taking those insights and discoveries and turning them into commercial activities that deliver jobs and improve living standards for our country and for our economy. The government is currently finalising its national Science, Technology, Engineering and Mathematics (STEM) plan, which will achieve tangible outcomes across the country for decades to come. Announced as part of the government's Industry Innovation and Competitiveness Agenda, this $12 million investment will improve the focus on STEM subjects in primary and secondary schools across the country. The funding will invest over $7 million to provide innovative mathematics resources for teachers and students, provide over $3 million for greater exposure to computer coding across different year levels and contribute $500,000 for an innovation-focused Pathways in Technology Early College High School (P-TECH) pilot program to help develop the next generation of innovators and graduates.

The Commonwealth government has announced new national science and research priorities to ensure our high performing science, research and innovation system delivers maximum benefit. The nine cross-disciplinary priorities are food, soil and water, transport, cybersecurity, energy, resources, advanced manufacturing, environmental change and health. These priorities will help our world-class science and research efforts to reflect the needs of industry, the national economy and the community. Taking those discoveries and research
insights and better translating them into commercial outcomes for jobs and economic opportunity is very much our focus.

I will not spend any more time on that because clearly Labor was seeking not to improve this legislation but simply to make a political statement. As I outlined in my second reading speech, this bill will improve the tax arrangements for employee share schemes to make Australia a more attractive investment destination and to give start-up companies a better chance of success. This is because the Abbott coalition government understands the importance of creating good business conditions to encourage entrepreneurs to develop their companies here in Australia.

These changes which will come into effect for new shares and options issued from 1 July 2015 and build on our Jobs and Small Business package. They will provide a significant incentive for Australian companies and their employees to enter into employee share schemes and to work together to achieve synchronicity, with the goals of the organisation being aligned with the goals of the employees. We know that that produces productivity improvements and better outcomes by facilitating that common shared purpose and goal.

To facilitate the take-up of employee share schemes and options we are also producing template documentation so that the regulatory compliance task is not an obstacle to enterprises with an appetite to take up employee share schemes—being overwhelmed by the paperwork, regulatory and compliance task. It is a comprehensive package that really puts the wind back in the sails of employee share schemes and the great potential they offer our economy. That is why I commend this bill to the House with much enthusiasm.

The DEPUTY SPEAKER (Mr Randall): The original question was that this bill be now read a second time. To this the honourable member for Fraser has moved as an amendment that all words after 'That' be omitted with a view to substituting other words. The question now is that the amendment be agreed to.

Question negatived.
Original question agreed to.
Bill read a second time.

Third Reading

Mr BILLSON (Dunkley—Minister for Small Business) (18:13): by leave—I move: That this bill be now read a third time.
Question agreed to.
Bill read a third time.

BUSINESS

Rearrangement

Mr ROBERT (Fadden—Assistant Minister for Defence) (18:14): I move:
That business intervening before order of the day No. 5, government business, be postponed until a later hour this day.
Question agreed to.
MOTIONS

Centenary of Anzac

Debate resumed on the motion:

That this House:

(1) acknowledge that the 25th of April 2015 marked 100 years since Australian and New Zealand troops landed at Gallipoli;

(2) pay its respects to the 60,000 Australians who fought in the Gallipoli campaign, the nearly 9,000 who died, the 20,000 who were wounded and the thousands more who carried the unseen scars for the rest of their lives;

(3) remember the brave soldiers of Great Britain, France, India and Newfoundland who fought alongside the ANZACS 100 years ago;

(4) note that on the 25th of April, solemn services of remembrance were conducted at Anzac Cove and at Lone Pine in Turkey, attended by some 8,000 Australians, including the widows of Australian veterans;

(5) extend its thanks to the people and the Government of Turkey for their support of the centenary commemorations and their ongoing and faithful care of the Gallipoli battlefields; and

(6) note that on Anzac Day, millions of our fellow Australians gathered to remember the ANZACs and all those who have worn our uniform and served in the name of Australia, and that the people of every electorate represented in this Parliament have honoured this milestone, the Centenary of the landings at Gallipoli.

Ms McGOWAN (Indi) (18:15): I was in the process of bringing my remarks to a close, considering Anzac Day in Indi.

At this part of my speech, I would like to close by making mention of my grandfather, Gladstone Robert McGowan, who enlisted in the second half of 1915, went to Egypt and then to England, and fought in the trenches of the Somme. He was an engineer. Their team were responsible for laying white tapes across no-man's land so that when the soldiers advanced they had some idea of where they were going.

Our family is so privileged to have his diaries, his maps and his stories. His legacy to his grandchildren was the importance of education. His experience of the war, which saw all material goods—homes and farms lost—left him with the commitment to educate himself and his family, believing that in whatever life presented an education would help in adapting to it. With this inspiration, I chose to be a teacher and am very grateful to Grandpa for his love, service, sense of duty and vision.

I would also like to acknowledge and thank the many public servants involved in this most amazing year of events. To the minister, Senator Ronaldson, and to his staff; and to the staff of the Department of Veterans' Affairs, who are always tactful, diplomatic and ready to answer any and every question: you did a terrific job!

The future of the commemoration of ANZAC Day is now in the hands and the hearts of our youth. In 100 years' time, when Australia is pausing to reflect on the 200 years since that Gallipoli landing in 1915, I hope that the young people of today and their children's children will remember the values that were embodied in Anzac, and that those values will resonate still in our communities—the values of service to country; duty to family and community; and courage to fight for a better world.
In closing: to the veterans of Indi and to your families and communities, we say thank you for your dedicated service in our armed forces.

Mr IRONS (Swan) (18:17): I rise to support the Prime Minister's recognition of one of this great nation's most historic milestones to date, the Centenary of Anzac.

One hundred years may seem like a long time but before we know it, it will be these young children at the schools that each of us visited in our electorates during this commemorative period who will be leading the 150 year-, or possibly even the 200-year, Anzac recognition.

But I truly believe that this may not eventuate in Australia's future if not for the hard work and dedication of our community veteran leaders, local governments across Australia, our schools, this federal coalition government and, of course, the hundreds of thousands of people who attended commemorative events over the past year and shone a light on this historic occasion. This centenary period has renewed our nation's Anzac spirit and has highlighted the importance of ensuring our history is not forgotten by future generations.

In school we all learnt about the horrors of foreign wars and our children learn about more recent wars, such as those in Afghanistan and Iraq. But I believe our country's history should always be our greatest focus. This is not just with regard to the role our country played in Gallipoli but in all wars, such as the Vietnam War or World War II. As the saying goes, 'Life is a teacher. We are the student'. So we must remember those lives and the events of our past to ensure we learn from them and create a better future.

During this commemorative period I personally had the honour of participating in numerous school services across my electorate of Swan, rededication services for war memorials that this government assisted in revitalising and in the Anzac memorial services both on the eve of Anzac Day and on 25 April.

I take this time to make special mention of all the 12 schools in the City of Belmont who paid their respects to our servicemen and women at the inaugural combined schools service, which I must say was a fantastic commemorative event which I commend all the students for participating in and the city and school principals for organising. I also thank Perth Montessori School, Manning Primary School, Lathlain Primary School and the South Perth Senior Citizens Centre for welcoming me to each of their respective services.

On the eve of Anzac Day I attended the Victoria Park RSL Sub Branch's Anzac centenary memorial service to officially re-dedicate the sub branch's new memorial wall which, I am pleased to say, this government contributed nearly $60,000 toward under the Anzac Centenary Local Grants Program and the Saluting Their Service grants program. This was a very important project in my electorate of Swan which, again, I was humbled to be part of, as it specifically honoured those residents of the town of Victoria Park who enlisted or volunteered for active service during the First World War. Each serviceman that the sub branch was able to identify now has their own plaque on the newly-erected memorial wall, which this government can proudly say they assisted in creating. I am sure members can appreciate how onerous this task would have been.

I also had the honour of re-dedicating the City of Belmont and the Belmont RSL Sub Branch's new joint war memorial, to which this government also contributed $50,000 under the Anzac Centenary Local Grants Program. This included a range of works, such as new walls, steps, rails, paving, earthworks, benches, flag poles and external lighting.
In the City of Canning $25,000 in funding was also granted by this government, but in this case it was for a commemorative event which the city invited all community members to participate in. The city's World Arts Exchange cultural festival is an annual event to celebrate Australia's national heritage. This year it was dedicated to 'Gallipoli Voices', commemorating this very important period of our history—the Anzac centenary. The event also served as the official opening of the WA National Heritage Trust Festival which, like the World Arts Exchange, dedicated this year's month-long festival to the commemoration of our servicemen and women.

The event was a fantastic example of cultures blending—in particular, Australia's ties with our former Turkish foes—with the festival featuring international guest artists from Turkey, who performed with several local arts organisations. The Consul-General of the Republic of Turkey, Dr Cahit Yesertener was an honorary guest. I would also like to mention Huseyin Aksakal, who is the president of the Turkish Islamic Association of WA for the work he put into promoting and organising the festival.

I am very proud that, as the federal representative for these communities, I was able to put forward these projects to the Anzac Centenary Local Grants Program selection panel as valuable commemorative projects which will assist in preserving the stories of local service men and women for generations to come.

I am also proud to stand in this place today and inform members on all sides of the political divide that each of the services I attended on Anzac Day—at the City of Canning, the Town of Victoria Park and the City of South Perth—were overflowing with people, with the local City of Canning service in particular hosting more than double the number of attendees it did last year. We had people braving the cold and overflowing into carparks and side streets at the Town of Victoria Park. They actually had to turn the screens around to face the street there were so many people attending the commemorative service.

I am proud that as a nation we can hold our heads high and say that people of all ages, cultures and backgrounds took this time to recognise that this truly was a once-in-a-lifetime commemoration and to recognise that, while the horror of war was witnessed day in and day out in Gallipoli, so too were Australia's greatest ideals: respect for our fellow man; camaraderie; putting the interests of the whole before our own as individuals; building relationships, not breaking them; and protecting our nation and all those who are privileged to call it home to the best of our ability. We saw these ideals reflected by communities across Australia on Anzac Day, and we saw it when the Prime Minister stood shoulder to shoulder with the Leader of the Opposition on the same grounds that our soldiers fought on in Gallipoli.

Anzac Day is not a celebration. It is a day to hold reverence for our soldiers, both past and present, and to recognise the service they have provided to each and every one of us. To put your life on the line to protect people you have never met is a form of courage that few of us can truly claim to possess. I believe that the Centenary of Anzac is a milestone that every Australian should be humbled to be part of, because, without those who fought on our great nation's behalf on the shores of Gallipoli from 1914 to 1918 and in all wars since, we would not be living in this generous, diverse and tolerant country we each call home today.

From 2014 to 2018 the Australian government has committed its time, resources and energy to ensuring communities across Australia have the ability to commemorate our service
men and women, to embrace our history and to learn from those events of our past to help create a better future. Striking a balance between commemorating these lives in a manner that encourages understanding, reflection and respect and generating passion and respect for the events that have been planned is not as easy as one may think; however, I believe that is exactly what has been achieved.

I congratulate all the local governments, RSLs and residents of my electorate of Swan for their participation in this historic milestone. Without them we would not be able to keep the Anzac spirit alive for future generations. And I salute the more than 300,000 Australians who served overseas during the First World War, the 60,000 people who lost their lives, which is more than in any conflict before or since, and all of our service men and women who continue to stand in defence of our nation today.

On a personal note, I will also mention that many of the diggers I have met in the past spoke very little about their war experiences. I found this out from my own father. When he passed away, we went through his possessions and found he had a photo album of his time serving in the South African Army in Italy during World War II. It was something that he never spoke of. He never talked about it once during the time I was with him growing up. That is probably the nature and character of people who serve when they fight to protect their nation.

Mr THISTLETHWAITE (Kingsford Smith) (18:26): On 25 April our nation commemorated the centenary of the formation of the Australian and New Zealand Army Corps and their landing at Gallipoli as members of the British Empire force in 1915. This was the first occasion on which Australia as a federated nation had fought together. It was also the first occasion on which Australians had formed and fought as part of a combat unit with our friends the New Zealanders.

On the anniversary of 25 April every year since 1915, Australians, New Zealanders and, indeed, people of other nations have paid tribute to those Australians and New Zealanders who have served and died in all world wars, conflicts and peacekeeping operations. It is appropriate that we do so. In the centenary of the formation of ANZAC, it is appropriate that this parliament record its thanks, respect and gratitude for those who have served our nation over the last century.

The occasion which gave birth to the Anzacs was not a glorious victory. In fact, it was the complete opposite. The Gallipoli campaign was nothing short of a disaster. It was ill conceived by the British. It was poorly planned. There were many casualties, and it resulted in the defeat of the Allied forces and their withdrawal. The minutes of the war council stated that the objective of the Gallipoli campaign was to:

… bombard and take the Gallipoli Peninsula, with Constantinople as its objective.

The problem was that no-one had explained how that objective was going to be met. There was no intelligence or research submitted on the Turkish defences. No maps were submitted to the war cabinet prior to making that decision about the likely landscape and the defences that the Allied troops would face.

The initial assault was meant to be a naval one. The allies thought that they would be able to sail through the Dardanelles and that that particular territory and stretch of water would be undefended. The reality was that the Turks had well and truly mined the Dardanelles Strait.
and the British Navy could not get through. So plan B was a land invasion with infantry that would involve the Anzacs, who at that time were stationed in Egypt. So on 25 April 1915 our troops landed at Anzac Cove. Australians and New Zealanders fought with valour and bravery. The Gallipoli campaign was horrific in the toll that it took on our troops. The casualties were many—8,709 Australians were killed and 17,260 were wounded.

In recent times, some have been critical of Australia's reverence for Anzac Day and the fact that we commemorate a defeat. I disagree with this characterisation. It is not the outcome that we remember at Gallipoli; it is the sacrifice. Anzac Day has become Australia's and New Zealand's remembrance day. It is the one day when we as a nation pay tribute to those who served our nation, particularly those who have given their lives—and we have done so for 100 years and we must continue to do so. Some argue that we are being irreverent by playing sport or two-up or having a beer on Anzac Day. Again, I disagree. In fact, on the first Anzac Day in 1916, Sir John Monash, the great Australian general, wrote this in his diary in respect of what occurred in Egypt and the Suez Canal. Sir John Monash wrote:

For the rest of the day everyone was given a whole holiday. We spent the morning in cricket matches and other amusement, and in the afternoon the whole division went down to the canal to swim and took part in a great aquatic carnival. From the Serapeum pontoon bridge both sloping banks of the Suez Canal for fully a mile north were one teeming mass of naked humanity. At times there were over 15,000 men in the water, and whenever the judges launch tooted to notify that the course must be cleared the scamper to the bank was a sight worth seeing and remembering. Of course, we had many comic items not on the programme, including a skit on the memorable landing …

This clearly demonstrates that, in the eyes of a great general like Sir John Monash, the anniversary of the landing at Gallipoli was something for our nation to remember but also to come together and celebrate what it means to be Australian.

There is also much debate about the significance of the Anzac campaign in our nation's history and what it signifies. Some say it was the birth of our nation, our coming of age. Of course, this was not the first occasion in which Australians had fought together. We had fought together in the Boer War, although not as a federated nation. Our nation was clearly born at Federation. In my view, our involvement in World War I was an important step in the maturity of our nation. It awoke our confidence in our sense of independence. World War I, and particularly at Gallipoli, Australians proved that we were tough soldiers, that we were great strategists and that we could command troops. In fact, we began Word War I in Gallipoli as the infantry for other nations, but we finished World War I in the command of the troops of other nations and bringing success to pivotal battles that determined the outcome of the war. Many great Australians, including the likes of Sir John Monash, were involved in the command of not only Australian troops but troops from other nations.

In my view, Gallipoli awoke a consciousness of character in the Australian people. It created a belief in ourselves that we would be able to make decisions on our own, become an independent nation and have a confidence and attitude about ourselves—and that pervaded back home once the troops returned. So Anzac Day is principally a time to remember and pay tribute; but, culturally, it is also the symbol of Australian independence, confidence and determination. It is important to our nation's history in that respect. On the centenary of Anzac, it is appropriate that this parliament recognise and pay tribute to it.
Throughout the nation over the last 12 months, communities have been coming together to represent and to pay tribute to those who served. In Kingsford Smith I was proud to have established the Centenary of Anzac Committee, which did a sterling job in taking up applications from groups and members of our community and allocating funding to important projects and events to symbolise our tribute to those who served. I would like to congratulate the members of the centenary grants committee in Kingsford Smith: Tony Waller, Ann Slattery, Ronnie Davison, David Cohen, Roger Perry, Pam Richardson, Colin Flatters and Neil Lee. Our community thanks you for the work that you have done over the last 18 months in ensuring that we had an appropriate celebration and commemoration of the Centenary of Anzac. It culminated in a number of projects, such as plaques being embedded in the footpaths of certain suburban streets named after World War I heroes, a Centenary of Anzac garden at Chifley Public School, the upgrading of the Light Horse monument at East Lakes and other important monuments and events. There was, of course, the spectacular Dawn Service that occurred at Coogee Beach, where 12,000 members of our community came together to pay tribute to those Anzacs. So, on behalf of our community, I again thank the members of our Centenary of Anzac Committee. I thank all of the members of the Kingsford Smith community, particularly the schools, the RSLs and the many other important community groups that came together to ensure that we had an important celebration, an important remembrance, of the sacrifice of those who have served our nation over the last 100 years. Lest we forget.

Mr DUTTON (Dickson—Minister for Immigration and Border Protection) (18:36): It is truly a great honour to rise to speak to this motion commemorating the Centenary of Anzac and the 100th anniversary of the landings at Gallipoli. It is a matter of deep national significance, and members have made many heartfelt contributions to the debate.

Australians enjoy a unique way of life that is the envy of the world. In 2014, almost 200,000 people migrated to Australia from every corner of the globe, seeking the great Australian promise of hope and opportunity. We enjoy many privileges as Australians. Most fundamentally, and above all else, we are safe, we are prosperous and we are free. It is not by chance that we are so fortunate. Freedoms and values which are today taken for granted are the enduring legacy of those who came before us. We have been kept free by the sacrifice and courage of great generations of Australians. Our service men and women, past and present, have through their service touched the lives of all Australians. All of us in this place representing our constituents as freely and democratically elected members of parliament are able to do so only because of those Australians who fought valiantly to preserve our democratic institutions against the threat of tyranny.

Much, of course, has changed since 1915. Borders have been redrawn, old empires have faded and new powers have emerged. Conflicts have arisen across the globe and through the decades. Time and time again, Australia has stood on the side of right as a vanguard of freedom and democracy. Today, as new and insidious threats arise that seek to poison our nation and to destroy our institutions, our security agencies and service men and women stand unyielding sentry in the best values and traditions of the Anzacs, ensuring that those enemies of all humanity will never succeed.

As foreign lands are again plunged into turmoil, and as we look toward the new and evolving challenges of the future, we must never forget the past. By learning from the past,
we may stand on the shoulders of those great men and women. This Anzac Day, just over a month ago and 100 years after the Gallipoli landings, we paused to remember our nation's lost sons and to reflect on a storied century of service and sacrifice. At RSLs, avenues of honour and war memorials around the nation, on the rocky shores of Anzac Cove and atop the rolling hills of Villers-Bretonneux, record crowds gathered amidst an electric atmosphere. Australians, no matter where they lived, no matter their background and no matter the differences between each of them, had come together for the most significant remembrance event of our lifetimes. The Anzac Centenary has been a great coming together of our communities.

In my electorate of Dickson, the heartfelt and driven desire to honour the fallen has been inspirational and simply overwhelming. The Anzac Centenary Local Grants Program provided the community with the opportunity to hold truly remarkable memorial services and to create tangible and permanent expressions of our solemn gratitude. Through the Dickson Anzac Centenary committee, it was my humble privilege to assist local groups in securing the full $125,000 available under the program. The successful grant applicants were the Samford RSL sub-branch and Avenue of Honour Committee, the Dayboro War Memorial Association, the Pine Rivers District RSL sub-branch and Anzac Memorial Avenue Centenary Committee, and the Bray Park-Strathpine RSL sub-branch. Each submitted ambitious project plans, which they pursued with relentless pride and purpose.

The picturesque Samford Valley lies nestled between the mountains in the south-west of Dickson. Just beyond Samford Valley is a place of sombre reflection and a physical connection through history to our past—the Samford Avenue of Honour. The Avenue of Honour project is based around a newly constructed 700-metre pathway, which is shaped in the green pastures of Samford Parklands. At the path's highest point, a spectacular sandstone monument has been erected. It bears a plaque memorialising 20 local servicemen who made the ultimate sacrifice. Twenty hoop pines have been planted along the length of the path, standing in their memory. A total of 100 trees have been planted, symbolising the 100 years of the centenary. These are just some of the elements of what is a breathtaking achievement.

I was honoured to officially open the avenue at last month's Anzac Day service in an avenue dedication ceremony. Years of work culminated in what was a remarkable event. I sincerely congratulate the committee on its resounding success. Under the outstanding leadership of President Jamie Whitehead, the Avenue of Honour Committee took what some believed to be an unattainable aspiration and gave it form and direction. Today, I thank Jamie, the committee secretary, Bill Gibson, Treasurer Ian Ruffles, the artist and creator of the avenue, Jamie Maclean, and committee members John Denyer, Carmel and Ross Mazzeo, and Peter Bishop. The Samford Avenue of Honour Committee has left an indelible mark on the Samford community. Long after we are gone, in many years from now, our great-grandchildren may walk among towering pines and reflect upon the service and sacrifice of the distant past and the coming of age of a young nation.

Dayboro, the town of yesteryear, lies in the north-west of Dickson. Dayboro is a small and tight-knit rural community which has long held a proud connection to its past and shown a reverence for service. The Dayboro War Memorial Association is a testament to those values. In 1920, the Dayboro War Memorial was erected by the residents of Dayboro and district. It stood 14 feet tall and looked over the town from the elevated grounds of the state school. The
memorial was inscribed with the names of 15 men from the district who died on service in the Great War. It also bears an honour roll naming the 34 men who returned home. Many years later, a solemn plaque was affixed in memory of six locals killed during the Second World War. In 2011, the memorial was relocated from the school to Roderick Cruice Park.

Almost 100 years after Dayboro residents first dedicated the memorial, the Dayboro War Memorial Association has marked the centenary of the Anzac with a project for the enrichment of the existing memorial site. Three tall black granite columns have been erected directly beside the grand old monument. These columns are etched with the names, the known history and the photographs of the 15 local people who made the supreme sacrifice. The columns give humanity, dignity and meaning back to those men, who are no longer mere names on a list. For the first time in a century, as their faces peer back from the glassy black stone, the people of Dayboro can see their lost sons again.

The project also involved the construction of a full-scale model trench and the purchase of World War I army uniforms for a re-enactment on Anzac Day. Generations of Dayboro residents will thank the Dayboro War Memorial Association for what they have done to preserve their history. Today, I congratulate them in this House. President Richard Hawkins, Vice-President Neil Rowe, Secretary Pamela Miller and Treasurer Michael Flannigan should be incredibly proud of what they have achieved for their beloved Dayboro and for what they have done to honour these men who have given their service to our country.

Anzac Avenue is a heritage listed road that runs from Petrie in the east of Dickson right through to Redcliffe in Luke Howarth's electorate of Petrie. The avenue was constructed by returned First World War servicemen as part of a postwar employment assistance scheme. It was to serve both as a tourist drive, connecting greater Brisbane with the sandy beaches of the Redcliffe peninsula, and also as a utilitarian memorial to those lost in the war. Construction began in 1922, and the road was opened to traffic in 1925. The Anzac Memorial Avenue was dedicated to Queensland's fallen service personnel, and from 1925 to 1929 around 1,800 trees were planted along its length. To this day, Anzac Avenue remains the longest memorial avenue in the state.

I want to pay tribute to the committee. They performed an outstanding duty. I was also privileged to be invited to the Petrie School of Arts to join the White family in planting a memorial tree as part of the committee's 100 Trees for 100 Years project. The Petrie School of Arts was the location of the first memorial tree planting in 1925, when the trees were planted by the then Governor of Queensland, Sir Matthew Nathan. I acknowledge the good work of David Dwyer, of Tony Watson, of Treasurer Darryl Neilds and committee members Judy Kranen, Brent Ledez and John Coutts. Each of these people were outstanding in the work that they did. I would also like to recognise all the schools and the work of the RSLs and to congratulate winners Jason Lejcak of Genesis Christian College and Megan Kennedy of Kurwongbah State School for the outstanding work that they did. They were awarded for the work they did in recognising the soldiers. I recognise also the members of the Bray Park RSL—John Burgess ED KM, Chairman Phil Symonds, Historian Brian Avery, Bowls Club Liaison David Antney, School Liaisons Lin Lahey and Peter Spies, also for his fundraising work, as well as Alex McMillan, Treasurer Brian Kay and subcommittee members Phil Livingstone, John Carruthers, Alf Richardson, Alan Davis, Mick McMillan and Jack Eviston. All of these people need to be enormously proud of the contribution they made.
In closing, I will very quickly acknowledge three more as my own family looks to the First World War service of James and Edward Leitch and Leonard Draper. Leonard was tragically killed in action two weeks before his 23rd birthday. We have an enormous amount to be proud of in this country, and the commemorations that took place in my electorate and around the country in this year of centenary commemoration are a great honour to our country. I thank the House.

Mr FITZGIBBON (Hunter) (18:47): It is a fortuitous coincidence that I should follow the Minister for Immigration and Border Protection in speaking on this motion, because we spent Anzac Day in Anzac Cove together in 2008, and I know we both appreciated the privilege of that opportunity. Indeed, I am one of the relatively few people who have had the great honour and privilege to deliver both the Dawn Service Address and the Lone Pine Address at Gallipoli on Anzac Day. It is an opportunity and a privilege that can barely be described. Standing in the cold as the dawn breaks and listening to that very cold water lapping just behind the area from where you address the crowd is an almost surreal experience—addressing about 10,000 people, about 80 per cent of whom are Australians, typically dressed in yellow.

Mr Dutton: All of whom were very proud of you too, Joel.

Mr FITZGIBBON: I thank the minister for his intervention. And every year of course in Anzac Cove and in every corner of Australia, in every town and city, we do gather to commemorate the events of 1915 and all those events that followed them right throughout the course of what came to be known as the Great War. It is interesting to recall that something like almost 500,000 Australians enlisted to fight in the First World War. We were a population of just five million then. So, around 10 per cent of our population served in the war, something that is just unimaginable now. In recent years we have gone through conflicts in Afghanistan and Iraq, and with a significant number, but the numbers just pale into almost insignificance when you consider the 60,000 Australians who gave their lives for Australia in the First World War and the 156,000 or 157,000 or so who were injured, many quite seriously. When you think about it or analyse it, you can almost attribute Australia’s losses during the Second World War to the imperfect settlement of the Great War. It was a conflict that had very significant ramifications for our country.

But the first battle, the landing at Gallipoli, is often seen as the birth of our nation, or at least the birth of Australians as we know them—the introduction of the Australian spirit, the Australian way, the Anzac tradition. That is why it remains such a significant event for all Australians. Of course, the more time that passes between 25 April 1915 and the present day, the more important it will be for us to remember and to remind. None of us knew those who landed on the shores of Gallipoli, and certainly they will be a more distant memory to those who follow us, and that is why it is so important that we continue to attend Anzac Day services in such large numbers. That is why it is important that the government of the day continue to put a very heavy emphasis on Anzac Day, to ensure that people do remember. I note that the further we move from 1915 the more emboldened people are to be critical of both the intervention and the way in which we commemorate those events. I think people are entitled to pass those criticisms. That is their right, and I do not challenge their right, but I think it is very, very wrong.
There were tragic mistakes made at Gallipoli and those tragic mistakes had very large consequences. But what we commemorate on Anzac Day is not war or what went wrong or what went right; what we commemorate on Anzac Day is the sacrifice and the fact that, regardless of the wrongs or rights of the strategy and the orders of their masters, Australians did what was asked of them without question, which is well depicted, of course, in the movie *Gallipoli*. I think the term 'without question' is very appropriate in this instance, and we should continue to very actively commemorate that day and the events which followed it in that spirit: young Australians volunteered to go to a distant place—with a very shallow understanding, it must be said, about why they were going, who they were fighting, what the strategy was and what the ultimate objective was—absolutely without question. When things looked hopeless and they were asked to keep going, they kept going, and that is what we commemorate each Anzac Day and at every service throughout the year when we remember those who have served in the First World War and, indeed, in the Boer War before that and in each and every conflict in which Australia has been a participant since.

Like those who have spoken before me, I want to pay tribute to those in my own electorate who make sure every year, but particularly this year, that the events of 1915 are properly remembered and commemorated. Leading them, of course, are those who make up our RSL sub-branches. They are all magnificent in my electorate, as I am sure is the case in each and every electorate around this country. Every year they work for months in advance to make sure that Anzac Day is an appropriately solemn occasion and that the commemorations run smoothly and, indeed, that people get something to eat and something to drink after the ceremonies themselves. This year, in the centenary year, local RSL sub-branches worked for years, really, to make sure the commemoration was all that it should be. I pay tribute to each and every one of them. They are all volunteers and they do wonderful work on behalf of not only the community but of course the veterans whom they represent.

Our local councils were also very active, not only in making applications for the funding provided by the government to make sure the events were properly commemorated but also in providing the in-kind assistance which is necessary on the day, from traffic management right through to the tidying up of local cenotaphs and the parks around them. They do a magnificent job and I thank them for those efforts.

I want to make mention of the Maitland RSL Sub-Branch because most members are aware that in the lead-up to Anzac Day we had very significant rains and floods in the Hunter Valley and it provided disruption for Anzac Day commemorations. I know that none of my other sub-branches will be offended if I say that Maitland possibly has the most beautiful environment for an Anzac Day service. The cenotaph is a very significant one and Maitland council always does a wonderful job in preparing the grounds and making sure the place is as beautiful as it possibly can be. I feel for the Maitland RSL Sub-Branch members who were forced to move their commemoration to the Maitland Town Hall, which itself is a significant building. In fact, it is where Edmund Barton, our first Prime Minister, delivered the first campaign speech for the first election around Federation, but Maitland Town Hall is not really designed for an Anzac Day ceremony. It was unfortunate that the floods and rains forced our local RSL sub-branches to take that second option, but that does not detract from the magnificent work they did in ensuring that the events for the centenary year were appropriately commemorated.
I quickly mention the residents of Gillieston Heights who were landlocked by the floodwaters. Both roads going into the town were blocked and the residents very quickly managed to organise their own Anzac Day ceremony on 'Gillieston Island', as they called it—the member for Paterson will be familiar with the term—so that local residents did not miss out on the opportunity to commemorate the centenary events. I congratulate all involved. It is a great privilege to be able to speak to this motion.

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for the Environment) (18:57): It is with sincere and profound respect for those who have sacrificed so much for our nation that I stand here today to honour and commemorate the Centenary of Anzac. Just over a month ago, on Anzac Day, we as a nation paused and we reflected on our nation 100 years on from that heroic landing of the Australian and New Zealand Army Corps—the Anzacs—on the shore of Gallipoli in Turkey. I am most pleased that we continue to have the opportunity throughout this year and years to come to remember our nation's most important commemorative event. I often wondered what it would have been like to have been one of those young, energetic, very brave and at times foolhardy young men who stormed the beach—those who signed up for military service because of the adventure, not knowing what their fate would be.

In 2010, along with my colleagues at the table here, we had the opportunity to visit Afghanistan as part of a defence exchange. After we had been to Tarin Kowt and Kandahar, I took the opportunity to go on to Gallipoli where I was joined by Malcolm Turnbull, now the Minister for the Environment, the Governor General and Warren Snowdon, who was then the Minister for Veterans Affairs. As an aside, I said to my young brother, who has now passed, that I was going to Afghanistan and I really wanted to take my father's original medals to Gallipoli and wear them at the Gallipoli service. He said to me, 'Why don't you take Grandfather's medals?'

 Until that that point in time I had never realised that my grandfather had served in Gallipoli. My family has had a tendency never to talk much about their service, even though they were in the British forces.

I found the experiences that I had in the two days I spent in Gallipoli to be very deep and moving. We went from Canakkale to Eceabat. The first thing we did on 24 April 2010 was attend the Turkish international services. It was very moving to listen to the Turkish side of the story and their brave and heroic efforts. We departed Mehmetçik Abidesi and went to the French memorial at Morto Bay. Again, it was a very moving service. From there we went to the Commonwealth memorial at Cape Helles. That is where the hairs on the back of my neck stood up, because I tried to realise what it would have been like for my grandfather in storming those beaches. I cannot explain how I actually felt. It was very moving.

The next day, Anzac Day, we all took off on the ferry that went across to Anzac Cove. We sat there and witnessed the audience of people looking out across the water examining the beach, trying to understand what would have been going through those young men's minds as the hail of bullets rained down upon them, and yet they kept going. Yes, they landed in the wrong position. But their determination was so strong and their bond, their mateship, came to the fore like never before, and they dug in. They dug the trenches out of survival, hence the name 'diggers'. With my colleague Stuart Robert, we walked up and down some of the trenches. We visited some of the various sites. We went to Lone Pine and attended the
ceremony there. We visited the Turkish memorial of the 57th Regiment. We went to the New Zealand memorial service at Chunuk Bair memorial. Each and every one of those services and each and every one of those grave sites hold special meaning and different meaning for each individual country but collectively recognise and reflect the heroic contribution that people made.

From there I had the opportunity to go over to Brussels and catch up with my very dear friend the Hon. Brendan Nelson, who happened to be the ambassador. He had organised for me during that tour, amongst other things, to visit Polygon Wood and to go to the museum in the Zonnebeke Chateau, which is a unique display of how people lived in those times and dealt with the effects of war. We went to Tyne Cot Cemetery and visited Hill 60, where miners from my region dug the tunnels to put the explosives under the hill to disrupt the German forces. We went to Flanders Field. Perhaps the most moving thing for me personally was to attend the Last Post ceremony at Menin Gate, where I was honoured to be asked not only to present a wreath but to recite the oath. That gave me a sense of appreciation, and I reflected on the contributions of people in my electorate.

I thank the government for providing $125,000 to my electorate to help celebrate and reflect on people's contributions. I appointed a very distinguished independent committee to assess the applications for those funds, headed by Glenn Wall, a former veteran from Vietnam; Dennis Martin; Bill Garrett, the Hon. Rear Admiral Peter Sinclair, AC, former Governor of New South Wales; Keith McNeil; and Sonny Morris—all people deeply embedded within my veterans community. They assessed, independent from me, all of the applications.

They deemed that applications such as the Nelson Bay RSL Sub-Branch should receive money to erect a commemorative stele at Apex Park, to recognise the centenary of the service and sacrifice of those who served in the First World War. The Dungog RSL received money to restore a Krupp field gun for display in front of the RSL. The Dungog and District National Servicemen's Association received money to upgrade and replicate First World War honour rolls at the cenotaph in Stroud. The Bulahdelah War Memorial Trust were given money to establish a memorial garden and a commemorative exhibition. The Forster-Tuncurry RSL received money to upgrade their Lone Pine memorial. The Port Stephens Navy Association received finances to establish a memorial for the HMAS *Psyche*. The Karuah RSL produced a commemorative booklet about First World War soldiers from the Karuah area. The Newcastle Legacy Fund, Port Stephens Group received money to produce a tribute for the 100 years of service. The Maitland Grossmann High School received money to install an Anzac Centenary memorial garden. The Tilligerry RSL Sub-Branch received money to install a memorial plaque. The Gresford Community Group received money to plant memorial Lone Pine trees and Gallipoli roses for each locally born person who served in the World War I. The Raymond Terrace RSL Sub-Branch were given money for the Seaham 'knitting circle' memorial. Great Lakes College received money to research, design and construct memorial boards which detailed the battle of Lone Pine and the seven Victoria Cross recipients. The Port Stephens Veterans and Citizens Aged Care received money for a wall mural of the Anzacs. The Tea Gardens RSL received money to create a commemorative plaque for display. This was great work, well researched, understood and accepted by our community. I
wish there had been more money for all the projects that were put forward, but sadly finances were somewhat limited.

As the member for Hunter said, this Anzac Day was rather special in our community, particularly in and around the Hunter region. I personally attended the dawn service at Dungog, which days before had been severely affected by floods, with loss of lives including two servicemen. I also had the opportunity to go to Nelson Bay for their Anzac service. On the way through I drove to Karuah and joined them for breakfast after their dawn service. It showed their spirit, because they did not have any power, so their complete dawn service was done by torchlight and candlelight. It did not dampen their enthusiasm.

What impressed me most of all at the various Anzac services I visited, those where my family represented me and from speaking to my staff who represented me was the number of people who turned out this year. The crowds were larger than ever before at each and every service across my electorate. So I say, 'Thank you' to my constituents for coming out after a difficult week and a storm event to pay their respects to those who gave us the freedoms and democracies that we enjoy and live by today. It would be remiss of me if I did not thank the people who are currently serving in overseas theatres of operation for their contribution to the safety and security of this nation, Australia.

Mr SWAN (Lilley) (19:07): There is no greater privilege in public life than to honour the service of our Defence Force personnel. This hundredth anniversary of the landings at Gallipoli was a very special year in our public life. As so many other members of this House have remarked, the experience this year on Anzac Day was so special—special because not only did record numbers of people turn out but they turned out to really connect with our veteran community. A large part of the success was the program, Australia Remembers. This year was special because it marks the 70th anniversary of the end of the war in the Pacific and the 100th anniversary of the Gallipoli landings.

The connection between the 100th anniversary and the 70th anniversary is that we in Australia have now begun to build a bridge between the war generations, their children, grandchildren and great grandchildren. So much has happened in Australia in the past 20 years that it is now a regular event for there to be an Anzac Day ceremony at every school in the areas we represent. That was not true 20 years ago. It has been special to see the diversity of projects that have been applied for across the areas we represent.

Last Anzac Day was a very special day. One hundred years ago, 3,000 troops from the length and breadth of this country landed to begin the assault on Gallipoli Peninsula. In the months that followed men from my area like Billy Sing, the Gallipoli sniper, and others with names like Bridges, Church, Collins, Mackay and Smith joined the battle in their thousands. Their lives and their experiences are represented on a new memorial wall, which was funded as part of Australia Remembers at the Geebung RSL. It is a very special wall, where they depict the cliffs of Anzac Cove, the bugles, the weapons they carried, the postcards of hope they sent home. And, of course, there is a very special picture of Billy Sing.

That morning 100 years ago, stuck in a landing boat, approaching the shore, an Australian officer recalled the noise of the incoming fire:
The rat-a-tat-tat was followed by the whistle of the little messengers of death.
Then it opened out into a terrific chorus, the key was being turned in the lock of the lid of hell.
Dozens were shot in their boats. Others drowned trying to get off the beach in the first few hours of the landing. The rest fought their way past the first line of Turkish defenders and scrambled uphill through thick bush to reach the ridges that surrounded the beach. In the months that followed, 26,000 Australians died or were wounded; many survivors were commended for their bravery but indelibly maimed by the experience.

In all 416,000 Australians enlisted in the Great War, 60,000 died and 156,000 were wounded—one of them was my grandfather. Last year, in my Nundah office, I opened an Australia Post parcel and, as I did so, some medals fell to the floor. As it turned out, they belonged to my grandfather, a man I never met and who died at 56 years of age from the effects of wounds and gassings experienced on the Western Front that completely wrecked his health. The note attached to the medals was very moving. It was from a collector who, decades ago, had picked them up at an antique shop. He felt with the centenary coming up, he would make every effort to find the owners of hundreds of medals in his possession. He said of the medals:

They all have a man with a story behind the name impressed upon them; they are fantastic pieces of history and mean a great deal to me; they were all great men.

Yes, they were great men. On Anzac Day they were all represented at the ceremonies we went to by the medals which were proudly worn by their descendants and by the medals proudly displayed by our current war veterans. This, more than anything else, signifies why this centenary is so important.

There was an air of celebration about this centenary, a lot of noise and a lot of media hype—and that was inevitable—but we cannot let it be commercialised to the point that we lose focus of the values and the people we respect and revere. The medals remind us of that. So it is not about a celebration or noise; it is about the things we do not have. It is about those lying in military graves in foreign lands, their headstones remaining as a profound statement of our nation's ideals. It is about the young people lost, the voices that have fallen silent, and those who carried their wounds through the rest of their natural life. It is about remembering what those lives and voices were like, and why they were sacrificed. And, of course, it is about quiet local events that occurred on 25 April right around our country in every community.

The true spirit of Anzac is local. The memorial wall at Geebung reminds that they could have been our parents, our grandparents or our neighbours. We, on the north side of Brisbane, played a significant part in the Great War. The area was pretty sparsely populated back in 1914, but, within in weeks of the start of the Great War, large numbers turned out to enlist. More followed after Gallipoli and yet more after the battle of the Somme began in July 1916. By November 1916, in Chermside in my electorate there were 2,400 men were in training. With that kind of presence, the local community formed organisations to give 'send-offs' to departing soldiers and planned 'welcome homes' for returning diggers. Locals raised money to send parcels to the troops on the front line. Pupils at the Chermside State School chipped in by knitting socks throughout the Great War. What they were doing was looking after our troops—looking after one another in good times and bad. That is what lifts this nation above being merely a collection of individuals.

As the son of a veteran of the Second World War and the grandson of a veteran of the First World War, I accept my duty to honour their service and to do everything that we can to
ensure that those people and their families are looked after. I am sure it is a duty that we all accept and hand down to our children and grandchildren. In this centenary year, we are united by sacrifice and by the tragedy of war. It is a universal and unifying story about courage. Every year on Anzac Day we ask ourselves two fundamental questions: why did they fight, and why do we still fight? We do so because of principles that stretch back to the birth of Western civilisation—truly fundamental principles that form the bedrock of our modern democracy—the principle of justice and the principle that nations that trample on the rights of others must be resisted.

We do not put our young men and women in harm’s way unless it can be justified by more than the self-interest of the empire-builders. They do more than just honourably defend us—they are fighting for universal principles. And underlying those universal principles are the notion and pursuit of equality. The central idea that drives us is the idea of egalitarianism: that one person is as good as the next. Our ideal is no master, no servant, just individuals bound together as equals. Our officers and our soldiers were not treated as separate castes. Our commanders valued the lives of their soldiers and spent those lives with the utmost reluctance.

Of course, our egalitarian ideals were not born at Gallipoli—Australia was egalitarian from birth—but at Gallipoli those ideals were tested, and they proved their worth. What emerged was a moral code that rapidly established itself as our supreme national virtue—a combination of bravery, resilience, the ability to improvise, and sticking together in hard times, no matter what. It is our national story—a story about being there for others when they need help, no matter where they are or who they are. It is about defending anyone’s right to pursue their own patch of equality. That is what my grandfather and my father fought for. They fought for a nation founded on the universal principle of equality. That is a nation worth fighting for, and that is what the centenary year means to me.

That is why it has been so pleasing to have so many people working so hard to make this year a success—people like Pat O’Keeffe, Peter McNamara, Ron Virgen, Joy Bryson, Lindsay McCullough, Mark Takacs, Jeanette Gentle, Bruce Fogarty, Jenny Bullen, Sally-Anne Wright, Chris Manktelow and Scott Leonard, and fantastic projects at Wavell high, Banyo RSL, St Kieran's and the Geebung RSL. I think this a fitting tribute to all of those who served and have sacrificed for our country.

Dr GILLESPIE (Lyne) (19:17): In the centenary year of the Anzac landings, I think it is more than fitting that we in this House remember the service of those that have gone before us, and I offer some of my reflections on this Centenary of Anzac year.

One of my earliest memories from childhood was as a little infant school student, attending Anzac Day marches along with my classmates, where, at the intersection around the cenotaph, what seemed like thousands of people were gathering. That was from the early sixties, in a different time and a different space, and there were many living returned servicemen and women. One of my grandparents who served in World War I was still alive; my maternal grandfather had already passed on, but grandmothers, cousins and aunts all related stories from the war. So it was much more tangible at the time. Some of the sentiments to our opponents in the various wars and combats were still alive and palpable.

By the time I reached my teens, the closest I got to military service was joining the cadet force, but sentiments were quite different for a period there, and in retrospect the nation looks
back on that with a bit of shame. There was a slight collective embarrassment or neglect regarding the service of our Vietnam servicemen and women. So much so that you were basically criticised by a lot of your peers for attending parades and being involved in the cadet corps. The cadet corps involvement became definitely uncool. It was only when we had the welcome home parade that, on a public level, that sentiment officially changed. People came to realise that the servicemen and women of Vietnam had done just what every other Australian serviceman and woman had done, and that was answer the call—particularly as many of them were conscripts.

By the time I reached my 20s, my interest was piqued in all things historical, but nothing was more interesting than a trip to Turkey to visit Gallipoli and see what it really was like. So I travelled there long before there was a good road down to the beach. A lot of the restorations had not occurred, but the lines of graves and the ceremonial areas were well tended by the Turkish nation, and it really was quite moving. We made our way down to Anzac Cove, and walking in from the water and looking up at the cliffs really did put into relief how frightening and daunting the prospect of scaling those cliffs must have been with a hail of bullets coming down at you. It must have been a horrible, horrible episode in anyone's life if they served in any battle, let alone there. The bullets are the same everywhere a serviceman goes and so are the bombs, but being there on the site of such a well-documented battle over many months really brought it home.

When I returned, I had the opportunity to read through my maternal grandfather's diary. He had been through the Anzac peninsula and on to the battlefields in France. My other grandfather served too in that same conflict, and my father and uncles served in World War II. It was through my father and uncles that I learned a lot about the service of our service men and women and saw up-front some of the consequences of putting yourself in harm's way for the betterment of your nation and our democracy.

There are some things that are seared into the memory of every Australian, and one is the phrase 'lest we forget'. I am very pleased to say that, in recent years, the ceremonial recognition and commemorations of Anzac Day are much more appropriate to the memory of those who have gone before us and served, and 2015 was by no means an underdone event in the Lyne electorate. At dawn in Port Macquarie, there were no fewer than 10,000 people assembled by the banks of the Hastings River on the town green for a very memorable service led by Port Macquarie RSL sub-branch President Greg Laird. No larger crowd has ever been seen in greater Port Macquarie. Returned service men and women were joined by up to four generations of descendants. We heard some very moving speeches, wreaths were laid, prayers were made, a very eerie last post and reveille were played, and the Australian flag was raised after the initial lowering. Some people in boats passed by just at the time the bugler was playing.

In Taree, on the Manning, similarly huge crowds turned up, I am told, at the dawn service, and I had the opportunity of joining them later in the morning for a very moving ceremony preceded by a march through the town attended by service men and women, community groups, school groups and lots of volunteer service organisations. There was a specially formed choir and a fly-past, and I would like to compliment the Taree sub-branch of the RSL led by its president, Bob Coombes, and Darcy Elbourne and Dennis Lawrence, who have been organising these services for many years. At that service in Taree, we had a very
developed group of memorials that were very well restored and maintained, including the original cenotaph, which is really quite an amazing cluster of memorials for a town the size of Taree.

I then had the opportunity of moving on to a special luncheon with the Kendall RSL Sub-branch members, and they similarly had an incredibly large turnout for the small village of Kendall: up to 600 people made it to their dawn service. It was a very interesting set of speeches that we had from members and returned servicemen. I had the opportunity of attending four school-based RSL services, and I would like to compliment all of them. At St Joseph's in Taree, Mark Mowbray, the principal, organised a wonderful ceremony, with all the schoolchildren involved. Likewise, at St Joseph's in Wingham, Principal Emma Timmins did a wonderful job. At the Wauchope High School we had a huge turnout—every student. I do not think there were any non-attendances at school that day. Principal Glen Sawle was ably assisted by Des Hancock from the Wauchope RSL, along with teacher Graham Pinkerton.

I mentioned that saying 'lest we forget'; I can say that the Lyne electorate definitely did not forget. They turned up in droves, in their thousands, to honour the service and the sacrifice of our veterans over many generations. Everyone now is aware of their service and the principles for which they fought valiantly and for which many died. I am so pleased that the Australian populace now has a much greater awareness of the original sacrifice of our ANZAC veterans, and the service and undertakings of subsequent generations.

Debate adjourned.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. BC Scott) (19:27): I propose the question:

That the House do now adjourn.

Community Television

Ms ROWLAND (Greenway) (19:27): I rise this evening to discuss the important issue of the future of community television. We on this side of the House have a proud record of supporting community television. We believe community television has an important role to play in Australia's future and we recognise the benefits of a strong and sustainable sector.

It is well known that community TV serves three distinct but very important functions: as a platform for young talent to learn the skills needed in the media as both performers and crew; as a complementary platform to serve our diverse migrant communities; and as an important service in rural and regional communities. Community television has launched the careers and nurtured the talents of some of Australia's most popular media personalities and actors. For example, it is responsible for training and discovering such artists as Rove McManus, Hamish and Andy, and scores of very talented production workers whom we export both into other sectors of the industry and around the globe.

As well as this, community TV plays a vitally important role in our diverse migrant communities, both as an information and entertainment platform, and as a way to interact and create content. In our regions and towns around Australia, community TV continues to play a hugely important role, filling the gaps often left by commercial TV and public broadcasting. In places like Geelong, Broome, Ballarat and other regional centres around Australia, community TV is not only important but popular, and it can play a key role in a town's identity and development. This government, though, has decided to take community
television off the air at the end of this year, switching it off on 31 December. I would like to point out two articles, the first by the Minister for Communications—an opinion piece from 23 September 2014 which broadly reflects the comments he made at a community broadcasting event in Parliament House on 3 September last year. I quote him, in part:

OzTam official ratings data shows that CTV has very small audiences … with an average annual daily audience in prime time … for all stations of about 6000 viewers

The point is a small audience figures suggest that CTV is not contributing significantly to the diversity of media services for local communities, one of the prime reasons for licensing community broadcasting services.

… … …

The internet provides the perfect opportunity for community television to continue its vital role …

He goes on to say:

Moving to the internet is not a new thing. In the UK, BBC Three … will stop transmitting as a linear channel in autumn 2015, and be replaced with a new online service.

The key point made by the minister is that community TV services should just be delivered over the internet. On the following day the Australian Community Television Alliance responded to the minister, and they noted in part:

Despite the claims of the minister, community TV is regularly watched by around three million viewers every month.

… … …

Turnbull continues to lecture community TV that the internet is not new—patronising the sector with the purpose of painting community TV as old and staid.

Community TV is an innovator and has been preparing itself to remain relevant as online viewing continues to evolve and develop.

C31 Melbourne was one of the first stations in Australia to offer a "catch-up TV" service online. Presently this offering attracts around 15,000 unique browsers per month, as opposed to one million viewers per month on our broadcast signal.

They go on to refute the notion about the BBC that the minister mentioned:

Minister Turnbull continues to cite the UK broadcast environment as being instructive, particularly referencing the decision of the BBC to move their youth focused BBC3 channel online.

There is more to this story that he does not refer to—the fact that spectrum has been made available for the roll-out of Local TV stations in the major cities.

They end:

Community TV does not demand government funding or excessive guarantees. All the sector is asking for is what it has not been granted to date—a consultation process involving all stakeholders seeking to find a pathway to preserving or perhaps enhancing this public resource on free-to-air television whilst still enabling efficient management of spectrum.

I do not believe that this is an unreasonable request, and it is reasonable today. We on this side of the House do support community television going over the top or using the internet as a distribution platform, but the sector needs to be given a reasonable amount of time and support to ensure the transition is successful. The minister has refused to grant the sector this very reasonable request. I call on the minister to work with the industry, to give them the help and the time that they need, and I also note that the sector is planning a week of action next
week. I congratulate them on this initiative and I hope that they are successful. The only way they will be is if all of us in this chamber get behind the community television campaign. I urge all members of this House to do that.

Wright Electorate

Mr BUCHHOLZ (Wright—Chief Government Whip) (19:33): Those who become members of either side of this House wish in the most honourable way to serve their community. When we leave this place, whether it is by our own determination or as a result of forces beyond our control, we will be judged equally as honourable members by what we say or what we do. Tonight I want to share with colleagues some of the things I have achieved while being in parliament and now we are halfway through our first term in government. It is important for our community to understand what the Commonwealth government's contribution is and the very many ways in which we reach out to assist.

The Commonwealth has committed $443,000 in HACC funding for Munanjali House, which is an organisation that helps with aged care facilities and extended transport and at-home care services. There has been a community development grant for the Boonah showground. That small community organisation received $250,000—their biggest fundraising event during the course of the year is normally the local show, which they normally burn money on. It is grants like that that help build and instil confidence into communities. There is our capital grant program, through which we have invested money into the Tamborine Mountain College for the construction of two general living areas, amenities, a computer nook, verandas and stairs. As that community grows there is a greater demand on education facilities. The Faith Lutheran College in the Lockyer Valley has been granted funds for the construction of a manual arts complex and the conversion of a classroom to a science lab. I will be back over in that part of my electorate in forthcoming weeks to open yet another capital program that the Commonwealth government has partnered on.

I want to speak about some of the money that has landed in my electorate through the Black Spot Program—$1.1 million has been allocated to widen a section of the Gold Coast Springbrook Road—a dangerous stretch of road hopefully now made safer. That was identified by the Black Spot Program. There was $240,000 to improve the safety of Gehrke Road-Otto Road-Mountain View Drive at Plainland, and over $65,000 to prevent hoons in and around the Veresdale Scrub School Road area.

Our area is no stranger to natural disasters, and the Scenic Rim Regional Council received $225,000 to help rebuild our communities after the devastating floods. Included in that was $160,000 to install additional flood warning systems at Coulson Bridge and Canungra to warn those communities of any future imminent threat, and an additional $65,000 for the Scenic Rim Bushfire Risk Reduction Project. The Lockyer Valley Regional Council received $330,000 to upgrade flood warning systems in the Laidley and Forest Hill areas. In addition, Logan City Council received $150,000 to upgrade the telemetry network and construct flood warning systems.

Under the Safer Streets Program, the Logan City Council received $300,000 to install CCTV predominantly in the Jimboomba CBD and Flagstone areas. That was the result of an election commitment I made to fight to make our communities more secure by providing $150,000, and then on getting into government we were fortunate enough to be able to double that commitment. It was well received and well supported by the community—it was a
community-driven project and was what they were asking for. This government listened and supported them.

We are also a friend of the arts. Three local arts projects have received a combined $61,500, with $15,000 going to the Lake Wyaralong Sculpture Festival, $30,000 going to the Goat Track Theatre Company and $15,000 going to the Big Stories, Small Towns festival in the Beaudesert.

We have also made an ongoing commitment to the Financial Assistance Grants program, through which local shires are allocated funds from the federal government. Logan City Council received $10 million, Scenic Rim Council received $3 million, Lockyer Valley Regional Council received over $4 million and Gold Coast City Council received $18.8 million. All of that money ends up in worthwhile projects.

It is things like this that the government is committed to. At the start of my speech, I alluded to the fact that we will be judged not only by what we say but by what we do. I hope that my continued efforts to supply and deliver valued projects into the area makes our community a better place to live.

**Lalor Electorate: Werribee Mercy Hospital**

Ms RYAN (Lalor—Opposition Whip) (19:38): I rise to speak about health in the electorate of Lalor. I have spoken about the needs of our local community in terms of health and, in particular, the Werribee Mercy Hospital on several occasions since joining my colleagues in this place. Every time I have risen to speak about the needs of our community in terms of our local hospital I have highlighted the needs and the growing demand. The Mercy Hospital was established to serve a population of around 80,000 but we now have a population of over 200,000 and the hospital desperately needs an upgrade to serve this community. It is with absolute pleasure that I rise tonight to celebrate the fact that federal Labor has a history of supporting Werribee Mercy Hospital. Most recently, there was a contribution of $30 million to build the McAuley Centre, which services the community in subacute beds and has had an enormous impact on the health of subacute patients and resulted in a reduction in the number of patients returning to hospital after they leave the McAuley Centre.

But we have had very good news of late. The Andrews Labor government in Victoria has announced in its budget that $85 million will be spent in the forward estimates to do an extension to the Werribee Mercy Hospital. This is being celebrated in my community because of what it means on the ground. It will add six additional operating theatres and 64 inpatient beds including, most critically, eight beds for a critical care unit. As members of the House would understand, a small country hospital is what we have had serving my community. With this injection of funds, the strategic plan will be implemented in full and we will have ourselves a hospital that will service our community. No longer will ambulances bypass the Werribee Mercy Hospital with critical care patients. No longer will patients already in the hospital who then have a critical incident have to be moved to the emergency department to be monitored for critical care. Those eight critical beds will fill an absolute need in the hospital. They will allow our existing and new operating theatres to ensure that our local hospital serves our entire community.
It is a celebration because it demonstrates that, when it comes to health, Labor both federal and state is prepared to work for and invest in Melbourne's west and take seriously the health needs of our communities. This is such good news in light of the federal government's $50 billion worth of cuts across this country over the next 10 years. In light of that, it is important that our state government has made this commitment to my community and to all of those in the west who will be impacted. A really important point is that, if the Mercy Hospital is servicing needs more generally locally, then those hospitals nearest to us, those hospitals 25 kilometres away, will have less demand put on them. So it is with absolute pleasure that I rise tonight to celebrate the funding for the Mercy Hospital.

I would like to acknowledge Steve Cornelissen and Linda Mellors of Mercy Health. They have been incredibly strong advocates for the hospital and they have also been flexible in responding to community need and community demand. I would like to congratulate Jill Hennessy, the Minister for Health in the Victorian state government. Being the member for Altona and being close to our community, Jill has been very aware of the situation. I would also like to thank Tim Pallas, the Treasurer of the Victorian Labor government. There have been terrific decisions made by state Labor.

**Multiculturalism**

Mr CHRISTENSEN (Dawson—The Nationals Deputy Whip) (19:44): When migrants become Australian citizens they make an affirmation or an oath which reads:

> From this time forward, under God, I pledge my loyalty to Australia and its people, whose democratic beliefs I share, whose rights and liberties I respect, and whose laws I will uphold and obey.

They are also asked to sign a statement that they respect Australian values such as freedom; dignity of the individual; freedom of religion; the rule of law; democracy; equality of the sexes; and egalitarianism. So when the government considers removing citizenship from those who join foreign fighters—terrorist organisations who pledge and advocate death to Australians—it should be a moot point that citizenship for those foreign fighters, terrorists and terrorist supporters was voided by their own hand. Perhaps the debate should include those who fight against Australia without leaving our shores; those who do not share our democratic beliefs; those who do not respect Australia’s rights and liberties; those who refuse to uphold Australian law, and obey instead the laws of another land or another culture; and those who advocate and support the killing of our troops, seek to justify and support terrorism against this country and seek to replace Australian law with sharia law. How did we get to a place where we not only allow but encourage beliefs, customs and actions which should be regarded as un-Australian at best and treasonous at worst? Could it be that multiculturalism has failed us as a nation?

If multiculturalism simply meant that Australia, as a new world country, was made up of citizens from all ethnicities around the world, all pulling together towards a common goal, that would be fine—laudable even. If multiculturalism simply meant that migrants brought with them to Australia their own unique cuisine, arts and festivals which were woven into the mainstream culture then, as a nation we would be richer for that contribution. But what multiculturalism has become is a device to allow foreign customs and beliefs that are so offensive and contrary to the mainstream that they are the antithesis of our values and culture to be brought into this country. And we are told by the politically correct elite that we must tolerate it.
Multiculturalism is basically cultural relativism dressed up in ethnic garb. Australian culture must make way for opposing foreign cultures, and if we do not acquiesce then we are considered racists, bigots or xenophobes—or some other kind of ‘phobe’.

Today's multiculturalism means that the world view and the beliefs that spawn practices like honour killings, child brides or sharia law must be accepted, because they are seen as legitimate values within a particular culture. This approach completely disregards the fact that such practices are considered abhorrent and barbaric by all the other cultures that make up Australia. What we have in Australia is no longer one culture and one society; we have enclaves where these practices are carried out and even condoned.

I will go through some headlines of recent years:
A 14-YEAR-OLD girl was forced into an Islamic marriage with a western Sydney drug gang member who raped and beat her and later physically abused their daughter. That is from The Daily Telegraph of 12 February 2014.

There was the headline, 'First female genital mutilation case to go to trial in NSW Supreme Court' from The Sydney Morning Herald of 9 December 2014. An article on citv.com.au on 9 August 2013 said:
In February 2010, Australia was shocked to learn that a 43-year-old man had been murdered by a father and son in the Inner West Sydney suburb of Leichhardt as part of an honour killing.
Another headline said 'Man jailed for whipping Muslim convert under Sharia punishment'. That was from The Australian on 14 June 2013.

And do we hear clear condemnation from our Islamic leaders about these actions and the world view which they are spawned from? We do not. Instead, we hear excuses for the inexcusable. People like Keysar Trad of the Islamic Friendship Association of Australia and Mohammed El-leissy of the Islamic Council of Victoria suggested the other day that not having a job leads to fighting for ISIS. But unemployment does not lead other sectors of our community into terrorism.

On Sky News earlier this week, the former president of the Australian Muslim Womens Association, Silma Ihram, said, 'The terrorists of today are the governments of tomorrow.' What is she trying to say about ISIS? Instead of trying to paper over the barbarity of Islamic State and advocating for them a place at the UN, we must call them out for what they are and defend at all costs the way of life Australians hold so dear.

We have to move away from the ethnic enclaves inspired by multiculturalism, with their values that are the antithesis of Australian values. When migrants and second-generation migrants are assimilated into the mainstream then they are no longer disenfranchised or segregated. Quite simply, we should hold new Australians to their word and demand that the allegiance they pledged to Australia at the citizenship ceremony be upheld. We need to leave multiculturalism behind and focus on citizenship—a citizenship of many ethnicities and races coming together as one people, with one set of Australian values.

**Indigenous Affairs**

**Mr NEUMANN** (Blair) (19:48): Yesterday, May 26, marked National Sorry Day, a significant and solemn day on the national calendar.
National Sorry Day is a time to reflect in our workplaces, in our classrooms and in our homes on the profound grief and trauma experienced by members of the stolen generations and to honour the resilience shown by them. It is a time to reflect on the harrowing and heart-breaking accounts of Indigenous children forcibly removed from their families, as told in the *Bringing them home* report. It is a time to reflect on the litany of their loss—the loss of family, language, identity, culture and country—and how that historic loss continues to encroach on and inform the present. But National Sorry Day is also an opportunity to reflect on the tenacity and endurance of the stolen generations and to celebrate their strength.

Yesterday was National Sorry Day, and today National Reconciliation Week begins. It concludes on June 3, Mabo Day. In our own lives and families, we recognise that heartfelt pain and suffering must be followed by reconciliation and healing. Words of regret must generate actions of remedy. And so it is fitting that National Reconciliation Week follows and flows from National Sorry Day.

We must take stock of how far we have travelled on our national journey of reconciliation, where we recommit ourselves to the promise made by parliament on behalf of Australians to take those practical and concrete steps required to close the gap in life expectancy, educational achievement and economic opportunity, and where we celebrate the progress we have made and rededicate ourselves to reconciliation's unfinished business. The next step on the journey must begin with us.

One of the next steps is to fill an important void in our Constitution—recognition of Australia's first people in our founding document. That step requires a bipartisan summit with respected Indigenous leaders from across the country, with the Leader of the Opposition and the Prime Minister sitting down with them. So I welcome the gathering—the summit that is taking place in early July.

Labor stands ready, willing and able to participate in real and significant change in our Constitution. 'Nothing about us without us' is what Aboriginal and Torres Strait Islander people have said, and Labor is prepared to participate with good will and good intentions. I welcome the gathering that is going to take place in July.

I also welcome the parliamentary inquiry which is currently meeting—the Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples, led by the member for Hasluck, Ken Wyatt, and Senator Nova Peris, from Labor's side and from the Northern Territory. I am a member of that inquiry, and I can say that all parties have participated well and actively. There has been tremendous cooperation and bipartisanship shown during that inquiry. People have worked diligently to prepare, firstly, an interim report and then a progress report. And I look forward to the final report coming down before 30 June this year. It will help and shape, I think, the gathering that will take place in early July.

I must say, however, that today we have seen a press release from the Minister for Indigenous Affairs and we have seen evidence of yet more shambles in the area of Aboriginal and Torres Strait Islander affairs. In the budget last year, $535 million was cut from the portfolio. Front line services were trashed and slashed. In this budget, $146 million—including $46 million for Indigenous health—is gone. I urge the government to reconsider these cuts.
Today, the Minister for Indigenous Affairs has rolled out another $140 million in an attempt to fix up the problem that has been created by the government's chaotic Indigenous Advancement Strategy, IAS, which is the subject at the moment of an inquiry by the Senate Finance and Public Administration References Committee. I have read all the submissions to that inquiry, and they excoriate, denounce and condemn the IAS one after the other. Again and again, they get into it. This is an absolute shambles, chaos and mess created by this government.

If they are fair dinkum about national reconciliation, the Prime Minister and the Minister for Indigenous Affairs should reverse the cuts. They should get back to the table, have a real dialogue and discussion and make sure we do nothing to and everything for and with Indigenous people.

**Calare Electorate: Columbia Aged Care Services**

Mr JOHN COBB (Calare) (19:53): I rise in the House this evening to proudly speak about a new aged-care facility that is opening in my electorate of Calare. I will have the great honour of opening the Columbia Aged Care Services Oberon Village on Friday morning. This significant event is very important to Oberon and it deserves a special mention in this House. Having said that, I note the contribution by the previous federal member who looked after Oberon prior to my coming on the scene there. That was Bob Debus. The Oberon committee and the people of Oberon made a huge effort, as did the council and two, if not three, mayors over the past decade.

The Columbia Aged Care Services Oberon Village will be a brand-new, state-of-the-art facility. It will be a purpose-built aged-care facility, home to 66 beds. In addition to lounge and dining areas, there will be multi-use rooms, a massage day spa, allied health services offices, hairdressers and a self-serve cafe. Columbia Aged Care Services Oberon Village is the result of local, state and federal lobbying to address the need for an aged-care facility in Oberon and the need for a business outside of agriculture, mining and forestry. This will be a magnificent one. It has taken 10 years to come to fruition, and the building has taken 18 months. There is an enormous level of community enthusiasm for this new facility, and Friday's opening represents a significant achievement for residents of Oberon and the surrounding community.

Columbia has aged-care facilities in the Sydney metropolitan areas of Strathfield, Chatswood and Marrickville. This is their first facility outside of the metropolitan area. We are all thrilled that they chose to invest in our region. The facility will create anywhere up to 80 full-time and part time jobs, and it is a real shot in the arm for the region. Columbia Aged Care is a long-established respected industry provider of aged care. It is not one of the larger ones but one of the very efficient ones. It has been in the industry for 50 years. It has 450 aged-care beds, including permanent, respite and palliative care beds. Across all sites, it employs around 400 staff.

The service was not operational in the 2013-14 financial year and no funding was provided at that time. It was awarded a $13.4 million zero real interest loan and an allocation of 34 residential places through the 2009-10 ACAR to assist with the construction of a new 66-bed residential service in Oberon. The approved provider provided another 32 places from two of its services in the inner west region of Sydney to make up the 66 places.
It started operating on 18 May, just over a week ago. The estimated cost is $14 million. As far as what the Commonwealth's provision to that on an annual basis would be, given that the average cost of an aged-care bed in Australia is over $51,000, annually they will receive from the Commonwealth well over $3 million just for the aged-care beds. In the central west, it is a growth industry. We have over 1,600 residential care places, 364 provisional places and 541 operational home care places, for which the providers will receive $80 million and another $10 million for home care. I congratulate all levels of government, my predecessor, Bob Debus, and the people of Oberon for hanging in and making this happen.

Clean Start

Mr BRENDAN O'CONNOR (Gorton) (19:58): Last year we warned the government that if they changed the Clean Start guidelines it would lead to a reduction in wages for cleaners, those cleaners who clean our offices and offices of the Public Service generally. The Prime Minister stood at the dispatch box in response to a question from the opposition and said that would not happen. He said that no cleaner would lose any rates of pay as a result of the abolition of the Clean Start guidelines that made sure that workers were actually going to be treated fairly.

Unfortunately, that has come to pass, contradicting the Prime Minister's commitment to cleaners, including the cleaners who clean the Prime Minister's office and other offices in this place. Indeed, the new contract of the Department of Foreign Affairs and Trade will see cuts of $6,000 a year to cleaners as a result of the abolition of the Clean Start guidelines. This is a reprehensible act by the government and it is fundamentally at odds with the commitment that the Prime Minister made in this place not that long ago. It is now really important for the Prime Minister to honour his word and rectify this situation so that the hardworking cleaners who clean the offices of the Prime Minister and other ministers in this government are treated properly. The best way to do that is to rectify that and give the money back to those cleaners so that they are not treated so shabbily. It is unfortunate that the Prime Minister has failed to commit to and be honest with the cleaners who look after his office and other offices of the Public Service.

The DEPUTY SPEAKER: It being 8 pm, the debate is interrupted.

House adjourned at 20:00

NOTICES

The following notice(s) were given:

Mr Morrison: to present a Bill for an Act to amend the law relating to social security and aged care, and for related purposes.

Mr Morrison: to present a Bill for an Act to amend the law relating to social security and farm household support, and for related purposes.

Mr Billson: to present a Bill for an Act to amend the Superannuation Guarantee (Administration) Act 1992, and for related purposes.

Mr Baldwin: to present a Bill for an Act to amend the Water Act 2007 to provide for a 1,500 gigalitre limit on surface water purchases, and for the purpose of allowing more flexibility with efficiency measures. (Water Amendment Bill 2015)

Mr Simpkins: to move:
That this House:

(1) notes that it has been 40 years since the Vietnamese began coming to Australia and their arrival has been defined by:
   (a) successful settlement;
   (b) positive integration; and
   (c) their assistance with the development of the Australian economy through their hard work and dedication;

(2) acknowledges the positive influence in Australia of the Vietnamese-Australian people from:
   (a) the Vietnamese Community Association;
   (b) the Vietnamese parishes of the Catholic Church;
   (c) the Vietnamese Free Buddhist Church;
   (d) other religious groups; and
   (e) clubs and other service providers; and

(3) commends the Vietnamese-Australian community for its dedication to Australia and determination to provide opportunities and success for Vietnamese-Australian families.
CONSTITUENCY STATEMENTS

Vietnam

Mr HAYES (Fowler—Chief Opposition Whip) (09:30): This year, 30 April marked the 40th anniversary of the fall of Saigon and the end of the Vietnam War. The Vietnam War was one of the longest conflicts in which Australian troops were involved, with almost 60,000 Australian soldiers, sailors and airmen being deployed in the conflict. Thousands of allied soldiers, including 521 Australians, made the ultimate sacrifice in the name of freedom and liberty for the people of South Vietnam. Their bravery and courage in upholding these noble principles is not only humbling but deeply inspiring.

For many who bore witness to these tragic times, the fall of Saigon was a very sad moment, especially for those who were passionate in their beliefs about freedom and liberty. As a consequence, thousands of Vietnamese people made the extremely dangerous journey through treacherous jungles and by sea to find freedom and rebuild their lives. Australia initially accepted more than 50,000 Vietnamese refugees, who were feeling the weight of persecution, and who made the journey in the hope of a better life for themselves and their children. Today, Australia is proud to be home to more than 200,000 Vietnamese people. Apart from sharing their vibrant culture and traditions with the broader Australian society, Vietnamese Australians have contributed much in all areas of community life. Their achievements should be the source of great pride, particularly given the struggle and hardships that they have had to endure.

As the federal member for Fowler, I am very privileged to have the opportunity to represent the largest Vietnamese community in Australia. I have witnessed, firsthand, their hardworking and generous nature. They have shown themselves to be one of the finest examples of the true Australian spirit, and are immigrants who can be truly very proud.

However, despite their successful settlement in Australia, the Vietnamese people have not forgotten people still living under oppressive rule in their homeland, and they remain passionate about human rights. I joined over 500 Australian Vietnamese at the Australian Vietnam Forces National Memorial in Canberra last month to pay our respects to those who fought and who gave so much in the quest for peace and freedom in Vietnam. Although the Vietnam War is over, the legacy left behind by these patriotic heroes is not forgotten, and we will continue to advocate for freedom and the respect of human rights for the people of Vietnam and, indeed, for all people around the world.

National Volunteer Week

Mr HARTSUYKER (Cowper—Deputy Leader of the House and Assistant Minister for Employment) (09:33): Today, I take the opportunity to highlight several constituents who deserve recognition for their substantial contribution as volunteers. They are by no means the only individuals of note, but they represent a strong and ongoing tradition of volunteering across the communities in my electorate of Cowper. By noting their roles we say ‘thank you’,
not only to these individuals, but to the more than six million volunteers who are making a difference to their communities.

One of those six million volunteers is Brian Ferrie who is a tireless citizen of the Clarence Valley. His dedication as Maclean Show Society President ensures the marvellous annual attraction of the Maclean and Lower Clarence Show. Brian has also been actively involved in the Clarence River Jockey Club and in the Maclean Rotary Club as well as Apex and Lions. I thoroughly enjoyed meeting with Brian and presenting him with a certificate of appreciation when he and his wife, Lou, joined me for an afternoon tea in Coffs Harbour.

Another distinguished volunteer is Lee-Ann Lloyd who recently returned to Australia after evacuation from Nepal. Lee-Ann is well known in the City of Coffs Harbour for her contributions to the Disabled Surfers Association and the Make-A-Wish Foundation. Lee-Ann was also recognised on Australia Day as Volunteer of the Year.

Another of Australia's six million volunteers deserving of recognition is Diana Christian of Bellingen. In addition to serving as Rotary Club president in her local community, she is regional youth director and has served as the district assistant governor for three years. She is involved with strategic planning, with Open Arms Care—a community service working with children—the aged and people living with disabilities across the townships of Raleigh, Bellingen and Nambucca Heads.

I also want to acknowledge the contribution of Bruce Cain, who has been helping the Kempsey Shire Council over many years in what would be an otherwise thankless task. He has been converting handwritten ledgers of cemetery records into an online database and then mapping each of the shire's 13 cemeteries. Bruce, who is President of the Kempsey Family History Group, has scanned hundreds of obituaries from old newspapers, helping many people understand their past.

Blue Manning is another deserving of recognition for his volunteering efforts. He is President of the Frank Partridge VC Military Museum in Bowraville, which, through his leadership, has managed to acquire one of the best collections of military memorabilia in Australia. As a result, visitors to the museum have tripled, turning it into one of the Nambucca Valley's great tourist attractions.

Each of these exceptional individuals is usually the first to raise a hand but the last to receive public accolade. In this they typify the true Australian volunteer spirit and I commend them and Australians like them in recognition of National Volunteer Week.

Lord Howe Island: Internet

Ms PLIBERSEK (Sydney—Deputy Leader of the Opposition) (09:35): I want to draw the attention of the House to the experience of my residents on Lord Howe Island, a tiny, beautiful little green speck in the middle of the Pacific Ocean, that sadly has a very poor, very slow, very expensive internet connection, with people paying as much as $190 a month for that connection. The prices are high and the service is slow and unreliable. Sadly, that is particularly important for a community that relies almost entirely on tourism for its income. It is barely enough for small emails and it makes web browsing impossible. It is not just a limitation on the residents' ability to engage with the online world; it affects the hospital's ability to send email medical reports and related documents to hospitals in Port Macquarie and Sydney. It has a negative impact on the quality of continuity of care for Lord Howe Island.
residents and visitors with medical problems. It damages the local community, with business operators unable to rely on online bookings, email inquiries or online banking. You can imagine how serious an issue that is.

The sad thing, of course, is that this situation was avoidable. In 2013, under the then Minister for Broadband, Communications and the Digital Economy, NBN Co started a technical trial of the Interim Satellite Service. The trial was very successful. Unfortunately, the current government and NBN Co turned off the trial sites in November 2013. People are relegated to having a second-class internet once again.

Lord Howe Island will eventually be served by NBN Co's long-term satellite service but, given the delays to the NBN, this will not happen before July next year – a year behind schedule. In fact, the budget confirmed that the NBN rollout is proceeding even more slowly than promised. The budget confirmed that half a billion dollars worth of funding has been pushed out into future years because the government's second-rate NBN rollout is going so slowly. Residents on Lord Howe Island want to have the three test sites that were previously installed under the Interim Satellite Service restored. They want those test sites turned back on so they might have a better internet connection until the long-term satellite service is up and running.

Other areas in Australia are taking part in trials to improve their internet access. Lord Howe Island is one of the areas most in need, and residents very strongly feel that they have been let down. The government and NBC Co have a responsibility to the residents of Lord Howe Island. They ought to fulfil that responsibility by providing a decent, affordable, high quality, high speed internet service so that people might make the living that they rely on for tourism and so services such as health and education are able to be fully available to the residents of Lord Howe Island.

National Palliative Care Week

Ms MARINO (Forrest—Government Whip) (09:38): As the co-convener of the parliamentary end of life care group, I was delighted to be part of National Palliative Care Week yesterday and the launch of the Palliative Care Australia community awareness campaign and the guide to social media after life. This is the campaign aimed at getting Australians to talk about dying. Through a new community awareness campaign featuring prominent Australians doing just that—talking about dying—we heard from Jean Kittson, a very well-known and loved writer, comedian and performer of stage and screen in this country. Jean is also the patron of Palliative Care Nurses Australia who is very committed to the work of PCA.

Connie Johnson was a particularly inspirational but incredibly moving speaker. Connie is a mother of two children who has had to fight two cancers—a bone tumour at 12 and a tumour in her womb at 22—before being diagnosed with terminal breast cancer at the age of 33. She is now 38 and agreed to be part of PCA's campaign as part of her and her brother's commitment to raising community awareness, hoping that other young mums like Connie will not have to say goodbye to their children at such a young age. Connie encourages others to be 'breast aware and not fall into the booby trap'.

Connie co-founded Love Your Sister with her brother, Samuel, sending him off around Australia on his unicycle to raise funds for breast cancer research. Sam raised $2 million on
his ride. Connie spoke about one very important thing she has done for her family and her own peace of mind. She has written what she calls her 'death book'—the explicit instruction and plans for each stage of her care and treatment ahead. As well, she has detailed exactly what she wants done for her funeral and has all the relevant legal documents. What a wonderful thing to do for her family—to take away the guesswork, the worry about what to do, when and how to do it and if the decisions being made are what she would want. Her family will be doing exactly what Connie wants because it is written down and she has discussed it with her family and medical support team.

The Assistant Minister for Health, Senator Fiona Nash, launched Palliative Care Australia's practical booklet called 'Guide to a social media afterlife'. This booklet gives clear information of what happens to your social media accounts when you or someone you love dies—the different rules for deletion, deactivation, data downloading and memorialisation on Facebook, Twitter and Instagram.

In closing, I acknowledge the commitment of the board of Palliative Care Australia, Professor Patsy Yates, the other board members as well as CEO Liz Callaghan and her hardworking team. As a previous guest speaker of PCA, Dr Sarah Winch, said:

We haven't cured death; and we're not likely to, so why don't we plan for one of life's certainties.

Every Australian needs a plan to die—you only die once!

That is what Dr Sarah Winch said. Truer words were never spoken. So take the pressure off your family, those who love you most and want to do their best for you. Put together your advance care plan, your advanced health directive and your enduring power of attorney—all that is needed.

Live Animal Exports

Mr WILKIE (Denison) (09:42): The live animal export industry is systemically cruel, is not in Australia's economic self-interest and lacks popular support. That a succession of coalition and Labor governments have allowed the trade to continue beggars belief, as does the Minister for Agriculture's bizarre joy every time the trade is expanded. And here we are again, this time with the revelation of Australian cattle being bludgeoned to death with hammers in Vietnam. My God, how many more exposes do we need before a government, any government, finally acts decisively to outlaw this vile trade?

Indeed, complaints and stories have circulated for years about what is going on in Vietnam with Australian livestock. In other words, it is not as if this latest episode is an isolated revelation, because the evidence is clear that Vietnam, which is the second largest market for Australian cattle after Indonesia, is an especially notorious destination, where Australian livestock can likely expect the most grizzly end. Yes, the Department of Agriculture is apparently looking into this latest incident, but, frankly, I have no confidence anything much will come of it, because this government's track record is to take little or no action against companies found to be guilty of misconduct in the live export trade. That in itself helps to explain the ongoing commercial misconduct—the fact that the companies associated with the cruelty know they have political top cover from a minister who does not give a toss about animal welfare and from a regulatory bureaucracy that is either incompetent or politicised.

Ironically, the situation has got to the point where even some in the live animal export industry are starting to worry that the animal abuse is so widespread, and that the stories about
it are so abundant, that sooner or later something has got to give, and that would jeopardise
the entire industry. But what is the real value in some people in the live trade speaking up,
albeit probably entirely out of self-interest, when the government and regulator will not act?
This certainly seems to be the case if the recent report in The West Australian is accurate,
which recounts all sorts of allegations involving South East Asian Livestock Services and
Wellard, and everything from animal cruelty to commercial espionage to the arrest of some of
the players by Vietnamese police. All of which is most alarming, perhaps trumped only by the
silence from the government and the agriculture department, which suggests more disinterest
and inaction. Good grief, Deputy Speaker! And, all the time, the animals suffer.

Moore Electorate: Roads

Mr GOODENOUGH (Moore) (09:44): Rapid residential growth in Perth's northern suburbs has resulted in significant increases in traffic volumes. I have worked hard to improve road safety, in close cooperation with my local government counterparts Mayor Tracey Roberts and Mayor Troy Pickard, as well as with my state government colleagues the Hon. Albert Jacob MLA, Jan Norberger MLA and the Hon. Peter Katsambanis MLC. A number of local roads in the Moore electorate are on track to be made safer as a result of federal funding provided in the current budget for safety improvements such as traffic management treatments, antiskid surfacing, construction of new lanes, modifications to traffic signals and improved streetlighting.

The $5.1 million in new federal funding for the local roads is in addition to the $209.1 million in Commonwealth funding received for the Mitchell Freeway extension. Five local intersections have received federal funding for safety improvements under the Black Spot program. The busy intersection of Marmion Avenue and Shenton Avenue in Iluka has received an allocation of $310,000 to install predeflection and antiskid treatments on the south leg and rumble strips on the centre lines for the south, north and east legs of the roundabout. At the intersection of Joondalup Drive and Shenton Avenue in Joondalup, the sum of $246,000 has been provided to upgrade the intersection lighting. Further north, at the intersection of Marmion Avenue and Rochester Drive in Mindarie, $200,000 has been allotted to construct an acceleration lane in the Marmion Avenue median for right turning vehicles exiting Mindarie to merge more easily with southbound traffic on Marmion Avenue. Near Ocean Keys shopping centre, at the intersection of Ocean Keys Boulevard and Key Largo Drive in Clarkson, $25,000 has been provided to upgrade existing streetlighting. In Kallaroo, at the intersection of Whitfords Avenue and Dampier Avenue, $15,000 has been provided to modify the traffic control signals to remove right turn filter movements on Whitfords Avenue.

In addition, funding from the Roads to Recovery program will be provided to our two local government authorities. This City of Joondalup will receive $1.96 million in federal funding, while the City of Wanneroo has been allotted $2.35 million, bringing the total allocation of Roads to Recovery funding to $4.31 million. I will continue to advocate for future federal funding for the widening of Wanneroo Road to a dual carriageway between Joondalup Drive and Menchetti Road, the widening of Flynn Drive to a dual carriageway and the next phase of the extension of the Mitchell Freeway beyond Hester Avenue to Romeo Road.

Melbourne Ports Electorate: Oaktree Anglican Church

Mr DANBY (Melbourne Ports) (09:48): One could feel the spirit of the great English Christian William Wilberforce at the recent unification service that I attended at St Mary's and
St Clement's, which have combined into Oaktree Anglican in Glen Eira Road. In the case of St Mary's, the beautiful old bluestone church across from Shelford's Helenslea Manor, this is literally true, as the church was established by descendants of Wilberforce, particularly Sir George Stephens QC, knighted by Queen Victoria for he is abolitionist endeavours. Choral music in churches varies greatly in its quality, as I am sure you know, Deputy Speaker. But I have seldom heard a more beautiful rendition of the hymn Hallelujah. Wilberforce's descendants, who established St Mary's in 1871, would be pleased at the muscular faith of its congregation and its senior pastor, the Reverend Mark Durie.

Just a few weeks ago I stood outside the sandstone facade of a church on the island fortress of Gallipoli in the heel of Italy. The church walls are covered with the friezes of the victory over the Turks at the sea battle of Lepanto. Gallipoli is the first place that the Christian fleet anchored after that victory. With hatred for no other creed and with a positive attitude to his own religion, Mark Durie is one of those rare churchmen who speaks confidently not only of his own faith and church but of Western civilisation and why our way of life is worthwhile and worth defending. He is unusual in understanding both the contemporary and historical context of modern faith. I want to pay tribute to the well organised celebration—what captivating music and a stirring and intellectual sermon.

The Reverend Mark Durie said great credit for the Pentecost Sunday service is owed to his colleagues: Executive Pastor Rowan Fairbairn, Arlene Muys, Susan Wraight, Linda Allison, Meg Coppin and Jen O'Brien.

Many of us have to attend many functions which are sometimes hard work to go from beginning to end, but this was not one of them. It was one of the most enjoyable religious services I have attended for intellectual content, historical presentation and artistic high standards.

**Calare Electorate: Roads to Recovery**

**Mr JOHN COBB** (Calare) (09:50): I would like to take this opportunity to rise and speak about the benefits of Roads to Recovery and what it is actually doing in the electorate of Calare. Four councils have got their latest instalment of Roads to Recovery—over $1½ million just recently. In the last few years, each of eight LGAs in my electorate have made good use of the millions of dollars.

Parkes Shire Council are spending a quarter of a million dollars widening and sealing Back Peak Hill Road, which is a collector road carrying significant agricultural and local traffic between townships. It is a B-double route and also a bus route, and this funding will allow council to extend the narrow seal for a length of approximately three kilometres. This route upgrade is just about complete. Council has been committing R2R funding for several years to this project and will conclude the program at the end of the next financial year 2015-16. There is $250,000 to widen and seal Yarrabandai Road, which a distributor road carrying significant traffic between the townships. It is a road train route and also a bus route.

The R2R funding in Parkes, like in all my councils, whether they plan it over years or do spots, is providing enormous benefit. As somebody who was around when it first started, I think it has been the most popular thing we have ever done with local government.
Cabonne Council in 2015-16 will spend money on Packham Drive. There will be four sections of this road upgraded. Nanima Lane and Davis Plains Road will also receive work from R2R.

The Bathurst Regional Council will receive half a million dollars for Limekilns Road reconstruction; installation of a guardrail at Abercrombie Caves Road; Ophir Road reconstruction near Abercrombie House; and Dunkeld Road near the Mitchell Highway.

Orange, at the same time, will get $400,000 for Huntley Road, Ploughman's Road and an upgrade to the Northern Bypass.

As you can see, councils are actually doing things that all our constituents and residents make use of every day. I think that this is such a good program that the previous government were not even game to change the name of it—that is how good it was. At the moment, we are in a double payment round, and our councils are making very good use of it.

**Bendigo Electorate: Hazeldene's Chicken Farm**

Ms CHESTERS (Bendigo) (09:53): Last week I had the opportunity to meet with Hazeldene's management and a delegation of Hazeldene's employees. Hazeldene's is a chicken manufacturer in my electorate. Their facility is at Lockwood. Concerns have been raised in the local media in the last couple of months about the employment practices and some of the working conditions of people who work for a subcontractor of Hazeldene's.

In the meetings that I had, it was confirmed by Hazeldene's management that some of the employees and workers engaged by the subcontractors are in fact people here on temporary work visas: international students and people on working holidays. It has also been confirmed that there are between 150 and 200 people, depending upon the work that is required at the particular facility.

It has also been confirmed that there are serious concerns about the unfair and exploitative nature of the employment practices for people at the site—in particular, the pay and conditions—who are employed by the contractor, many of whom, as I have outlined, are on temporary visas. I was told by Hazeldene's management that these workers only work in the boning facility. However, it is unclear whether these employees are employees of the contractor, individual subcontractors or a combination of both. This was confirmed by the employees that I met with. They said that they believe that some of these workers were paid not by the hour but by a piece rate, by the kilo. One example is where the workers bone chickens. After boning a chicken they keep the wishbone and then, at the end of the day, they count up the number of wishbones, multiply that by a dollar figure and that is how they work out how much the worker has earned that day. They also talked about workers being paid per kilo of chicken meat and breast meat that they bone.

It is extraordinary to think that this is occurring in one of our major manufacturers in regional Victoria—people being paid by the kilo not by the hour. It was also confirmed that both foreign and permanent residents are being bussed up from Melbourne to Bendigo to do these jobs.

I stand for local jobs and I understand and believe that Hazeldene's employ 720 direct employees, making them one of the largest employers the region. But I believe that the company and the contractors can do more. What I want to see is the company, Hazeldene's, to sit down with employees and their union to resolve this matter as soon as possible. I would
like to encourage any of the workers who work for the contractor to take up the offer of Hazeldene's to work directly for the company. It is only then that we can ensure that these employees have the same rights and respect as their co-workers. What we want to see is one agreement and one employer at the one worksite.

**Casey Electorate: Kirkbrae Homes**

**Kallista Kindergarten**

Mr TONY SMITH (Casey) (09:56): Last Friday I visited Kirkbrae Homes in Kilsyth in the heart of the Casey electorate. Kirkbrae Homes is part of the Presbyterian Church of Victoria. It is an aged-care facility that began some 55 years ago on Mount Dandenong Road just at the foot of the Dandenong Ranges. It provides contemporary living for many local older people with a range of care needs from independent retired residents to those in need of higher care. There are currently 200 people residing at Kirkbrae. Last Friday I was able to be there with some of the leadership to turn to the sod on a new development that will see an upgrade and expansion that will become home to 80 more residents.

I was very pleased to meet some of the leaders including the Clerk of Assembly of the Presbyterian Church in Victoria, Dr John Wilson. I was also pleased to meet, amongst others, the Chair of the Board of Kirkbrae Homes, Robert Lowe; the Chief Executive Officer, Mark Sketcher; Kirkbrae's Independent Living Unit Manager, Belinda Taylor; and Mr Sketcher's executive assistant, Lisa Stirling—who did such a great job pulling the day together. Kirkbrae has a wonderful history and a very strong future, and it was my pleasure to be there. I wish all the residents and the staff my very best in the next stage of their development.

Last Thursday I was pleased to join the Parliamentary Secretary to the Minister for Education and Training, Senator Scott Ryan, at Kallista Kindergarten. Kallista is a community-based kindergarten offering a broad range of services for local families in the Casey electorate and in the Kallista township in particular. We were there because it is one of 41 kindergartens across the country which are participating in the rollout of the government's Early Learning Languages Australia trial, a policy we took to the last election. This program is seeing the students using play-based apps on iPads to learn a second language in a fun and focused way. The kindergarten students there were very well versed in this technology. Kallista Kindergarten is right next to Kallista Primary School, which also teaches Japanese. I was very pleased to be there and to meet the president of the committee, Kristy Sullivan; the director of the kindergarten, Lu-Ann Randall; and another parent, Lee Jones. I wish the Kallista Kindergarten community all the best with the trial.

The DEPUTY SPEAKER (Mrs Wicks): In accordance with standing order 193, the time for constituency statements has concluded.
Mr CONROY (Charlton) (10:00): I rise to speak on Appropriation Bill (No. 1) 2015-2016 and related bills. This budget is not an exercise in fairness; it is an extension of last year’s ruthless budget and it continues to have the most negative impacts on those who deserve it least. Just like it did last year, this budget hurts families and working people and does little to address the inequality built into our tax and superannuation systems. Just like it did last year, this budget cuts vital funding from schools and hospitals, scraps family payments and makes young people wait for income support if they are out of work. Visits to the doctor and buying medicine will be more expensive because of this budget. The plan to deregulate universities, which could lead to $100,000 degrees, is still there. There are no plans to tackle the challenges of an ageing population and to work and engage in a digital age, nor to address climate change.

This is a political document from a government that loves to chase a headline. But here is the truth about headlines: they are always followed by the details. In this and in the details is the truth about this government and where their values lie. Who could forget the ‘budget emergency’? Those opposite loved that headline. As opposition leader, Tony Abbott travelled the country holding ‘budget emergency’ press conferences, posing for ‘budget emergency’ photos and feigning solemnity in ‘budget emergency’ interviews. The Treasurer played his part too. He was the wingman, warning all who would listen of a ‘budget blowout’, a ‘budget freefall’ and a ‘budget out of control’. ‘We are onto a winning headline with this,’ they thought—and they ran with it. The problem was of course the facts, and these are the facts: Australia was one of only 10 countries in the world with a AAA credit rating from all three agencies; we had a low debt to GDP ratio; the deficit was comparatively low; and spending was at its lowest in decades.

In government, we know that the Prime Minister and the Treasurer then embarked on a series of nifty accounting tricks. They doubled the deficit and they shocked the RBA with an $8.8 billion payment they had not asked for. Having manufactured a budget emergency and cooked the books to justify it, they marched into the 2014 budget confident that their dodgy figures and ‘just blame Labor’ strategy would see them fulfil their destiny as the great conservative rulers they were born to be. Unfortunately for the Liberals, last year's budget was seen for what it was: an assault on broad sections of the Australian community; a budget to destroy the egalitarian principles that our society is built upon. When John Howard has a go at you for being unfair you know you have overstepped the mark.

So this time around they are chasing a different headline—understandable, really. This time they want to be seen as responsible, measured and fair. You know that because it
written in the Treasurer's budget speech. This time they desperately want us to think that the budget is fair. They even created a booklet about it. They are so desperate for some good headlines this time about child care, about small business and about tax evasion. But they have forgotten that every headline must be followed by the facts, and the following are the facts. Unemployment is up and forecast to grow even further under this government. For every sweetener in this budget there is a range of cuts somewhere else. Child care is boosted but the family tax benefit is gutted. Small business gets an incentive to spend, but workers will pay more tax. Wealthy superannuants will continue to get a tax break, but part-pensioners will lose out. And here is the fine print: the 2015 budget contains all but two of the universally condemned unfair measures that were contained in last year's budget.

Let's examine one of the biggest headlines sought by this budget—the one which relates to child care. I know that this sector is under immense pressure. Our cities are growing and families now choose to have, or in many cases rely on, both parents working to make ends meet. We know that women are integral to our workforce and we need to get better at supporting them to work and to raise a family. We also know that the early years are the most critical in terms of a child's development and that early childhood education supports the work parents do to prepare their children for school. Nobody begrudges a screaming headline that $3½ billion will be injected into the childcare system, but let's look at the details. The coalition cut $1 billion from child care upon coming to government; they refused to address the chronic undervaluing of childcare workers as a result of pay rates in the sector; and their budget headline ' $3½ billion for child care' will only proceed if cuts to the family tax benefit and paid parental leave go ahead.

Earlier this week The Sydney Morning Herald ran a front-page headline that is unlikely to be the kind the government wants. It said: 'NATSEM analysis shows federal budget to hit the poor hardest, while rich benefit.' This modelling found that families with children whose income is in the lowest 20 per cent of households will lose up to 7.1 per cent of their total disposable income over the next four years, while those in the top 20 per cent will see their disposable income increase slightly. In the worst-case scenario, some families would lose around $6,000 per year. This modelling was conducted by NATSEM—the modelling outfit endorsed by the Prime Minister when he was in opposition. Analysis by the Australian Council of Social Service paints a similar picture. They say a combined $15 billion cut from families and middle-income Australians over the next four years will have dire consequences. This budget resurrects the plan to kick families off family tax benefit B when the youngest child turns six and to freeze family tax benefit rates. There around 9,000 families in my electorate who receive family tax benefit B and still more who receive family tax benefit A. Every single one of these families will be impacted by these budget measures. It is this inequity, this skewing of the cuts against the poorest 20 per cent of those in our community, that is at the heart of this budget and at the heart of the extreme ideological approach of this government.

There is another unfortunate fact undermining the families package in this budget, and that is the proposed changes to parental leave payments. There have been a few headlines on this one! The Prime Minister chased the glory on his signature policy, his rolled-gold paid parental leave scheme, for a long time and in the strangest of circumstances, through dissent from his party room, through bemusement from parents and through unflattering analysis
from economists and journalists who saw it for what it was: an outrageously generous idea at a time when outrageous generosity could be least defended. But now he is chasing a new headline: one that has words like 'double dippers', 'rorters' and 'fraudsters' in it. They even wrote it in the budget papers. But the facts are these: around 80,000 new parents will be worse off each year as a result of these changes; some will lose up to $11½ thousand. These are people who work hard and want to continue to do so while raising a family. They are not rorters and fraudsters. They are the beneficiaries of a modernised employment system that has seen conditions improve and adapt in line with the needs of workplaces. The government is trying to strip workers of an entitlement that has been decades in the making and has been hard-fought for. Many workers, both men and women, have forgone pay increases to secure this entitlement.

The government is also making it harder for employers who want their employees to have the best possible support when they have a baby, particularly small and medium-sized businesses whose people are their greatest assets. There are more than 22,000 women working in health care in the Newcastle and Lake Macquarie regions. Many of them are nurses who can access an employer-provided parental leave scheme. Are they rorters? There are more than 4,000 women working in the public sector in the region, such as ATO employees or emergency service workers, who could access employer-provided parental leave. Are they fraudsters? There are more than 11,000 women who work in retail, such as department stores and supermarkets, in the region who could access a modest employer-provided scheme. Are they double dippers? Every single new mum who works at the Woolworths at Cardiff near my electorate office will suffer if this scheme is implemented. Every single one of those people, if they have a baby, will lose the eight weeks paid parental leave, which they bargained for and sacrificed pay rises for, as a result of this scheme—and that is grossly inequitable. It demonstrates a hypocrisy that is at the heart of this government. The Prime Minister and this government spent years telling us that paid parental leave schemes that have been operating in Australia for the last five years were grossly inadequate. Now they are telling us that the paid parental leave scheme that has been operating for the last five years is far too extensive. Worse still, they are telling us that we cannot have a strong and adaptive childcare system unless families and new parents suffer to provide it. They are setting up a false binary choice.

The other headline from the budget is the proposed increase in the instant asset write-off threshold to $20,000. Those opposite probably hoped for headlines that read: 'We are the party of small business'—and they may believe themselves to be just that. But here are some pesky details. When Labor increased the threshold for accelerated depreciation to $6,500, the Liberals got rid of it. When Labor proposed to further increase the threshold to $10,000, the Liberals refused to do this. When Labor introduced the loss carry-back, which helped business trade through hard times or take a short-term hit to expand their business, the Liberals repealed it. When Labor proposed a tax cut to small business the Liberals opposed it. Small businesses are exactly that—small. They are made of people, sometimes teams, sometimes individuals. They work really hard and at all hours to get their job done. What is left at the end of the month, after all their overheads have been met and after everyone else is paid, is the income they survive on. Cash flow is paramount. So of course a major increase to the depreciation threshold is a good thing for small business. It reduces tax payments sooner rather than later, which frees up money for other things.
I spent some time last week speaking with small businesses in my electorate about the budget. They know that the instant asset write-off is good for businesses that are profitable and seeking to invest. But they also tell me there is a lot more work to be done on tax reform and to level the playing field between small businesses and their larger competitors. They welcome Labor's offer to work with the government to reduce the rate of company tax for small business to 25 per cent. But they also tell me that there is more to supporting small businesses than dollars and cents. Take the hairdressing salon that I went to last week. To the owner, Kim, the most important issue is apprentices. For her, skilled workers are what makes her business great. Conversely, training takes time and time is money. This government has cut more than $1 billion from skills and training and, combined with deregulation at a state level, the vocational education system is changing fast. This is having a real impact on small businesses in my electorate. If this government were truly committed to supporting the economy and, by virtue of doing so, supporting the businesses within it, they would be focused on ensuring we can adequately meet the workforce needs that are present both now and in the future.

Turning to superannuation, Labor recognises that the budget must be put on a sustainable basis. This budget makes no effort to tackle unfair and unsustainable superannuation tax concessions. It is an absolute no-brainer, if you are serious about fairness, that the 15 per cent tax rate currently applied to superannuation contributions is skewed to benefit those who have more ability to divert income into retirement savings. It is also a critical step towards restructuring the economy as we manage an ageing population. The budget shows that the accumulated cost of concessions for superannuation earnings and contributions will top $50.6 billion by 2018-19.

Mr Nikolic interjecting—

Mr CONROY: By contrast, the age pension will cost $50.4 billion. What is more concerning is that 40 per cent of the concessions go to the wealthiest 10 per cent of Australians. Members opposite, particularly the member for Bass, should answer this question. Why should someone with $2 million in superannuation enjoy all the income from those investments tax free when a retail worker starts paying tax after the first $18,000?

Mr Nikolic interjecting—

Mr CONROY: What the member for Bass and the entire coalition are arguing for is a tax break for those who have millions in superannuation while they slug ordinary workers.

Mr Nikolic interjecting—

The DEPUTY SPEAKER (Mrs Wicks): Order! The member is entitled to be heard in silence.

Mr CONROY: We should support retirement savings, but it has to be done in a fair way. Labor will do what this government is too frightened to do. We will introduce a concessional tax rate of 15 per cent on all income derived from super of over $75,000 and reduce the threshold at which the higher 30 per cent tax rate is applied to superannuation contributions from $300,000 to $250,000 a year. We will take our policy to the next election and we will explain to people why it is necessary and why it is fair. There are many who say we need to do this. The government's own financial systems inquiry points to this issue. Their tax
discussion paper points to this issue. The Treasury secretary and leading economists all agree that these concessions are unsustainable and open to misuse.

There are some who say we do not go far enough or prefer to see this over changes, such as amendments to the part pension assets test. But those people are not on that side of the House.

Mr Nikolic interjecting—

Mr CONROY: Those opposite argue that tax breaks on superannuation are untouchable. But the fact is: they have already touched super. That is the inconvenient truth that those on the other side forget. They cut the low-income superannuation contribution which was benefiting people who earn up to $37,000 a year. They scrapped the increase to the superannuation guarantee which would have seen every working person benefit in their retirement. We on this side believe that working people should be supported to save for their retirement but it should not be to the detriment of all taxpayers and it should not be structured in a way that benefits the wealthy. We say that is good and effective policy. More importantly, it is fair. Those on the other side support inequitable concessions to millionaire superannuation holders while slugging those on low incomes who need the low-income superannuation contribution.

It is two weeks on from budget night, and the good news is fading fast for the government. We are now seeing past the headlines and looking at the detail. There is no good news in that detail, because this is an inequitable budget. (Time expired)

Mrs ANDREWS (McPherson—Parliamentary Secretary to the Minister for Industry and Science) (10:15): Deputy Speaker Wicks, can I start by saying that I believe this is the first time I have spoken while you have been in the chair. I congratulate you on your appointment to the speakers panel, and I am very confident that you will do an outstanding job.

I rise in support of Appropriation Bill (No. 1) 2015-2016 and related bills. At the outset, I want to make the point very clearly that this is a package of bills that in its entirety delivers the budget outcomes that we explained on budget night earlier this month. These outcomes include boosting small businesses, creating jobs, supporting working families, making our community safer and continuing to repair the budget—among many other positive announcements. It is about creating a dynamic, 'have-a-go' approach to keep our country heading in the right direction. But it is very much a complete package of reforms. I urge all members of the House, and especially all senators, to ensure they keep that in mind.

All households know that if you draw up a budget that is designed to achieve your goals, one that you know will keep you on the right path to steadily pay back debt and improve your position, then you cannot pick and choose which parts you decide to stick to. You cannot drop various aspects and still expect to achieve the same outcome. So this is my very clear message today: these budget measures are a package. They should not be cherry picked by Labor and the minor parties—as they are now doing. Labor has to recognise that you cannot just support spending measures; you have to go back to the savings measures to pay for them. That is basic household economics 101, and the Australian people actually understand that.

In fact, the community response to this budget has been overwhelmingly positive. I have spoken with local residents, and especially local business owners, in my electorate on the southern Gold Coast, and there is a real optimism and excitement that has been generated by
this budget. That is perhaps not so surprising. There has always been a 'have-a-go' dynamic on the Gold Coast. Our rapid growth has been spurred by a spirit of advancement and an energy and vitality. It is exactly that sort of spirit that this budget is aimed at encouraging in every community across Australia. It really is centred on harnessing the talent and drive of our small business owners, mums, dads, young people and seniors. It is about encouraging initiative.

The budget, of course, is never delivered in isolation. It is as much a response to the challenges of the past year as a plan for the coming year. We all know there continue to be economic challenges, but the fact is, due to the management of the Abbott government, the Australian economic and budget position has improved. After years of going backwards, that is a significant achievement. Even with the largest fall in our terms of trade in half a century, due to falling commodity prices, our economic plan has helped Australia to have one of the fastest-growing economies in the developed world. As the Treasurer pointed out, nearly a quarter of a million new jobs have been created since the election. Retail sales are at record levels, and new dwelling approvals are at a record high.

Importantly, our timetable back to budget surplus is unchanged from last year. On this side of the House, we recognise that the burden of debt is a millstone around the neck of our nation, and we are doing something about it. Deficits over the forward estimates are reducing each and every year, from $35.1 billion in 2015-16 to $6.9 billion in 2018-19.

While we are heading in the right direction, as the Treasurer acknowledged on budget night we need to do more. This budget delivers jobs, growth and opportunity in a way that is responsible, measured and fair. The centrepieces of our budget are the $5.5 billion Jobs and Small Business package—the biggest small business package in our nation's history, and the $4.4 billion Families Package to give parents more choice and opportunity to work. I will say more about that shortly.

But there are a number of other positive measures that help deliver on our commitment to responsible government. These include: reforms that make our taxation, foreign investment, welfare and individual benefits systems fair and sustainable; $1.2 billion in new funding for national security and counter-terrorism measures, which builds on the $1 billion announced last year; and the continuation of the government's $50 billion infrastructure program.

There are also a number of reforms, that, while they have not received a significant level of media attention, help add to the overall balance of the budget. For example, funding for Tourism Australia has been maintained and there is new funding of $43.1 million over four years that will be provided to implement its Tourism Demand-Driven Infrastructure Grants Program. This is good news, particularly for my electorate, which relies on tourism as a major economic driver.

But, of course, the small business package is the big ticket item for the Gold Coast, as it is for so many communities around this country. Of all Australia's businesses, 96 per cent are small businesses, employing over 4.5 million people and producing over $330 billion of our nation's total economic output. In my electorate of McPherson there are around 15,000 registered businesses, and the Gold Coast, with around 57,000 small businesses, is known as the small business capital of Australia. So the Growing Jobs and Small Business Package is really positive news for our region. In fact, there are $3.25 billion in tax cuts for small business, and $1.75 billion in accelerated depreciation measures. Keep in mind that this is in
addition to the benefits Australian small businesses are gaining from the abolition of the carbon tax.

For up to 780,000 incorporated businesses with annual turnover up to $2 million, we will cut the company tax rate by 1.5 percentage points, to 28.5 per cent. For unincorporated businesses with annual turnover of up to $2 million, we will provide a five per cent tax discount, capped at $1,000, through their end-of-year tax return. And, from budget night, small businesses with turnover below $2 million can claim an immediate tax deduction for every asset they buy up to $20,000. This is fantastic news for local Gold Coast businesses such as the brilliant Burleigh Bakery and beautiful Home Sweet Home Gifts, which I visited just last week.

The package also includes measures to reduce the red tape and regulatory impediments that hinder the growth of small businesses. It will encourage business start-ups and entrepreneurship, with start-ups being able to immediately deduct professional expenses incurred when they begin a business, such as legal expenses on establishing a company, trust or partnership, rather than writing them off over five years.

The package will also help employers to take on both inexperienced and mature workers. New measures will focus on making job seekers more employable, reducing the costs of taking on new staff, and bringing job seekers and job providers together. And that really is the social dividend that is the substantial part of economic growth—helping people to get a job, get ahead and create a better life. These measures will be of particular benefit to the Gold Coast, where I know youth unemployment continues to be of concern.

Our families package is also designed to assist families in getting ahead and provides more choice and flexibility when it comes to child care. Shift workers like police and nurses will have more support. Families on lower incomes will be better able to afford child care if they decide to take on more hours of work. The budget also contains measures to help the disadvantaged and ensure access to early childhood education for those children who need it most. I am also pleased we have provided certainty for seniors, with changes to the pensions asset test, ensuring it is properly targeted. This will mean more than 170,000 pensioners with modest assets will have their pensions increased by an average of $30 per fortnight and around 50,000 part pensioners will qualify for a full pension. We have also ensured that the pension continues to rise in line with average earnings. This will bring security to the 17,000 recipients of the age pension in McPherson. Also, we have announced that there will be no new taxes on superannuation, so as to provide certainty for retirees.

I could go on at length as there are certainly a lot of positives, but of course there is also belt-tightening, as there should be. Our foreign aid budget has been slightly reduced, we will tighten up further on welfare fraud, and we have ensured that paid parental leave is fairer by making sure that people access either their employer scheme or the government payment, but not both. We have also announced a crackdown on tax avoidance by multinational companies.

Overall, the feedback I have received as I talk with local residents is that this budget gets the balance right, and the clear indication that this package is right is the boost to consumer confidence. In the week following the budget, consumer confidence surged 3.6 per cent to its highest level since November. This came after a 1.7 per cent jump the previous week, according to the ANZ-Roy Morgan consumer confidence index. As ANZ chief economist Warren Hogan said:

FEDERATION CHAMBER
The initial positive reaction of Australians to last week’s budget is great news for the economic outlook. This suggests to us that Australians believe the government has got the mix of medium-term fiscal consolidation and short-term support for the economy about right. So, it is bitterly disappointing that Labor has been so carpingly negative about the budget.

I want to take some time in this debate to briefly outline the very positive measures in this budget for science. The Abbott government are committed to putting science at the heart of industry policy. The ongoing funding for science, research and development across government is a testament to that commitment. This is something that often goes unnoticed, but we are spending: $9.2 billion this year alone in science, research and innovation across government; approximately $5.8 billion over the next four years for science and research in the industry and science portfolio; $3.1 billion for the CSIRO over the next four years, with increases year on year over the forward estimates; $485 million for Geoscience Australia; nearly $800 million, including more than $49 million in new money for the Australian Nuclear Science and Technology Organisation, ANSTO; almost $170 million for the Australian Institute of Marine Science; more than $580 million for the Cooperative Research Centres; and let’s not forget $20.5 million next year to ensure the continued operation of the Australian Synchrotron. We are also spending $12 million to improve the focus on STEM subjects in primary and secondary education. This is a personal passion of mine and one that I will continue to advocate for very strongly.

Our government is taking realistic and practical steps to help promote STEM and to develop more research capacity in our universities, including $300 million for the National Collaborative Research Infrastructure Strategy. Overall, the commitment to science and research means that targeted and smart new investments in Australia’s science and research capacity include almost $70 million in additional funding in the 2015-16 budget for the nation’s leading scientific research organisations to build world-class infrastructure that will create stronger industry connections.

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Our commitment to science does not start and end with the dollars. We have a passion and a vision for science which did not exist under the previous government. We have established the Commonwealth Science Council to advise on areas of national strength and priorities as well as current and future capability, and to suggest ways to improve connections. We will also have the National Science, Technology and Research Committee to provide operational perspective. The council has had its first of two annual meetings, and the committee meets regularly.

This year as part of our broader science agenda the government will develop a national science, technology, engineering and mathematics policy. I would like to take this opportunity to thank Australia’s Chief Scientist for his work in this area. He certainly has done substantial work and very significant work, so congratulations and thank you to Professor Ian Chubb. We will implement new measures to boost commercial returns from Australia’s research. We have announced national science and research priorities, and we will assess associated challenges and consider a new approach to the funding of national research infrastructure so that key facilities have a sustainable future.

The government is working very closely across the industry and the science community to get the fundamentals right. Now is the time to push the boundaries of knowledge, commercialise our bright ideas, nurture our scientists of the future and increase the capacity...
of our world-class science and research agencies. We will foster a 'have a go' approach in the science community, just as we have in the business community and in the broader community. That is fundamentally what this budget is all about. Labor and the minor parties should do the right thing and not stand in the way of this budget being passed in its entirety. It is the only responsible thing to do.

This budget delivers responsible government in the national interest, and this is what the Australian public expect and want from us. I commend the bills to the House.

Ms BURKE (Chisholm) (10:30): I also rise to speak on these appropriation bills and to declare at the outset that the budget is still unfair. It was unfair last year; it continues to be unfair this year. It is built on unfair cuts delivered in last year's budget. The $8 billion cuts from schools and hospitals remain intact; they have not changed. The one thing that has changed, though, is the rhetoric. Last year, the Liberal Party campaigned on the so-called budget emergency. Their first act on coming into office was to massively increase government debt with an unnecessary $9 billion loan to the Reserve Bank—one that the Reserve Bank did not request in any way, shape, size or form, and one that most of the markets are still shaking their heads over today.

This budget doubles the deficit again from $17.1 billion to $35.1 billion, and we hear that things are going well, that the economy is growing and doing well, and that the deficit is under control. No, it is not. It has been doubled, and it has been doubled by this government. This is not a fair budget. It is not even a reasonable budget, and it is one that needs to be scrutinised very carefully.

The budget does not present a credible path back to budget surpluses. It relies on an overly optimistic assumption and bracket creep. When are we finally going to deal with bracket creep? We are not, because people keep wanting to rely upon it as a short-term measure to resolve their economic problems. Who does bracket creep hurt? It hurts all working families. Bracket creep will impact mostly on middle- and low-income families, and it will increase heavily over time. The budget increases government debt by around $39 billion. Again: whatever has happened to the so-called budget emergency when you are prepared to increase your debt by $39 billion? The budget shows that the government will spend $9 billion more than it saves over the forward estimates, and there is no genuine attempt in this budget to address structural deficit. The great promise of fixing the budget was just another lie.

There is also nothing in this budget that will assist in job creation. The furphy and the froth and bubble around job creation coming from assisting small business is, again, something that is not sustainable. Whilst we all welcome assistance to small businesses—and many in my community run their own small businesses or run fairly successful medium and large sized businesses—I have not had one phone call from a small business operator in my electorate saying that the budget is great. I had lots of concerned phone calls from pensioners and self-funded retirees—actually many, many phone calls—concerned about issues in the budget, but not one small business operator has picked up the phone, sent me an email or been in touch. I think there are a whole lot of issues in the budget that they would see as being progressive but not really assisting them in the areas that they need the most. Those areas, of course, are science, technology, education and health. A small business relies upon them as much as they do on an instant asset write off.
The higher education space greatly impacts on my electorate, which is home to two very large universities where many within my constituency are employed. People are employed in many industries; a lot in my electorate are employed in higher education. Last year's budget proposed the deregulation of university fees and a 20 per cent cut to tertiary education funding. Fee deregulation will lead quickly to out-of-pocket fees of $100,000 or more. This step is still enshrined in this year's budget. Indeed, the budget papers point out that fee deregulation will be introduced next year. That is quite clearly stated in the budget paper. This deeply unfair measure is stalled in the Senate, and the minister offered to drop the 20 per cent cut to get it through.

This budget not only relies on full deregulation of university fees but also relies on the 20 per cent cut to higher education funding that the minister offered to drop. Again, the 20 per cent funding cut is still enshrined in this very unfair budget. The federal government cannot be trusted with higher education. It cannot be entrusted to ensure quality of access for all students.

We can talk about a wonderful thing called Commonwealth scholarships, but these scholarships are actually going to be funded by university students—so one student subsidising another. Where is the fairness in that? As I have often said before, in my electorate, where Monash University is in downtown Clayton, the likelihood of a child in Clayton getting a scholarship to go to the university across the road from their home is Buckley's and none. If we are talking about access and equity, we actually need to genuinely know what that means. A 20 per cent cut and deregulation will not ensure greater access and equity for all to higher education, which is what we need now if we are to build for jobs for the future.

But the biggest impact in this budget is on families. This budget continues to place the heaviest burden on those who can least afford it. Middle- and low-income families will be the hardest hit by more unfair cuts. NATSEM modelling has revealed that nine out of 10 of the lowest income families lose under the Abbott government's budget, while nine out of 10 of the wealthiest families benefit. A single parent family with two children, one in primary school and one in high school, with an income of $55,000 will lose $3,715 this financial year or $71.40 a week as a consequence of all of the 2015-16 budget changes. These losers will increase every year, losing $4,865 in 2016-17, $5,960 in 2016-17 and $6,108 in 2018-19—a total of $20,648 by the end of 2018-19. That is a staggering amount out of a family's budget.

This is compounded in electorates of mine, where housing prices are staggering. So they are already living in an area where they are under the weight of a massive mortgage. The majority of my electorate—over 65 per cent—choose to send their children to private secondary schools and they carry their private health insurance. So all these additional benefits that are taken away impact on families more substantially—and these families do not know how they will make ends meet. By contrast, a couple with two children, both in high school, with a dual income of $120,000 will lose just over half that amount—a smaller $11,575 over the next four years. How is this fair?

The government has kept the $15 billion of unfair cuts to families from last year's budget and is adding new cuts to child dental programs and community health programs. Again, people in my electorate rely upon this assistance to make ends meet. The budget freezes indexation on family tax benefit payments and also maintains the freeze on the Medicare
rebate. This is just a GP co-payment by stealth. But it is not even the $7; this is an $8 GP tax by stealth. Family budgets will continue to be radically eroded by this budget.

The budget offers families a $3.5 billion childcare package. The Labor Party welcomes the government's willingness to address the shortfalls in childcare funding; however, this budget proposes immediate cuts to family budgets while the increase in childcare funding will slowly roll out over five years. So it is not even apples and oranges. So people will immediately lose money from their family tax benefits but the increase in funding for child care will not come straightaway. The budget sees single income families with children over six years old lose family tax benefit B. This means that families with a three- or four-year-old in child care will not receive any benefit from changes to childcare funding while there child is in care currently and in two years or so when their child commences school they will have their tax benefit slashed to pay for increased childcare funding. How is this fair? These parents will cop more now and lose more later. It is just not fair.

When the budget came down, UnitingCare put out a press release entitled—and I think this sums it up—'Jobs for families is a bitter sweet package'. The press release says:

UnitingCare Australia says the highly anticipated Families Package is bitter-sweet for Australian families.

'While greater investment in childcare is very welcome, elements of this particular package are badly targeted, and also risk limiting families' choices in the long-term,' said Lin Hatfield Dodds, National Director of UnitingCare Australia.

She says:

More funding for quality childcare is something we welcome, but some of the detail of the package is disappointing. The Government has chosen to give big subsidies to very high income families. Families earning $300,000 a year will still be able to access $10,000 per child for childcare. This money could be more effectively spent in other areas to increase living standards and enable greater social mobility for the most vulnerable families.

The Productivity Commission last year recommended a much sharper taper rate at the top end for the childcare benefit than the one the Government has chosen. It is disappointing that the Government has decided to tip the scales more towards providing middle-class welfare—the very thing they are attempting to tighten through age pension changes.

So, again, it is sort of bittersweet—taking with one hand and giving with the other. You are saying to families, 'You've got a choice: you can get better childcare benefits, but to do it you've got to give up family tax benefits now.'

Meanwhile, the budget does nothing to address the long-term structural revenue issues which continue to hurt people on low and middle incomes. This budget does not sufficiently address the issue of multinational tax avoidance. Labor has proposed a measure that will amend the current thin capitalisation rules to reduce the amount of debt the multinational companies can claim deductions for in Australia, saving the budget $7 billion. Huge companies like Apple, Google, BHP and Rio Tinto cannot be allowed to spend billions of dollars offshore while middle- and low-income families are expected to pay even more tax. It is a pretty basic principle: you should pay tax on the money where you earn it. How can we keep having this situation where we are hitting families more and more but not asking multinationals to pay their fair share? I am not asking them to pay more than their fair share, but, if you earn the money in a country, you should pay the tax on the money you have
earned. We know that BHP funnelled 42 per cent of its profits through its so-called marketing hub in Singapore, and we know that this is standard practice amongst our biggest multinationals.

Labor has also proposed reducing the excessive superannuation tax concession for very high income earners, saving $14 billion. The Australia Institute research shows that superannuation tax concessions will cost the budget $50.7 billion by 2016-17, outstripping the cost of the pension scheme, which is $39 billion. Again, we are giving to the top end of town and not looking at what we need to ensure fairness. The unfairness here is that low- and middle-income earners receive significantly less or no benefit from the huge tax concessions. We cannot allow a situation where our retirement system costs more than $70 billion but does not distribute the benefit evenly or fairly. The government's own financial system inquiry found that 10 per cent of Australians receive 38 per cent of Australia's super tax concessions, more than the combined benefit of 70 per cent of Australians. What this budget does is focus on the entitlement of part pensioners stuck in the middle and continue with the freeze on compulsory superannuation contributions, while ignoring the real issue for the budget bottom line.

As I said, I have been approached by many part pensioners in my electorate—and there are many—and I have a couple of emails here that I would like to read from:

Dear Anna,
I have recently read of suggestions that the tax treatment to defined benefit pensions be reduced from the 40 to 50 per cent range to 10 per cent. This would have a direct effect on my wife and myself by preventing us from receiving the "full pension card" when … I reach 65 in October 2015. We do not want any more than $1 each of age pension. We do want the side benefits associated with the card. I am happy to outline our specific circumstances if that is helpful. Needless to say our circumstances are not dire nor straightforward. Suffice it to say, I would be interested in your views and how you see this playing out. Thank you for your years of service. You are and have been a credit to the electorate, the Labour Party and Parliament.

That was from Douglas. So the concern is: what does it mean and how is it going to work?

David writes:
Tony Abbott says that you cannot penalise people for saving for their retirement—he is so two-faced his brain appears to be fazzled.
He is obviously only talking about the super wealthy when he makes that statement—people with millions of dollars in their superannuation funds. Those people were obviously able to take advantage of the tax system to avoid paying over 15% on the higher end of their comes.
That is good for them but us lesser mortals who do not have high incomes and struggled to put extra money into the superannuation and to save money and who purchased shares are to be penalised for going without to ensure that we could have a reasonable retirement.

... ... ...
A wealthy retired person will be other to improve their lifestyle every year under Tony Abbott's plan.
This cannot be remotely considered fair. But I suppose being fair is not in the Liberal Party's DNA.
Again we see this concern about what it actually means and how it is unfair.

One of the issues that have been raised with me—again from a constituent—is about the changes to the funding for sufferers from PKU. Again, it seems like a small amount, but it is the direct consequences on these people's lives and their ability to ensure that they do not die of
brain injury. It is a situation where we actually test everybody at birth for this condition to ensure that we are not giving them high protein substances. Again I read from Deborah:

I urge the government to reconsider their decision. My daughter relies on her special medical foods to function successfully. The consequences of ceasing the payments will be devastating and cause more drain on the public health system.

This budget is unfair. (Time expired)

Mr NIKOLIC (Bass—Government Whip) (10:45): I would say to the member for Chisholm that if she wants to talk to small businesses that are very appreciative of the measures in the budget, particularly the small business measures, come to Launceston. Come to Launceston and have a chat to Tas Americanos who runs Ellie May’s, the best hot potato in Launceston. Come to Launceston and talk to fisherman Karl Krause, or the proprietor of Hullabaloo Balloons, or John Hutton from Glasgow Engineering, or Ian Lee from Cycology and you will get a sense that small businesses have embraced the measures in the budget, predominantly the small business measure that the member for Chisholm mentioned in her speech.

The morning after the Treasurer delivered the 2015 budget I did a live cross to a very well attended breakfast in Launceston run by KPMG, and I was able to highlight key aspects in the budget for Tasmania. I was able to report to the hundreds of people at that breakfast and a significant number of year 11 and 12 young people a couple of hours later that the 2015 budget strengthens Australia’s economic future and is great news for our home state of Tasmania.

There are a complementary range of new measures that are all about families, small business and jobs—enhancing our productivity and growth and leveraging the government's record spending on infrastructure. The three key themes in the 2015 budget build on the strong foundations that we have established since the 2013 election. We are focusing on exactly those things that people asked us to focus on—jobs, families and fiscal responsibility. I will deal with each of those in turn.

On the issue of jobs, this is undoubtedly a jobs-focused budget. It has been warmly welcomed in Tasmania. I have had both the Prime Minister and the Treasurer in Launceston. We have walked the streets of Launceston and we have got that reception from people about how warmly welcomed it has been. This budget builds on the impressive jobs achievements of this government in the last 18 months. Importantly, there is no longer an '8' in front of Tasmania’s unemployment rate. There is a '6' in front of it. That is still too high, but we are finally heading in the right direction after too many years of Labor and Labor-Green government in Hobart and Canberra.

It is worth noting that 13,000 jobs were created in Tasmania in 2014, compared to the loss of 5,000 jobs in 2013 under Labor-Green governments in Hobart and Canberra. This budget works to create even more jobs by incentivising small business with a turnover of up to $2 million, who will get their lowest tax rate in nearly 50 years, with a 1.5 per cent company tax cut or a five per cent cut on their tax payable up to $1,000 if they are unincorporated.

We have dealt already with the accelerated depreciation allowance which increases from its threshold of $1,000 to $20,000, enabling small business to get an immediate tax deduction for purchases of everything from a motor vehicle to cooking equipment. When the Prime Minister and Treasurer came to Launceston, we went from business to business and that
reception was wonderful indeed. Even my barber, Spike the Barber, thought this was a great thing. He got himself a picture with Treasurer Joe Hockey and told him how warmly he welcomed the measures in this budget.

Consider for a moment why that is the case, Madam Deputy Speaker. Let us just look at the numbers relating to this small business measure. In northern Tasmania, in Braddon, there are 6,483 small businesses with a turnover under $2 million. There are 7,050 small businesses in Lyons and 7,587 small businesses in my electorate of Bass. So it is little wonder, with that many small businesses, the engine room of the Australian economy, that the measures in the budget have been so warmly welcomed.

There is also a substantial jobs package addressing the needs of both younger and mature-age workers, a new youth employment strategy targeting young people who are currently disengaged from employment or education and a new work experience program to incentivise employers to take on job seekers for 25 hours a week for four weeks. The jobs package will also support older Australians, with employers given an accelerated payment of up to $10,000 for taking on workers over the age of 50 who have been on income support. From 13 May, from the budget, as part of the growing jobs and small business package, a higher subsidy payment of up to $6,500, up from $3,250, will be available under the Tasmanian jobs program and includes a payment of $3,250 for part-time places. As you can see, the Abbott government is clearly committed to continuing employment growth in my state.

I will talk briefly about some of the mendacious claims from those opposite about the unemployment rate being too high at the moment at 6.2 per cent. I would agree that we need to do everything to bring that rate down. But I refer them to the charter of budget honesty. I refer them to the pre-election fiscal outlook released by the former Treasurer, Wayne Swan, on 13 August 2013, where he said:

The unemployment rate is expected to increase from 5.6 per cent in the June quarter 2013 to 6¼ per cent in the June quarter 2014, and stabilise at that rate through to the June quarter 2015.

So their own prediction was unemployment would go to 6.25 per cent. It is currently at 6.2 per cent, below Mr Swan's forecast, and somehow that is a disaster. That was their own forecast before the 2013 election. So let's stop the hypocrisy about unemployment, particularly as it relates to my home state of Tasmania, where we are off the bottom of the national unemployment list finally, after 16 years of state Labor government and six years of Labor-Greens government in Canberra, and moving in the right direction.

This budget also includes funding for a range of projects in my electorate that are so important to our future prosperity. There is a relatively small project that was announced in the budget: $1.47 million to fund 50 per cent of the exciting north-east rail trail project, which will support the construction of 70 kilometres of rail between Launceston and Scottsdale using the old railway infrastructure. I congratulate Dorset Council for the work they are doing to progress this exciting project, which will create jobs in the construction phase and create another boost to tourism in northern Tasmania. It will add further lustre to north-east Tasmania's reputation as a preferred cycling destination encompassing world-class mountain bike trails and road cycling routes.

Consider, for example, the benefits of the federal government's investment of $2.5 million in the Blue Derby mountain bike trails that I opened last year. These benefits are already evident: hundreds of cyclists each weekend; shops opening in Derby, this tiny agricultural
town in north-east Tasmania; new accommodation being planned; and a prediction that an additional 10,000 to 15,000 visitors will come to Tasmania annually to ride these mountain bike trails in the future. If you are looking for a corollary, there is a little town in Colorado called Fruita. It is a little agricultural town that was not going anywhere very quickly in the past but is now the centre for mountain bike tourism in the United States. We hope that the north-east mountain bike trails in Scottsdale will have the same effect for north-east Tasmania.

Other projects that will make a real difference to my community include $6 million for the Northbank redevelopment, $5.2 million to improve the Bell Bay intermodal terminal, completing the $3 million Tamar River recovery plan and almost $3 million in innovation and investment fund assistance to local businesses. In fact, around 400 new jobs will be created as a direct result of innovation and investment fund assistance to 41 Tasmanian small businesses.

On the infrastructure front I talked about a record level of infrastructure investment in last year's budget—$50 billion, of which $1 billion is coming to Tasmania. $786 million of that will be spent during the period 2013-14 to 2018-19, including $34 million for north-east freight roads in my electorate of Bass. We also see in the budget the continued funding for the $35 million hospice@HOME program and for additional elective surgery.

Two big announcements which are game changers for Tasmania are the increased funding for the Tasmanian freight equalisation scheme and $60 million for tranche 2 irrigation projects. Funding for the Tasmanian freight equalisation scheme is $203 million over the forward estimates, an extra $50 million every year, and $60 million for tranche 2 irrigation projects, including the Scottsdale scheme in my electorate of Bass, will provide 95 per cent water certainty in these areas. It will enable the conversion of marginal land, pretty much not usable for other purposes, into something that is far more productive. It will mean increased agricultural products tapping into the trifecta of free trade agreements that this government concluded in 2014, and it will be a boon for my electorate of Bass and broader Tasmania.

The local benefits are certainly being seen, as I said, from an infrastructure perspective. The Kings Meadows Connector is completed. That means that traffic is no longer backing up onto the Midland Highway. We have the Kings Meadows Connector done. The Prospect Vale black spot is fixed. The Invermay Park redevelopment, where Ricky Ponting first started his career with the Mowbray Cricket Club, is about to be completed. New work is starting every day, revitalising north-east Tasmania. I am determined to deliver on the promises that the government made to the people of Bass, and this budget continues to fulfil those promises.

There is a significant families theme in the budget, which has been well illuminated by my colleagues. The clear focus of our child care package is getting more parents into work and helping them stay in work, and that is one reason why the activity test is being tightened so that government childcare support actually requires the parents to be working.

Fiscal responsibility is a third key theme in the budget. It is about fixing the fiscal inheritance that we received from the Labor Greens government and enhancing the integrity of our tax system. Importantly, all new spending in this budget is offset by savings, and new measures help ensure that our tax and welfare systems are fair. There are anti-avoidance rules for multinationals, greater penalties for tax avoidance and companies must submit more information about their global transfer pricing arrangements under the country by country reporting standards. We are better resourcing the ATO to enhance GST compliance, and
companies without a domestic taxable presence who sell services into the Australian market, like Netflix, will now be subject to the GST.

By way of comparison, having talked at length—and I could talk for many hours more about the good things that are happening in Tasmania as a result of this budget—let me just spend a couple of minutes on the contrast, that reckless, confused and directionless alternative offered by the Labor Party. The Leader of the Opposition's budget reply shows that nothing has changed. There is still no idea of what his plan is and how he is going to pay for it. Now, Tony Burke will not even confirm that the Leader of the Opposition's thought bubble of a five per cent small business tax cut will even last until the next election. It is the same level of muddled thinking, the same lack of direction and purpose, the same lack of commitment to the best interests of Australia that delivered us Labor's debt and deficit disaster with the six biggest deficits in Australia's history.

As a former senior public servant, I see very clearly the flaws in Labor's response to this budget. The Leader of the Opposition went through rhetorical gymnastics in one radio interview to deny his culpability in the debt and deficit legacy of the government that he was a key player in. Having so badly damaged our economic freedom of action, Labor in 2014-15 has made the problem worse by standing in the way of us fixing the problem that they created. Consider that during just six years of Labor and Labor Greens government, government spending increased by 50 per cent. That is one reason why today we borrow $100 million more every day than the revenue we bring in. That is why the job in the last budget and the continuing job in this budget and future budgets is so necessary to ensure the economic sustainability of our country and to ensure that we recapture our economic freedom of action so if there is another international crisis we can better respond to it.

My state, our country, is seeing real progress—our economic plan is working, growth is up and jobs are up. Labor's projected debt and deficit have already been cut in half, and this year's budget delivers a credible path to surplus. As I said, our aspiration is to regain our economic freedom of action and help Australians get ahead to provide them with greater capacity to make their own decisions about their future. That is why this budget is good for families, it is good for small business and it is good for Australia.

**Ms Ryan** (Lalor—Opposition Whip) (11:00): I rise today to talk about four-year-olds and their families in the electorate of Lalor—to talk about families and the 2015 budget that builds on the unfairness of the 2014 budget. The budget that, after last year's horror budget, was going to be good for families according to our Prime Minister—the same Prime Minister who promised no cuts to health, no cuts to education, no changes to pensions.

My area is home to lots of families drawn by an affordable lifestyle and a great sense of community. With 70 to 80 new babies born locally each week we have lots of young families. There are Josephs, Josies, Josephines, Joannes, Joeys, Johannas, Joachims and Joes living throughout the electorate, lots of them four years of age.

Our community, where families look for an affordable lifestyle, is a great place to live but most local families are on modest incomes trying to get ahead by buying an affordable home or paying affordable rent. Most local families work hard for their modest incomes. The best example of this measure of our community being affordable and people being on modest incomes is the fact that almost 18,000 families in the electorate of Lalor receive family tax benefit part B—the means-tested family support program designed to ensure all children have
the support they need. That is 18,000 families who will lose up to $6,000 a year from their modest incomes. I would like to repeat that: 18,000 families—that is the highest number of any electorate in Australia. Take a minute to let that sink in: 18,000 families working hard and raising their children.

There are other electorates that have high numbers of family tax benefit families across Australia—Blaxland and Holt have 16,000 families, Gorton and Fowler have 15,000 families—but Lalor has almost 18,000 families. Let us assume that on the NATSEM modelling this impact is on average $4,000 per family—that is a huge $72 million less in the local economy. Again, let that sink in for a moment: $72 million less in the local economy. But of course across the chamber the impact will be far less—Warringah and North Sydney have around 3,500 families; Higgins and Kooyong around 3,000 families in receipt of the FTB. No wonder those opposite thought cutting the family tax benefit could be a saving, as the impact on their communities will be minimal in comparison.

I want to talk about the four-year-olds in those families in my electorate, so let's have a look at those. We will call the first notional four-year-old Joseph. He is a four-year-old in a young family with a two-year-old and another on the way. When the budget came down, Joseph's family were keen to know more about the increases to childcare benefits and how that might help the family only to find that, as this measure is not to be introduced for two years, young Joseph and his family will not benefit. His family will, however, like all families with school-age children, lose the schoolkids bonus next July.

In another family, another four-year-old lives—let's call him Jose. Jose is son to a newly-arrived family trying hard to resettle in Australia. They are benefiting from 15 hours of kindergarten, an absolute game changer for children where English is a second language. However, his younger sibling, aged two, will not be so lucky as funding for 15 hours is not guaranteed beyond 2017. His parents, like me, might ask the local council—who run our kindergartens—what the change will mean for them. No doubt, they will get the same frustrated response I did: 'We don't know. There is no certainty. It is a two-year funding line. It is very difficult to plan with, and we have spent money on infrastructure to ensure space, for all four-year-olds, for 15 hours. We might have to pass the cost onto families.'

Across the road, there is a four-year-old we will call Joanna. Joanna has had an unsettled start to life. Her parents had some mental-health issues and moved around a lot. One parent has passed away. The other, due to ill-health, is unable to care for her full-time. Joanna now lives with her grandmother, who is trying to ensure she gets on the right track. But Joanna will not get a starting-school health check or the benefit of the child-dental service or the schoolkids bonus making sure she is ready for school. It may not be until Joanna is eight that it might be discovered she has poor eyesight. It will not have been picked up early, as is the case now.

In a nearby suburb there is another four-year-old. Let us call him Joey. Joey was born before the federal government's PPL program existed, and the private company his mother worked for did not have one either. So when Joey was born the family received no paid parental leave. At great cost, she took months off. This hit the family hard, financially, but now they are planning for their second child. Joey's mum now works in retail and paid parental leave is part of her EBA. She is earning around $40,000 a year, she is planning to take maternity leave at half pay and, along with the government's scheme, this could give her
six months, in total, with her new baby. This could have made her life much easier. Joey’s parents will be unimpressed that the government is changing the rules. They will be more unimpressed that parents like them have been demonised in the budget papers as ‘double dippers’. They just wanted the best start for their new baby.

Another notional four-year-old is Josephine, the youngest in her family. Josephine’s parents are concerned about her oldest brother. He is completing year 12 and making plans for when he leaves school. He is a hardworking student and has made the most of his educational opportunities. He works part-time and has seen older mates lose shifts once they turn 18. He has no illusions about work and what a tertiary education could mean for his future.

In an area that has very high youth unemployment, thinking about the future is a daunting task for young people in my electorate. He might like to go to university—but with the uncertainty about costs and repayments, his parents may not be keen. He could have seen the education minister say that he will pursue the legislation that will lead to $100,000 degrees. He would be torn about his future. He might be checking out apprenticeships, but with so many cuts to apprenticeship support programs and so few apprenticeships being advertised he will have to be lucky. If he cannot find work he faces a lower Centrelink payment for a longer period of time—and must somehow be thankful he only has to wait four weeks before payments.

A family in the electorate has a four-year-old, Joe, whose Dad is a landscaper—made famous recently in the federal parliament, landscapers. He has heard the chat around the table of the so-called small business bonus and so dad, Joe Senior, is looking to borrow money to take advantage of the asset write-off tax concession available to small business. He might buy a new welder or compressor. What Joe Senior cannot do is predict the future. By borrowing to purchase an asset he puts his business under pressure, and the loan will still have to be paid. It might not be the wisest decision he makes. It might turn out okay.

His partner is not in the paid workforce. She does the business books and runs around after the kids. She, too, has heard things about the budget. She knows that her family will lose income if the FTB changes go through the Senate, so she has turned her mind to some paid work. The thing is, though, that there are very few local jobs.

Before the move to Wyndham, before they bought the house and had the kids, she could have had a good job—perhaps a great job—in Carlton. We know lots of those. But she cannot imagine sitting in traffic for an hour and a half each way. Yes, that is what locals who travel into the city often experience. She would have to leave young Joe in long day care and the others in after-school care. She would be worried about not making the 6.00 pm deadline because of traffic congestion and getting charged by the minute for being late. Perhaps it would not happen if Melbourne had better public transport or improved road infrastructure, but this budget has short-changed this family there. Victoria has been duded on infrastructure, and there is no relief in sight. So this family, the small business family, could
be worried that there are no plans for jobs and no plans for infrastructure to assist them in communities like mine.

So the Josephs, Joses, Josephines, Joannas, Joeys and Joachims live in families that will not understand why they are so unfairly targeted by the current government. These four-year-olds will never benefit from the proposed increases to the childcare benefits. They will lose the schoolkids bonus after only one payment. They were born prior to the introduction of Labor's paid parental leave scheme. They will not have a four-year-old Healthy Kids Check before starting school and will not receive any dental treatment from the child dental benefits scheme. They will miss out on the family tax benefit once they turn six. If they have a disability, they will not be assured they will get the support they need at school. They started kindergarten with uncertainty around the 15 hours of universal access and, if they get sick, their families will pay more for a visit to the doctor as the Medicare rebates are frozen.

All of these four-year-olds are planning to start school next year. When this group of children were toddlers, there was a plan—most here will remember it: the Gonski plan for equitable school funding. This group of four-year-olds was set to benefit. The schools in Lalor benefited from the Smarter Schools National Partnerships with additional money flowing for extra literacy and numeracy support; for additional resources to allow schools locally to employ more specialist teachers to support students with English as a second language; and for low-SES students to be supported.

The schoolkids bonus was also helping so many families with the cost of books, excursions and school equipment. Now we find these four-year-olds will not benefit from the full Gonski funding model, with no commitment to years 5 and 6 and with $30 billion ripped out from education funding more generally in last year's budget.

For a government that says it is all about jobs and families, my local families are finding those words very hollow. Surely, education is the pathway to employment, but the rhetoric on jobs is not supported by a strong commitment to education—not in last year's budget, not in this year's budget. In fact the term 'early education' has disappeared from the childcare debate. It has disappeared. This government has made it clear that childcare is about babysitting and work participation—not about education and getting our kids ready for the jobs of the future, not about making sure all four-year-olds are ready for school.

The need to ensure a healthy workforce is not supported by the many cuts to health programs, particularly preventative health programs. This budget sees another $2 billion on top of last year's $50 billion gone from the health sector—last year from our hospitals, this year from preventative health programs again.

This budget still supports the introduction of $100,000 degrees for students, and many in my community will suffer from that. This budget outlines no support for Toyota, Ford and GMH workers who are losing their jobs in my electorate and no support for the growing number of young unemployed, other than to limit their access to youth allowance and cuts to support programs.

This budget has no support for local jobs in my area, and the state we live in has been dudged in the infrastructure spend. Remember the 18,000 families about to lose their FTB, ripping millions from the local economy, putting pressure on our small businesses, potentially
leading to more job losses. This government says its budget is about families and jobs—hollow, hollow words.

The priority of this budget is not the families of Australia. It is the job of our Prime Minister. I implore this government to find a fairer way. I ask the Treasurer to think about his namesakes, the four-year-old Joes in Lalor, and to have a go at giving them a go.

Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for the Environment) (11:15): It is a pleasure to rise to contribute to the appropriation bill debate on an outstanding budget that was laid down on Tuesday night, 12 May. This is a plan, a very clear plan, to bring about the economic fortunes of this nation that were deserted by the previous Labor government. This is a plan to restore confidence, to rebuild our economy, to reduce our debt and our deficit.

As enunciated by our Assistant Treasurer quite clearly, we have a plan; Labor has no plan. The old story of, if you do not know where you are going, then any road will get you there, is true. The Labor Party have, even in the past, opposed their own saving measures. They have opposed their own plan, so they do not know where they are going; whereas the coalition are very clear in what we want to achieve for this nation.

We want to engage with and take people on the journey so they can understand their individual contribution for this nation to again achieve greatness. Our very future as a nation depends on the measures that we take today to deliver a better and brighter future for everyone in this nation. We cannot put it back to future generations.

Steps and measures need to be taken today. They were introduced last year in the budget but, because we have a largely recalcitrant Senate and a Labor Party that does not even include supporting its own measures that are put forward, we have had to reshape our budget. We have reshaped it in a way that allows this government to build our nation for everyone to have the ability to contribute to the future direction of this nation. It does not just discard its role, its responsibility, to generations to come. Our Prime Minister in the past has said he wants to be known as the ‘infrastructure Prime Minister’. In my electorate of Paterson, that infrastructure is being rolled out.

The first thing I would like to talk about is the $1.5 billion announced for the new air combat capability facilities to be built across Australia and nowhere more important than the premier RAAF base in Australia, RAAF Base Williamtown. Of this $1.5 billion, $950 million will be spent at the RAAF Base Williamtown across the road from my electorate. It will support the instruction, operation and deployment of the F-35A Lightning II Joint Strike Fighter, commonly known as the JSF.

Australia has committed to the acquisition of some 72 of these Joint Strike Fighters, which will provide our air crew, our outstanding young men and women of this nation who defend our nation, the latest state-of-the-art, fifth-generation aircraft. We will be at the forefront of air combat technology, and that is something I am proud of. Yes, there will be a cost—a cost to our nation. But the advantage of being at the very forefront of leading-edge technology is something that we should be proud of.

Over the next seven years, the project will provide a much welcome investment into my local communities, both directly and indirectly. There will be potential for job growth development through the works that will be carried out not only at the RAAF base but as
people see the opportunity for private investment and support infrastructure in lands in and around the RAAF base. It means that all of a sudden we will have growth, opportunity and we will address one of the key issues that I have been talking about for years—that is, underemployment. We will have so many highly trained people with extensive expertise employed at the RAAF base who then exit the RAAF base and look for work. If their skills are not taken up, all of that training will have been wasted. Our RAAF base at Williamtown employs around 3½ thousand people directly, including a support staff of 300 and a contract staff of 765. It generates $280 million in salaries for individuals and families in my region. It is a very welcome contributor. There are around 2,000 RAAF families living in my community. We see great social and economic benefits of this latest financial injection.

As I said, not only do we support our Defence Force and our Defence families and the outstanding work they do but, as part of this infrastructure rollout, there is more. Our infrastructure Prime Minister was given a very clear mandate at the 2013 election—and that was to invest heavily in road infrastructure. I am pleased that last month, through the government's Black Spot Program alone, we were awarded some $13,195,000 for the region to address 36 of the most dangerous black spots in Hunter roads. Of that, some $4,895,000 was allocated to the Paterson electorate for roadworks on the New England Highway, on Dungog Road around Wallaringa Road, around Butterwick Road, on Shoal Bay Road, on Woodberry Road, on Victoria Parade, on Tocal Road at Paterson, on Lemon Tree Passage Road at Mallabula, on Dungog Road just south of Clarence Town Road, on Port Stephens Drive at Taylors Beach, on Macintosh Street at Forster, on the Pacific Highway at Nerong, on McFarlanes Road at Berry Park, on Gresford Road at Vacy, on Soldiers Point Road at Salamander, on Irrawang Street at Raymond Terrace, and on Dowling Street. All of these roads are receiving black spot money. The criteria for black spot money is that there has to have been a series of accidents or, sadly, fatalities—and these black spots are being addressed. I congratulate the government for making sure that the Black Spot Program continues. I look forward to my councils submitting further applications so we can address this issue.

I am very pleased that the Paterson electorate has benefited from the Australian government's Roads to Recovery Program. That funding has been doubled in 2015-16 to some $4.6 million in my electorate alone. It is very welcome. This means that councils can determine their priorities in roadworks to address their needs. The one thing that I want to make abundantly clear to my constituents at this point is that the black spot road funding and the Roads to Recovery funding are not the funding that will be applied to councils to address the damage that has occurred to our local roads from the recent storm event. That recent storm event affected roads in Port Stephens, in Dungog, in Great Lakes, through Maitland. All of these will be separately funded. Dungog shire will receive some $800,000, Great Lakes Council in excess of $1.5 million, Maitland council nearly $1.2 million, and Port Stephens Council will receive $1.1 million. That road funding package under the Roads to Recovery Program will mean that those councils can determine where to best spend this money to deliver the maximum advantage for our community.

Not only that but our Deputy Prime Minister made an announcement under the National Stronger Regions Fund. Madam Deputy Speaker Henderson, you would be aware in your own capacity that, going into the last election, our Deputy Prime Minister announced that $1
billion would be spent over five years on developing stronger regions. Unlike the former Labor government, who had a regional package but spent most of the money in the capital cities, our government understands the need for infrastructure investment in regional communities. I was quite happy to see $9.6 million of round 1 being spent at Nabiac for the Inland Dune Aquifer Supply System. This is being supported by 50 per cent of the project being put forward by MidCoast Water. This provides certainty of potable water for those communities in and around Nabiac and around the Great Lakes area. Without security of supply of water, particularly potable water, communities cannot grow. This will enhance both economic growth and sustain my region well into the future.

I now turn to one of the greatest infrastructure needs in my electorate—that is, digital television. I have made many speeches in this parliament. I have met with ministers. I have met with community groups. Sadly, the digital television rollout that occurred under the former Labor government did not address the needs of the constituents in my electorate.

As a result of negotiations with the now minister, Malcolm Turnbull—who, unlike the former Labor minister, Stephen Conroy, at least sits down and meets with people—contracts will very shortly be signed with a regional broadcaster in my electorate. Negotiations have been settled and we will see the rollout of improved digital television services through the Port Stephens, Dungog and Bulahdelah areas, as well as other areas in my electorate. More work needs to be done. This will not 100 per cent address the situation, but Minister Turnbull has taken on board the concerns of the people in my electorate and negotiated very strongly to deliver an outcome.

Health is always an issue, not only for my constituents but for all Australians. The health of our nation is critical. I welcome the changes this government has made to achieve a better for bang for the buck—for each and every health dollar. As is typical, the Labor Party have launched massive scare campaigns about these changes, about the recent events with after-hours GP services in particular. They have had a lot to say but have done very little. I know about after-hours GP services because I actually drove the pilot program for it in Australia back in 1997 with the Hunter Rural Division of General Practice. This program was designed to relieve the need for doctors to be on call seven days and nights a week in country and rural areas in order to give them some quality of life. It meant they could roster on at a central point to provide after-hours GP services. The health minister then was Michael Wooldridge. The program received funding and all of a sudden quality of life was restored to our GPs and an improved health service was delivered. Times have moved on and processes of evaluation have occurred, so a refocus of the dollars to ensure they address current needs was critical. A tender round was held and the winning tenderer has recently been announced for the Hunter, New England and Central Coast Primary Health Care Network. A key aspect of their tender was a commitment to continue to deliver after-hours GP services.

What I saw from my Labor counterparts was much lobbying in the media, much talk and much scaremongering—but no delivery. I constantly met with Sussan Ley, our health minister. I put forward the concerns of my community. Right from day one, I was assured that across the nation there would be an additional $98.5 million to deliver after-hours GP access, improving the health of our community. I believed that Sussan Ley was doing the right thing.

There is a difference between lobbying the media and lobbying the minister. If you lobby ministers, you can deliver real outcomes for your community. If you lobby the media, you
might make yourself feel great for five minutes, but you deliver absolutely nothing for your constituents. I am glad to announce that the contracts have been signed and that the after-hours health care will be continued. These services will be provided because I took the correct approach: I presented the case, I lobbied the minister and I have delivered an outcome. I could have taken the grandiose position of beating my hairy chest in the media and made myself feel good, but, at the end of the day, as each and every member in this House should be aware, we need to make sure that ministers are aware of the problem, that we address that problem with facts and that we work towards solutions. We, the coalition, have done that in our region.

Healthcare provision is critically important and I am also excited by the announcement of the GP Rural Incentives Program. My large rural electorate has a shortage of GPs. It is not as though people can go from one town to another in order to access a GP; they need GPs in their own town. What we are going to see, particularly in some of the smaller towns in my electorate—towns such as Hawks Nest and Bulahdelah where there is a need for more GP services—is increases in the incentive payments for general practitioners to attract them to the region and to encourage them to stay in the region to deliver those much needed healthcare services.

I will just point out to people that many towns in my electorate are set to directly benefit from these changes. They include: Anna Bay, Shoal Bay, Fingal Bay, Boat Harbour, Nelson Bay, Corlette, Salamander Bay, Soldiers Point, Dungog, Bulahdelah, Hawks Nest, Forster-Tuncurry, Karuah, Lemon Tree Passage, Tanilba Bay and Tea Gardens.

Money will be taken away from areas where there are plenty of doctors and enough critical mass and will provide support into attracting doctors, retaining doctors, in those much-needed small communities throughout our electorates.

I want to finish up where I started. We, the coalition, have a clear plan, outlined in the budget, to take our nation on the journey with us so that we can contribute to the benefit of this nation for generations to come, not deferring to future generations to fix the problems created by the former Labor government.

Mr MITCHELL (McEwen—Second Deputy Speaker) (11:30): Thank you, Acting Speaker.

The DEPUTY SPEAKER (Ms Henderson): I am not Acting Speaker.

Mr MITCHELL: I beg your pardon. You are not really going to try that, are you?

The DEPUTY SPEAKER: I am sorry?

Mr MITCHELL: What was that?

The DEPUTY SPEAKER: I am not an Acting Speaker; I am a Deputy Speaker. So it is Madam Deputy Speaker.

Mr MITCHELL: It is the time of the year when we come in here and discuss these appropriation bills, Appropriation Bill (No. 1) 2015-2016 and cognate bills. Speaker after speaker on the government side stands up to sprout their key lines without commitment, without passion and without any knowledge. And this gets followed up by speakers from the opposition who speak about their concerns and their communities. Today it has been no different. Australians have learnt quickly that, under this government, vision and plans extend
no further than the next opinion poll or the next press conference, and this year's budget was no exception.

For two years the government have constantly wailed about Australia's budget emergency, citing it as their feeble reasoning behind last year's ideologically driven, cruel and unfair budget which attacked the elderly, the young and the families of our communities. But this year suddenly that budget emergency disappeared. It disappeared like Australian jobs under this government. It disappeared like the spending on health. It disappeared like the investment in education and it disappeared like every one of this untrustworthy government's promises of lower taxes and surpluses.

Despite the wails, the Abbott government has delivered a budget where spending is up, tax is up, deficits are up and unemployment is up. The government has broken its promise to save as much as it spends. Spending initiatives are greater than actual savings and the Treasurer has doubled the deficit in one year, from $17 billion to $35 billion. We all know that, at its heart, this budget is for the Liberal Party base that is threatening to walk away from the Prime Minister, or the member for Curtin, or the member for Cook, or even the member for Wentworth—if they could stomach his environmental opinions. Even former Liberal Party Prime Minister John Howard stated:

It has certainly been framed by the government with an eye to political sensitivities.

That is why the government have removed the impacts on families modelling from the budget, because they know that thousands of Australian families in the bottom half of the income scale will feel the brunt, whilst the top end of the scale feel the greatest benefit.

The fundamental unfairness of last year's budget disaster remains: the $80 billion slashed from schools and hospitals, the GP tax, the cuts to Medicare rebates, the $100,000 university degrees and the massive cuts to family payments. The Prime Minister promised no new taxes, yet this budget contains 17 new taxes.

We have a Prime Minister who promised a surplus but, in fact, has doubled the deficit and failed to pass a budget. The Prime Minister promised more jobs. However, unemployment has risen to the highest level in 10 years and will remain high for a lot longer. The Prime Minister promised no cuts to health, but he has ripped another $2 billion out this year from health, in addition to the $57 billion that he ripped out last year.

The new analysis from NATSEM shows that a family with a single income of $65,000 and two children will be $6,164 a year worse off. A single mother with an income of $55,000, with two children, will be $6,107 a year worse off. In McEwen we have some 6,800 single parent families that this will affect. A family with a dual income of $60,000, with two children, will be $3,843 a year worse off. These amounts might not seem much to the Prime Minister or the triple dipper Treasurer, but for struggling families this could mean the difference between paying the bills and putting food on the table. The budget clearly articulated that the government has no interest in building industry or manufacturing in this country. In fact, it says it has 'liberated' thousands of workers—to the jobs scrap heap. It has said to employers, 'Here's free labour; try before you buy.' If the Australian public had that option, the Prime Minister and this government would be on the scrap heap today.

The government knows that it mishandled the economy so badly that what they have done with this budget is to inject a stimulus package in the hope that it will generate some positive
feedback. We welcome the instant asset write-off. Why? Because we introduced it when we were in government, but this government claimed it was a rort and scrapped it in their first budget. Twelve months later a light bulb goes off in the PM's head and he realises that Labor's program actually delivers benefits for small business.

In my electorate, we are a community of hardworking families. The Abbott government is ripping their future away. Last year in this House I spoke about a constituent of mine, Stuart Edwards. Stuart is a single father of four who drives an hour each way to work to provide for his children and also studies at university part-time. When we asked the Treasurer about the impacts of the budget, the Treasurer's response was: 'This man needs to get a job,' even though he is already working full-time. After last year's budget, Stuart lost the family tax benefit, and his expenses increased due to the petrol tax stealthily introduced as a 'levy', or, as the finance minister called it, an 'indexation adjustment'. With this budget, Stuart will be even worse off because of the measures the government has put forward. So you have to ask: in how many more ways can you punish people trying to improve their future?

McEwen has the highest population of zero-to-five-year-olds in the country. We have thousands of young families, with parents trying their hardest to raise the future of our country. However, the Abbott government is ensuring parents caring for their children will be punished. The government is stripping stay-at-home parents—in most cases, mothers—of their childcare rebates. Families who have an annual income of $65,000 per year and over will have their childcare rebates ripped away. Families will be booted off family tax benefit B when their youngest child turns six. The Abbott government wants to freeze all the rates of family tax benefits. Yet taxpayers will be required to foot half the childcare costs of couples earning $170,000 a year.

Less than six months ago, the Prime Minister was still spruiking his 'signature' PPL plan. Those on the top end of incomes would get $75,000, at the expense of those at the bottom. It was their 'fair dinkum' policy that the Prime Minister said he 'passionately' believed in. The Prime Minister argued that this was giving women a level of support, and that it was not a welfare measure; it was a 'workplace entitlement' just like other non-negotiables, like holiday pay and sick pay. Now, in a complete 180, the Prime Minister has cut $967 million from the government's existing Paid Parental Leave scheme. This measure, along with last year's heartless cuts to family payments, will leave around 80,000 mothers up to $11,000 a year worse off.

The government's ministers have been in the media over the last month calling these mothers 'double dippers', and the Treasurer even called them 'rorters'. Yet it emerged that the government's own senior ministers had done the very thing they were decrying as a rort.

In 2010, the Prime Minister, then the Minister for Health, stated: '26 weeks, as everyone knows, is the minimum that should be spent at home by mothers with newborns.' Yet the Prime Minister recently said about new mums who receive more than 18 weeks paid parental leave: 'It is not right, it should not happen and it will not happen under this government.' We all remember the Prime Minister saying that he had 'been on a journey' with his new-found love for paid parental leave. But what this budget shows is that that journey was a return trip.

Another blow to families in McEwen is his incomprehensible cutting of the Seatbelts on Regional School Buses program. This program was introduced by the former Labor government to ensure the safety of our schoolchildren when travelling to and from school in
regional areas. Yet the Abbott government is scrapping this program. For those of us in rural areas, transport options for students are few and far between at the best of times, and we rely on school buses to transport our kids. Regional school buses in Victoria often travel at speeds of 100 kilometres an hour, on rough road surfaces, and this can cause injuries if there is a crash. In 2009 a six-year-old girl was injured when a bus braked sharply near Alexandria. In south-west Victoria, a 10-year-old student suffered brain damage when a school bus crashed. It costs $30,000 to retrofit a bus with seatbelts, but this government would rather spend $250,000 on a flagpole in New South Wales. You could not make this stuff up, seriously!

Our elderly and our seniors are again being attacked by this government. On top of the almost $57 billion in cuts to health in the last two budgets, the Abbott government is slashing $20 million from the Dementia and Aged Care Services Fund. These are members of our community who are unable to look after themselves, and they need and deserve the highest level of care. However, the Abbott government is callously ripping out this much-needed funding, while it is willing to pay almost $25 million to explain to businesses what a free trade agreement is.

In addition to last year's $1.3 billion cuts to health in the last two budgets, the Abbott government is continuing to impose harsh cuts on McEwen's 13,669 pensioners. The Prime Minister and the Treasurer have announced that they will adjust the threshold for the assets test for the pension, meaning that some 2,600 pensioners across our communities will no longer be eligible to receive the pension. In Sunbury, in my electorate, Beth and Bob, both self-funded retirees, after hearing what this disastrous budget as going to do to them, contacted my office and said:

We are by no means wealthy and continued working several years longer than we intended, to put us in a position to fund our retirement. The proposal to reduce the assets test simply pulls the rug from under our feet at a point life when we are no longer in a position to do anything about it.

Seniors still face cuts of $900 per year as a result of the Abbott government's plan to abolish the senior supplement, not to mention forcing seniors to work until they are 70—giving Australia the oldest retirement age in the developed world. No matter how they try to package it, the government are punishing seniors and pensioners across McEwen.

Unemployment has risen dramatically since they came to office and continues to rise. And we still do not have the effects of this government walking away and scrapping the automotive industry here in Australia. Many thousands of jobs in my local community will be gone because of this government's inaction. The latest nail in the coffin for job creation in this country is the overt snubbing of the state of Victoria when it comes to infrastructure funding. Victoria counts for 25 per cent of Australia's population; yet only some 13 per cent of infrastructure investment is being awarded to the state. Victorian coalition MPs should hang their heads in shame. Less investment in infrastructure means fewer jobs for Victoria. As I have said before, with the bulk of this heartless budget, it is low- and middle-income earners who will be the hardest hit. It is not fair, it is not right and Australians will not stand for it.

Mr BROUGH (Fisher) (11:43): This debate on Appropriation Bill (No. 1) 2015-2016 and related appropriation bills gives us an opportunity to put on the record a range of issues that may be of interest to individual members, and I wish to canvas a few today. The first thing I wish to do is congratulate the government on its announcement of the Federation white paper. This is a time for us to be bold. This is a time for us to reach across the political divide. It is a
time for us to say to the states, to local government, to community leaders and to academics
that, over the next 10 years, we need to work together for a new and better Federation. Whilst
we may stand here today and debate the tos and fros and the rights and wrongs of a budget
and whether someone claims a particular sector is better off or worse off—that is the day-to-
day grind of politics—the reality is that what set us up over 110 years ago is not going to set
us up well into the future.

We have incredible complexity, which reflects itself in an enormous amount of red tape for
business, for argument's sake, and that all costs at a local, state and federal government level.

We also have enormous duplication. I am sure that I am not the first person in this place to
stand and say why is it that we have some 6,000 bureaucrats in the federal Department of
Health, yet we do not provide one doctor or one nurse. I am not suggesting that they do not
have some important work to do. What I am saying is: is this the best way, the most cost-
effective way, the most efficient way, to deliver services to 22 million Australians? Instead of
us looking in a partisan fashion or in a self-interested fashion, whether you are a state
politician, a union representative, a federal politician—whatever you may be; whatever your
particular grouping is that you seek to support or you seek support from—surely our interest
must be the national interest. Like any company, you need to reinvest in your systems, in your
governance, in your approach, and if you do not then you end up becoming lazy or you
become an irrelevance.

I have just spoken in the other chamber about a mistake made by the Labor Party in 2009
with the employee share ownership scheme. The implications of that are far reaching because
the world is moving so fast. I put on the record here today that I am for bold change. I
commend the Prime Minister for the Federation white paper. He is going to have this retreat
with state leaders. But this needs to be the start of a conversation. We need the journalists to
buy into this and to stop this ridiculous notion of ruling things out. Let us be mature enough
as a population to have the debate, to acknowledge that what we have had has worked well,
but it is not the best fit going forward. It will be hard. It was hard getting a Federation and it
took a long time. Western Australia nearly did not play, but they did. Ultimately, if we come
together as one, recognising that it is in our nation's interests and every individual's interests,
then I think that this sets us up well for the future.

I turn to a related issue, and that is how we fund infrastructure. Again, the government
released a paper last week on infrastructure—where to, a plan and what we hope to achieve.
We always see the argy-bargy. I heard the member for Grayndler on Brisbane radio the other
day. It was amazing; he was quite plausible until, of course, the full story was told. He was
saying that he had offered the Queensland LNP government a 50-50 split on a particular
bridge. You go, 'Why didn't they take that up?' But then the former minister got on and he
said, 'Well, there was a bit of catch.' Traditionally, the federal government spends 80 per cent
on Highway 1—in our case the Bruce Highway—and the state 20 per cent and they wanted to
make it 50-50. So unless you have all the facts about who is paying, states can be worse off or
better off. I only use that to highlight the fact that all the debate is about how much more
money we are going to need without looking at what innovation can do to help us change the
debate. Let me put on the record that obviously we are going to have to continue to invest
more in infrastructure—rail, ports, roads, in particular, but also telecommunications.
In the last two years people have heard more and more about Uber. I just want to put this as an example on the table of how we should be looking at this debate from a different perspective. They operate their share riding scheme in four major cities around the world. They are not the only one. There is another company—Lyft—operating in San Francisco. They have found that in some suburbs they are now getting a 90 per cent uplift of share rides. In every ride coming out of those suburbs someone else is sharing with them. Just think about that for a moment, rather than thinking about taxis versus Uber or someone else. Think about the implications of better utilising the number of cars that we have on the road. How many of our motor vehicles going into Melbourne, Sydney, Brisbane, Adelaide and Perth every morning have one occupant? If we are able to do something which does not cost the taxpayer anything to ensure that there are two or three people in those cars going to the same destination, what do we do? We reduce congestion, we reduce pollution and it does not cost anybody anything. So we are saying, not instead of but in concert with, let us open our mind to what technology is providing in real-time today. As I said, it is an extraordinary statistic. In some suburbs up to 90 per cent of all rides are share rides. They are operating in Paris, San Francisco and L.A. I put that on the table as a way for policy makers to think outside the circle. It is more than just roads, rail and ports; it is about other alternatives.

While on all things digital—obviously, without the internet you do not have Uber or Lyft—I want to put a policy position forward to the government. Right now, Australia has an enviable reputation for people coming here to study. Today, as I said, with bipartisan support we are going to implement positive changes to the employee share ownership scheme. That will enable more of our start-up companies to keep our innovators here. We have people who come to Australia to learn computer software. They are engineers and coders. They finish their courses and leave the country. What we could be doing is using their skill set here in Australia. They could be starting their own business or working with another start-up. Instead of time limiting it—where always in the back of the minds of the owners and entrepreneurs is, 'I invest in this person, give them the skill sets I need and immerse them in my business, but in six months, 12 months or two years they’ve got to go'—why don't we make sure that we use this intellect that we have helped develop through our education system and say, 'You can stay here as long as you are investing and working in a start-up of either your own or someone else’s'? If we do that, we will be creating the innovative pull that the world wants. Israel, France and the US all want it. These people are here now; we have trained them. A very easy and simple policy shift would allow these people to stay and contribute to our economy and to grow our innovation sector. That is another policy that we can put on the table.

This budget was unabashedly aimed directly at the core of Australia’s small business community. I am sure that many of the speakers before me have outlined the positive nature of those investments and the impact they will have in their electorates. I see this as an important step forward, in fact a momentous change in the way in which we look at small business. We all talk about it—both sides of the chamber talk about it—but we actually have to deliver. By now identifying through the tax system businesses earning under $2 million and seeing them in a different light, we have put some meat on the bone. They are different to large businesses. They do not have HR departments; they do not have marketing departments; all is generally done by mum and dad and one or two others. We are burdening them with all of the regulatory costs, the labour costs and the costs of raising capital—because quite often they pay a premium to the banks for being small businesses—but we can do something about
that. What I propose here today is that the nexus has been broken. We have recognised and rewarded, once and for all, the significance in employment terms and in energy and innovation that comes out of the small business sector, whether they are rural companies or start-ups or in the medical field or a coffee shop. Now what we can do is build on that. Why don't we be brave enough to look at removing some of the really big, burdensome compliance costs such as fringe benefits tax for any company of under $2 million income? It is not going to cost the budget a lot, but, I tell you what: it will give people another reason to say, 'I should be involved.' Under the Howard government, we made businesses of under 15 employees, rather than businesses earning under $2 million, exempt from unfair dismissal. Why don't we again look at the wages that they pay in giving young people jobs and build on the initiatives that we have put into this budget? We are allowing an unemployed person to get real-life experience. Why don't we start investing some more of what the Commonwealth already contributes to businesses under $2 million? We want them to grow beyond that, but this gets their foot in the door. This gets them established. This gets them to say to the world, 'This place actually wants people to get started and wants to contribute,' so all of those regional towns and outer suburbs can become hubs of innovation and energy.

These are just some of the things that I think we should all be looking at across the chamber. Sadly, in the debate in the main chamber on employee share ownership it actually came back to an ideology. The shadow Assistant Treasurer is an economist and professor in his own right, but the reason he gave for the Labor Party in 2009 instigating this negative policy—which they now acknowledge—was that it would be unfair to lower-paid workers. When are we going to get over this cringe and say, 'We want everyone to be uplifted; we want to give everyone the opportunity to participate'? The way to do that is not by degrading or denying someone because they have an intellect or a spark. We all contribute according to our own abilities. Take that out of their language, take that out of their thinking and ask, 'What's good for Australia?'

Coming back to this budget, it is a good down payment on the future, but the real future is going to be how we do these big things: how we reform our federation, how we put aside our state-based biases, our political affiliations and look at the sort of Australia that we want our grandchildren to have—to have that long-term future. I believe there are people on both sides of this chamber who are capable of that. I think there are state leaders who are capable of that. But they have to remain true to the course. They now have the option because that document is out there. We have the tools with which to commence the debate. Let us not allow it to flounder on the rocks of negativity or fear—fear that someone will be worse off, someone may be disadvantaged. There is always going to be a rocky road on the way to a better future. It was not easy getting the GST implemented. Do you hear anyone from the other side of politics today saying we should get rid of the GST? No, not at all. Far from it. They have recognised, however begrudgingly, that it served a purpose.

We need to have all of these things—whether it be taxation, regulation or duplication—on the table, without the journalists coming up and sticking a microphone under someone's nose and asking, 'Will you rule it out?' and therefore dumbing down the debate. Let us rise above it. Let us give people the sort of government they want and the sort of politics that they want, and let this generation of politicians be seen to have built on what our forefathers established
with the federation and make this moment in time an opportunity to grow the federation in a way that serves our children and grandchildren well.

**Mrs ELLIOT** (Richmond) (11:57): I am pleased to contribute to this debate on the appropriation bills. I start by saying: this is not a budget that is beneficial for families of the North Coast. In fact, it is a budget that will hurt the people of my electorate. The families, the seniors and the young people are all going to be negatively impacted by this budget. The Abbott government's cruel cuts, dishonesty and incompetence continue to hurt people in my electorate of Richmond as they hurt people in rural and regional areas. In fact, in those rural and regional areas it is the National Party that will be held responsible for all of these unfair measures that are really severely hurting people in country areas.

This year's budget contains many of the ongoing savage and cruel cuts from last year's budget and some new cuts as well. The fact is that the attacks on health, education, age pensioners and families continue with this budget. The Prime Minister and the Liberal-National Party broke their election commitment when they said there would be no cuts but, in fact, that is exactly what happened. Some of the unfair measures include the $100,000 university degrees, the $80 billion in cuts to our schools and hospitals, the cuts to family payments, the $2 billion worth of hidden cuts to health and aged care and the fact that our pensioners will have to pay more for transport, gas, electricity and council rates.

This government has unfairness at its very core and its very heart. On top of all of that, there is nothing in this budget about Australia's future. We needed a budget for the next decade. We did not get that; we got a budget of continuing unfairness. The budget is particularly unfair to families, most of whom will be worse off. In fact, new analysis recently released by the Australian Council of Social Services, ACOSS, shows that this year's budget is just as unfair as last year's, with families set to lose $15 billion over the next four years.

New independent analysis from NATSEM has found that this year's budget contains a hidden hit on Australian families. Nine out of 10 of the lowest income families lose under the Abbott government's budget. It also shows that families will be slugged thousands of dollars even when the government's new childcare measures, which start in 2017, are factored in. This is why it is important to look at some of the statistics. A family with a single income of $65,000 and two children will be $6,164 a year worse off by 2018-19. A single mother with an income of $55,000 and two children will be $6,107 worse off a year by 2018-19. A family with a dual income of $60,000 and two children will be $3,843 dollars a year worse off by 2018-19. That is a major impact on those families.

Of course, the budget also includes a new cut to paid parental leave which will see as many as 80,000 women lose as much as $11,500 a year. What is particularly disturbing in relation to the paid parental leave is some of the language from the government around this initiative. It does show how out of touch they are with the concerns that many people in our community have. Labelling women as 'rorters' or 'fraudsters', or employers who want to support their staff as 'scammers' is, quite frankly, insulting. Calling women who access their agreed workplace conditions from their employers 'double dippers' is rude and insulting and, quite frankly, it is unacceptable to be using such language. It does go to the heart of the fact that the government are out of touch. It seems that the Abbott government's only approach to any sort of reform is just to demonise particular groups and then take something away or have a particular cut that
impacts them. We saw it last year with those on the disability support pension, with the young job seekers, and with the pensioners.

This year it seems to be families. The government seem to be making sure these are cruel cuts, and then they turn around and demonise them. The fact is that families should not have to be choosing between quality child care, paid parental leave and support with the costs of raising their children through family payments. They should not be in that position of having to choose. Nor should they be subjected to very harsh and cruel, what I think is really hurtful, language from this government. They should stop the divisive language and they should drop these cuts immediately because they are impacting families. They are severely impacting families more so in regional areas like mine.

Also in the budget we saw the government continue their attack upon pensioners. In fact, the Treasurer continues to deceive pensioners when it comes to concessions. In his budget speech the Treasurer said:

… anyone who currently has a pensioner concession card will continue to receive a concession card that provides the same benefits, such as subsidised utilities …

Yet, the government have not provided a cent of extra money for the expansion of these concessions. In fact, they have actually stuck by the $1.3 billion cut to pension concessions contained in last year's budget, which really impacts our seniors. An analysis by the Association of Superannuation Funds of Australia suggests that pensioners could lose some $1,500 in concessions, including their discounts on car registration, council rates, gas and electricity—a huge amount for a pensioner. Of course, this is all on top of abolishing the Seniors Supplement. These cuts all have huge impacts in my electorate where I have over 20,000 seniors on the age pension. They will be severely impacted by the Abbott government's cuts.

We have certainly seen some very cruel cuts from the government in relation to health, particularly with their many versions of the GP tax. I think we are up to about version 4 by now, and no doubt it will come up again. One of the nastiest health cuts in this budget that we have seen is the cut to the IEM grants, which are in the broad area of metabolism program grants. This funding provides financial support for special low-protein foods for those with metabolic protein disorders. These individuals are unable to properly metabolise one of the amino acids in protein.

I would like to speak now about a young man in my electorate. He is a local teenager from Bexhill and his name is Jayden Driussi. He suffers from such an illness. Jayden is now 13 and at just nine months old he was diagnosed with this rare disease. He is treated with a very restricted low-protein diet using specially medically modified foods and a prescribed medical dietary supplement, which is designed to replace protein and nutrients that most people get from food. As well, he has prescribed medication. The fact is, his diet is also severely restricted.

The federal government had assisted families with a monthly food grant, the IEM grant, to help cover the cost of sustaining the complex and quite expensive diet that includes specialised low-protein foods. Until recently, individuals with these conditions were entitled to a modest but extremely helpful government grant of around $250 a month to help with these costs. That is around $3,000 a year. But that was cut in this budget. As a result of the budget cuts this funding has just been totally slashed. It brings a saving of just $3 million a
year to cut what is really important funding for families, like the family of Jayden. Jayden's family has been calling on the federal government to urgently reconsider their decision. I join with them in asking the Abbott government to please reconsider these cuts to the IEM grants.

I was very disappointed yesterday in question time when the Leader of the Opposition asked the Prime Minister specifically about these grants and the Prime Minister ruled out bringing these grants back in. In fact, I found it quite insulting when the Prime Minister said, 'Well, the cost of some of these foods has gone down.' That is completely untrue. These foods are very expensive due to the complex nature of what is required to be purchased for people who suffer from these illnesses. It was very disappointing to hear those words from the Prime Minister.

As I recently told the local newspaper, the Northern Star, the slashing of the IEM grant is a pathetic and cruel funding cut. It is that, and I implore the government to rethink this. It is important to those families that they have access to this funding to be able to provide for children like Jayden, who have these very complex conditions.

So we continue to see many cuts from the government that do impact regional areas. Some of the other cuts are those to the Financial Assistance Grant program to our local councils. In last year's budget we saw a cut of around $1 billion. This year's budget showed the government's decision to freeze the indexation of these payments will continue to hit councils very hard over the next two years. The cuts include $680 million out of councils in regional areas, more than twice the impost being placed upon metropolitan councils. I can tell you that for councils in my electorate of Richmond this is a very severe cut. It makes it very difficult for them to provide services to those of us in rural and regional areas. Forcing those rural and regional ratepayers to carry the larger share of that almost $1 billion cut will only put our struggling communities even further behind, because those financial assistance grants provide very important funding to provide services to our communities.

Another cruel measure we continue to see from this government is the continued attack upon young people and the services they require, particularly some of those programs that they cut last year in the budget: Youth Connections, Partnership Brokers and National Career Development programs. These programs were delivering excellent results. I particularly want to speak about the Youth Connections program, because in my electorate we have a wonderful service called the Byron Youth Service. It provides great support, mentoring, and guidance to younger people within the regions. The fact that valuable funding was cut through Youth Connections means that the Byron Youth Service is now potentially at risk of closure. Cuts like this mean that those young people just will not be able to access those important services. There is no funding program to replace Youth Connections, and it had a truly impressive success rate in finding alternative ways to help people finish year 12, with over 80 per cent of participants in work or study 18 months after completing this very specific program. So I would implore the government to reinstate programs like that. We cannot see services like the Byron Youth Service close. Younger people have to be able to access an important support.

When it comes to harsh cuts that impact younger people, one of the major ones is the $100,000 university degrees, which potentially could be a reality under this government. I think it was one of the most ruthless cuts in the first budget. It was part of the government's agenda to Americanise our higher education system. This remains firmly in place and the
government is committed to it. The deregulation of university fees, and the proposed 20 per cent cut in funding of undergraduate places means that we will end up with $100,000 university degrees. Locals in my electorate totally oppose this move, because it means that children from rural and regional areas will not be able to access universities. We see this sentiment reflected in so many of the polls right across the country, which shows an overwhelming majority of Australians opposing this position. They do not want to see this Americanisation of our universities put in place. They want to make sure that people can access universities.

There are a couple of other points I want to mention about the government’s cuts, particularly their cuts to Pacific Highway funding. Investment in the Pacific Highway in New South Wales has continued to decline under the Abbott government. In Labor’s last year in office, $1 billion was invested as part of our $7.6 billion commitment. This was reduced by 65 per cent in the current financial year to just $357 million—a huge decrease. In my electorate of Richmond, the Labor government committed, funded and delivered on major Pacific Highway upgrades, including, particularly, the Banora Point upgrade—about $350 million for that—and also the funding for the Tintenbar to Ewingsdale section of the Pacific Highway. Over $550 million was allocated for that, which is the single biggest ever infrastructure project on the north coast of New South Wales. I was very proud, as the local MP and as part of the then Labor government, to have delivered that important funding for our area. It was the federal Labor government that delivered in those incredibly important areas.

When it comes to matters surrounding transport, I too have concerns that the budget scrapped the Seatbelts on Regional School Buses program, which was created by the former Labor government to improve safety for regional students who travel long distances to and from school. Yet this government decided to cut that really important program, which I feel does endanger the lives of those students in our regional areas. We have to make sure that we have that program in place and that there is enough funding for those seatbelts on regional school buses programs. It shows again how out of touch the government are when it comes to the needs of regional Australia when they cut programs like that.

What we see from this government in this budget is a continuation of the cuts from last year’s budget. We see the attack on families. We see the attack on younger people. We see the attack on our seniors, our pensioners. We see the attack particularly on regional and rural Australia. The harsh cuts continue to impact, particularly in areas of health and education. I know many locals in my electorate are just as concerned, angry and disappointed as they were with the last budget, because they were told that there would be no cuts to any of those areas; yet we see from last year’s budget and this year’s budget that the cuts and the attacks continue. Many in my electorate reject the government’s harsh cuts. The cuts are impacting severely, particularly on our families, our pensioners and our younger people. All of those in rural and regional Australia are worse off because of the National Party’s cuts. That is the reality.

Mr RAMSEY (Grey) (12:12): Budgets are always marker points and a time when governments have a chance to report what they have or have not achieved and to set targets for the future, and so it is with this budget. The Abbott government was presented with arguably the worst set of books ever handed over to an incoming government in Australia—around $170 billion in net debt and a projected debt peak of $667 billion. The big sting was in
the tail: the hypothetical spin beyond the forward estimates. The vague—and sometimes not so vague—extrapolations of ever, and speedily, increasing government expenditure across almost every portfolio, with a few notable exceptions like Defence. The NBN was one example. The Rudd and Gillard governments had broadcast to the nation that Australia had more than enough money for everything. The trouble was, and is, that we do not. We do not have more than enough money for everything. We have to live within our means and work out what is most important to this nation so we can spend it in those areas. The myth that Australia could have everything was built on borrowings. That has led us to the place that we are today.

There are those, like the member for Fairfax, that say that Australia's borrowings are low by world standards and that we have nothing to worry about—that other nations' debts are 100 per cent of GDP and, in some cases, even higher. Who says that those nations can ever master that debt? Who says that they could ever shake it off? Why is it that those nations around the world that we have traditionally looked to for leadership of the world economy are unable to shake off the effects of the GFC and get their economies back on a path of reasonable growth which can absorb the extra numbers of workers coming into their workforces?

The fairly obvious answer to that is that they are struggling with their debt levels—because if you owe 100 per cent of your GDP, you will be borrowing approximately five per cent of your GDP each year just to keep up the interest payments.

Last year, the Abbott government attempted to set in place reforms that would bring the budget back to surplus by 2018-19. This year, as had already been telegraphed in December's MYEFO, it is now expected to be a year later. Now I must say that is disappointing—it is disappointing to me. But it is not for lack of trying. The government has lost a considerable amount of paint, if you like, over the last 12 months: trying to get those savings through the Senate, and trying to set a path for Australia's prosperity; not just for today but for the future. But the Senate has chosen to block a number of measures and, while we can and should debate issues such as the Medicare co-payments, the Labor Party continues to block more than $5 billion of its own savings. It is unbelievable, really. And so we are left to deal with what we are left to deal with, and we have to move on. Some of the measures from last year's budget have been abandoned; many in my party are quite happy that they have been abandoned, let me say, because they were not popular measures. But we have to do what we can. It is no good to keep just banging our heads against the brick wall and hoping that we are going to burst through. And the economy is a large beast—we cannot turn the Queen Mary on a 20c coin; it takes time. We cannot turn the economy that quickly. We cannot pull the handbrake on too hard. If we come to a stop in a car—at least in a manual car—the motor stalls. And if we stall the motor of the economy, then we are in deep trouble: in fact, there is a very big chance of rolling back down the hill. So we need to return to surplus with purpose, and not just smash our heads against the dashboard, as it were.

Despite having suffered enormous revenue write-downs, largely associated with the resources industry—$51 billion over the forward estimates—so over the next four years that amount will go missing from the federal budget; that is $51 billion which was anticipated 12 months ago. Given those two parameters—the refusal of savings in the Senate, and the dramatic fall in revenue—the projections that the Treasury and the Treasurer have come up with for this budget are really quite remarkable. And returning to the surplus is a challenge,
but it is simply the end of the first phase. It is now projected that we will return to surplus in 2019-20—and that is not the end of the challenge; it is the end of the first phase. The time when we can actually pay off the debt—it is projected that debt will peak in 2020 at $283 million; that is, 283 thousand million dollars. No wonder most of the general Australian population do not really understand the issues we are dealing with. That is when we can begin to pay down that 283 thousand million dollars. And—for those who do not think that is an issue—that would need us to run a $20 billion surplus for over 14 years. That will affect everything that Australian governments do over the next 14 years. Sure; it will probably lead, at some stage, to higher taxes—higher taxes than we would have paid—but it will certainly lead to lower levels of services than we might have otherwise expected.

So this budget is about balance. We need Australian businesses to grow and flourish—to grow the economy, to grow employment, and to have confidence in their future. Because if we can do those things, if Australia businesses can grow beyond the expectations that are projected in the budget at the moment, that means we can shrink those projections ahead of time—and that will be so important to our children and our grandchildren.

I come now to the small business package that has been announced in the budget. I point out that part of my electorate; a significant part—the Upper Spencer Gulf, at the moment; this is what used to be called the Iron Triangle cities, but we do not use that term any more—that is, Whyalla, Port Pirie, and Port Augusta, are now approaching unemployment levels across the region of 11 per cent. That is a very big concern to me because we know that the most important part of people’s welfare is having a job. Governments cannot simply fill up those gaps.

So this government, if you like, has put its money, or the taxpayers' money, on the best horse in the race—the best chance of turning Australia’s economy around—and that is small business. Small business is the backbone of our economy. It is the single biggest sector if you divide the economy up in that manner. Ninety six per cent of all Australian businesses are small businesses and they employ almost five million people. In the end, of course, the greatest way for Australians to get ahead is to get a job, and let me tell you, Madam Deputy Speaker—I am sure you know this already—governments do not make jobs. Governments do not create jobs; all governments do is shift jobs within an economy, because, if they create a job for someone and use taxpayers' money to pay them, they have taken that job away from somebody else. But what governments can do is try to assist the people who do provide jobs in the economy to grow faster, in this case small business. Just imagine—of course, this will not happen—if every small business in Australia took on one extra employee. We would be searching for people to fill the jobs. We would not have enough people to fill those jobs.

One of the main packages in the budget is the 1½ per cent cut in taxation from 30 to 28½ per cent for small businesses with under $2 million turnover. It is very substantial. I would love to see that go further, of course. I would like to see a lower taxation rate—we all would because we know that in other parts of the world taxation rates are lower, and we are in a competitive world environment—but, given the parameters of what the government faced, which I have been through, it is as far as we can go today. This is not just for registered businesses, because many are not, but for those single-entity businesses and for partnerships. It is not exactly the same mechanism but pretty much the same result. There is the $20,000 immediate tax write-off. As I have been travelling around the electorate, this measure is being
very warmly welcomed by various businesses. Let me tell you about a young couple who came into my Port Pirie office, only last week, in fact. They were starting up a private ambulance service. Of course, I do not think they will be able to buy their ambulance for $20,000, but certainly most of the equipment that will go within it they will be able to buy for $20,000. For someone trying to get a new business off the ground, this is a godsend. Companies like hairdressers will be able to buy new machines. Restaurants will be able to buy new tables. Sparkies will perhaps get a new ute or some tools. Clothing retailers might put in some new tills or computer programs. Engineering workshops could get new welders. All of these things proliferate throughout my electorate. Computer programs, solar panels, sound systems, lawnmowers, air conditioners—you name it, it is in the crosshairs of this policy.

At the moment, for small businesses—and this is another reason the government has great confidence in our small business sector—money is the cheapest that it has ever been in living memory. So it is a great time to get a boost out of this sector of the economy. They will build confidence and they will spend money, and that in turn will lead to other small businesses and large businesses benefitting from that turnover in the economy.

Of course, I was a farmer before I entered this place and still have an interest in that area. I remember saying many years ago to my brother-in-law, who contributed to the computer design systems for the Collins class submarines at one stage, 'Agriculture is a sunrise industry.' He looked at me a bit strangely, because most people had been describing agriculture as a mature industry. I said, 'The opportunities of the future for Australia will be in agriculture.' It was probably three or four years later that he came back to me and said, 'I know what you mean now,' because by that time he was working for a bulk grain handler in South Australia called Viterra and he understood more about the system. And so it is. Some people say Australia will become the grain bowl of Asia. That is patently not true, but increasingly the world, and that part of the world, is looking to Australia for food quality and for assurance that the food is safe. The investment—if you like, the incentives—that the government has offered into this industry provides the ability to write off water systems and fencing in 12 months, and to bring fodder and grain storage in from 30 years. I have silos on my property which are still depreciating on this never-ending schedule—30 years, for crying out loud! They will be able to do that in three years. Because the grain handling system in Australia is changing daily, it will lead to a change of emphasis on the way that we handle our national crop. It will lead to us being able to enter new markets with new products, such as hay and whatever into China and Japan, and deliver them through new mechanisms. That is all very good.

Regarding other things that are happening closer to home, in my electorate, I am very pleased that we appear now to have a solution to the RET. There is an engineering company in Whyalla, E&A, which put off 100 workers, because they had been building wind towers. I expect that to start again. That will be a very important start-up. There is a large defence spend going on at Cultana near Port Augusta, at Whyalla and up at Woomera. There is a lot of work beginning to happen in the electorate now with the NBN. This will all lead to more employment and more jobs for people.

The doubling of the Roads to Recovery is welcome and a boost to councils. Green Army projects are gathering speed and proliferating. The news in the budget that in fact private enterprise will be able to access work for the dole programs is a huge boost, because there are
only so many jobs you can do that are community based jobs, and it is very important that
people in the work for the dole programs actually have a little bit of experience and firsthand
contact with an actual real business that is making a profit and headway in the world. The
changes to the qualification period before youth can go onto Newstart will be welcome. The
changes to the youth allowance qualification is particularly welcome—as someone who has
spoken many times in this place about the inequities between country and city education. The
fact that now, for all intents and purposes, small businesses and farms will be exempt from the
asset test for qualification for youth allowance is a huge boost for country students. I would
like to see it go further, but this is a great improvement. It actually delivers on something that
many of us from rural and regional areas have been on about for some time.

On balance, I think the Treasurer, Joe Hockey, has got it about right. We are doing what we
can, as fast as we can, to fix the deficit and start paying down Australia's debts. We are
putting our chips in small business as the driving factor to get Australia out of the fix that we
are in.

Ms OWENS (Parramatta) (12:27): I listened carefully to the member for Grey's spech.
As he was speaking, I was thinking, yes, I would agree with that if only he was talking about
the budget that was actually delivered last week. It seems so many people in this House have
an imaginary budget in their minds that is nothing like the one that was actually delivered.
What we are hearing about, in many ways, is spin—pre-election spin.

I could really give last year's budget speech tonight and much of it would be absolutely as
relevant today as it was a year ago. This is a budget of fraud. The unfairness is still there.
Families that were worse off under last year's budget will be as worse off under this one. The
lack of direction and vision for the future, which was apparent in last year's budget, is here
again. There is nothing in this budget that talks about where our country goes or where our
prosperity will come from.

The debt, which doubled last year, has doubled again. This is not a budget which even
attempts budget repair. In fact, it doubles the deficit yet again. But most of all, just as before
the last election when we heard lie after lie from what was then the opposition—any lie they
needed to tell to convince people to vote for them—we see that again now. This is a pre-
election budget, and the lies are beginning now in preparation for the next election. You
cannot believe a word of what they say about this budget. This is an election budget designed
to take them to the election. They are lying about the effect the budget has on families. They
are lying about the state of the economy. They are telling people what they think they want to
hear. It is not a budget for the future, or for families or for jobs. In fact, the figures in the
budget demonstrate that it is quite the contrary.

They say they are fixing the economy. We all remember the budget emergency, the
emergency before the election, and how they were going to deliver a surplus ever year and
then they were going to deliver a surplus within their first term. Now there is no surplus in
sight, and yet they are still talking about budget repair—no, now they are talking about
beginning the process of budget repair some time down the track, because every year this
government has been in they have doubled their deficit. They have not made it less. They
have not reduced it. They have not put us on a path to surplus; they have made the situation
worse.
When the member for Grey and other members of parliament get up here and talk about how they inherited a terrible situation—if they believe that—they should have a look at their own budget papers and see what the situation is now, now that they have been in charge for two years. It is quadruple what it was in PEFO and double what it was in the last budget. It is twice as bad from their figures last year and four times as bad from the last time we had an independent analysis when the head of Treasury and Finance got together during the election campaign and put out the pre-election forecast. It is not a budget to repair anything except their election prospects.

Debt and spending are up again, but now it seems that debt is a good thing. They are encouraging people to go out and borrow. They are encouraging family debt. They are encouraging apprentice tradie debt. They are encouraging small business debt. They are encouraging student debt. According to this government, debt is really good for everybody else. They claim they are reducing the debt. They are not; they are quadrupling the debt based on the PEFO figures, doubling it from last year within government and encouraging extraordinary levels of debt elsewhere. If this budget is about anything, it is about protecting the electoral prospects of the government.

If you look at the figures in other areas: unemployment is up as well. Unemployment is up every year, year after year, according to their figures. Spending is up as a percentage of GDP every year, according to their own figures. Tax is up. Tax as a percentage of GDP is up. This is a big-spending, big-taxing government that pretends it is doing something for the economy. The reality—and you only have to look at the budget papers—is quite the opposite. So every time they spread that spiel, be aware: you are listening to a pre-election lie. All you have to do to catch them out is look at their very own figures.

They are the biggest-taxing government in 20 years. They are the biggest-spending government in 20 years except for the one year of the global financial crisis where the difference between the two governments was 0.5 per cent of GDP—a very small difference, I would have to say. Apart from that one year, they are the biggest-spending government in 20 years and the biggest-taxing government outright in 20 years—a government that has doubled the deficit two times in a row.

The government says this budget is about jobs. When you look at the detail, it is actually about punishing people back into work. They clearly believe that, if you take a person who is unemployed, a young person, for example, and you insist that they do not get any unemployment benefits for four weeks—in other words, they cannot afford to eat for four weeks—that that will somehow punish them into going back to work.

If they actually believe that works, then I would expect to see some movement in the unemployment figures. I would expect to see that, if they actually believe that you can punish people back into work—that you can take a family with two children on $60,000 a year and rip $6,000 away from them in family benefits or you can make a young person wait for four weeks to get the dole—somehow that punishes that family and incentivises them to go back to work. Yet the unemployment figures show that unemployment is rising every year. So how can these two things be true? How can you punish people back into work, if the jobs are not there and, under your government, you expect there to be more and more and more unemployed people? How can both these things be true?
This is not a budget about jobs. The unemployment rate goes up every year by their own figures so, if that is their strategy, they do not even expect it to work. They have abolished incredibly good programs for youth unemployment. In my electorate, we lost Youth Connections—an incredibly effective program that was abolished at the end of last year. They are now funding a new program. So now there are the fixes. The abolished something that worked. They made it worse and now they expect credit for putting something in its place. You see that right across this budget.

It is the same with small business. It is great to see small business get an instant tax write-off. We thought that when we were in government, which is why we introduced one—$6 billion in tax concessions for small businesses with a turnover of less than $2 million was in the last Labor government budget; $6 billion in tax incentives, all abolished by this government last year when they finally got some of it through the Senate. They abolished $6 billion in tax concessions that had been introduced by the Labor government in the last year of its term. Now they are giving back $5.5 billion. It is a smaller package, it is reshaped, it provides a $20,000 instant tax write-off relative to the $6,500 that Labor proposed, so the amount is bigger—but, strangely enough, the budget is less. The government’s scheme is going to cost less, even although it is a larger amount. By my calculations and the calculations of a couple of accountants, going by the budget papers they have only budgeted for 100,000 businesses taking up the instant tax write-off concession in each year. It is hard to believe that that is accurate—we can expect a large blow-out in those figures. But, again, I guess it makes their bottom line look good and gives them something to spin.

Families will be worse off under this budget. This is not a budget for families. This is a government that says on the one hand 'We will not improve our bottom line at the expense of families' and then continues to have a go at families in the next breath. And they are—the cuts to families are still there. The NATSEM modelling shows that a family with a single income of $65,000 and two children will be just over $6,000 a year worse off by 2018. A single mother with an income of $55,000 and two children will be $6,107 a year worse off by 2018. These are people on relatively modest incomes who will lose 10 per cent of their income within just a few years—and this is a government that claims it is for families? It is amazing.

If the government gets its way, these cuts will take place now. The paid parental leave cuts that will see 80,000 women losing part of their current paid parental leave entitlements and losing substantial amounts of money begin in July 2016, but the childcare package—which this government has outlined in vague form; there is still a lot of detail to come and we know there will be winners and losers—does not cut in until July 2017. This government, that claims it is for families but is cutting in one area in order to force people back to work and pay more money for child care, is cutting now and in July 2016 and is not handing back anything for two years. Families will be worse off. Parents who get paid parental leave, for those opposite who do not know this, are not just public servants—not that there is such a thing as 'just public servants' by the way; they fulfil an extraordinary role—

A government member: Ah, that's what you said.

Ms OWENS: That is fine, I did—and now I am clarifying it: there is no such thing as 'just a public servant'. But this government seems to think that as long as they are attacking public servants they are on safe ground. They are not with me and they are not with large parts of the community. Public servants are not the only ones who currently get paid parental leave from
their employers. Bank employees get it, McDonald's employees get it, Coles employees get it. Men and women on $40,000 a year get paid parental leave of sometimes between eight and 24 weeks a year from their employer—they will lose it.

These are not highly paid people who can afford to have a substantial part of their family income cut by this government, and yet they will—and they will have it cut a year earlier than any childcare benefits that flow through. Again, we do not know who those benefits are flowing to. We do know that they will flow to women in the early years of their child's life, from 0 to 2—unless you are one of those women who gives birth the year before, when the paid parental leave cuts out and the childcare benefits have not cut in; then you miss out in the first year of your child's life, but they are taking from families who have children six and over in order to give to that group and they are taking the money a year early. This is sleight of hand—it is quite extraordinary.

The sweeteners in this budget in most cases cut in after 2017, and most of the cuts cut in now. One could be forgiven for thinking that they are trying to push the budgetary implications off until after the next election. You could be forgiven for thinking that, but, heaven forbid, that could not be right, could it?

Two of the dreadful measures from the last budget are gone. Two—that is all. All the others are still hanging around. The two that are gone are, firstly, that dreadful plan they had to reduce the real value of pensions over time. It has disappeared for the moment. They tried many times. Clearly it is in their DNA. But that for the moment has gone. Although, the cuts to concessions that the states and councils pass on through concessions on rates and transport are still there, that is still gone. But they have moved now from attacking the lowest paid retirees to attacking the next band of retirees. They are now moving into the people who get part pensions. Again, we are still looking for the detail of that. But they are now targeting that interesting band of people, probably a lot of people who started collecting their superannuation maybe in their 40s, because they are retiring now. For people of my generation superannuation did not really start in a compulsory way until we were in our 30s. So it was very low to start with. There are a lot of people who would be approaching retirement age now or in the next 10 years whose superannuation is not actually at a completely liveable level, particularly on current interest rates. So they are attacking them. They are leaving alone people whose retirement savings are enormous. They have moved from the band of people with the least retirement savings to the people with the greatest. But they have moved away from the very end because they could not get away with it. They have moved up one step to the next vulnerable lot. It is really interesting to see where this government targets. They target the most vulnerable people they can get away with. The targeting of people on part pension is an absolute example of it.

We have seen the GP tax go—versions 1 to 6 have now gone. Version 7 could be called the stealth version. It freezes scheduled fees to GPs so that within a few years they will be forced to put up their fees in order to cover costs. So if you cannot do it through the front door in versions 1 to 6, do it through the back door with the stealth version. That is what they are doing. But, overwhelmingly, the thing for me in this budget, as it was in the last budget, is the lack of any vision for the country, for any vision of where this country gets its growth or any vision whatsoever of what Australia will be in 2050 in terms of where we work and how we generate our prosperity.
Mr BROADBENT (McMillan) (12:42): I love reading Ross Gittins on the day when we are speaking on the Appropriation Bill (No. 1) 2015-2016 and related bills. Only 10 minutes ago I was actually reading Ross Gittins's piece in The Canberra Times, but it could be out of any paper right across the nation. He is talking about something that was of key importance to me that I wanted to speak about today. He talks about the views of Dr Mike Keating, 'a retired super-senior econocrat, whose contributions to the public debate are often greatly enlightening, especially relative to the official obfuscation.' Gittins says:

The Other Keating makes two important points. His first is that there's a lot more to be gained from paid employment than just money. 'Being employed creates many of the social contacts and sense of self-esteem that are vital to our individual wellbeing,' he says.

Gittins further quotes Keating:

'Increasing employment participation is most important if governments want to improve living standards, individual wellbeing and equality.'

Gittins, still referring to Keating, then says:

His second point is that, contrary to what some argue, the weak point in our participation isn't married women. Our overall rate of 'employment participation' as he calls it—the proportion of the working-age population with a paid job—is just under 61 per cent, which breaks down into averages of 67 per cent for men and 55 per cent for women.

Surprisingly, this overall 61 per cent is the same as it was 50 years ago. But its composition has changed markedly. Male employment participation is as much as 18 percentage points lower than it was in 1966, whereas the female rate is 15 percentage points higher. The decline for men is explained mainly by the decline in blue-collar jobs, as computerisation has eliminated many unskilled jobs. The rise for women reflects changing social attitudes and women's greater suitability for filling jobs in the ever-growing services sector.

Here's the point—
says Keating, as written by Ross Gittins—

Almost all the long-term decline in employment participation by men aged 25 to 55 was accounted for by those who didn't complete secondary school and have no further qualifications.

What's more, in that age range, employment participation is much lower for those who didn't complete year 12 and have no further qualifications—71 per cent for men and 60 per cent for women—than it is for those who did complete schooling and have further qualifications: almost 18 percentage points higher for men and 22 percentage points for women.

Keating notes that the overall rate of employment participation for Australian women is only a little lower than for women in comparable countries, and for women with tertiary qualifications there's virtually no difference.

Then he says:

Get it? It's not women who are causing our employment participation to be lower than we'd like, it's the less skilled.

He says:

"It is people whose educational qualifications are poor and who lack skills who have most scope to increase their employment participation."

People with skills do not have the scope to increase their employment participation:

So "the focus should be on policies to improve the job prospects of low-skilled and disadvantaged people."
It comes to my point today. Between the postcode of 3810 and the border—Pakenham to the border in Victoria—there are two electorates: Gippsland and McMillan. We rely extremely heavily on two main employers: Australian Paper, and the electricity industry or the coal industry or whatever you might like to call it. Although Australian Paper is not in my electorate, there are those in my electorate who are employed at Australian Paper. It is owned now by Nippon Paper. Previously, while I was there, it was owned by a former company. Nippon is one of the largest copy paper manufacturers in the world. Australian Paper has over 900 employees. It is the largest private employer in the Latrobe Valley. I will repeat that: it is the largest private employer in the Latrobe Valley. Australian Paper have already announced, sadly, that manufacturing operations at its only other mill in Australia, at Shoalhaven in New South Wales, will cease and close in 2015. Australian Paper is Australia's only manufacturer of white, uncoated cut sheet paper. It supplies nearly 50 per cent of Australia's requirements domestically in addition to supplying a similar amount to the export market. The remaining 50 per cent of the domestic market is supplied by imports from a variety of countries, primarily in Asia. Many employees who work at the Maryvale plant live in Warragul or Moe et cetera—for example, Tristan Branson, an engineer, who worked his way up at the Maryvale Mill and is now part of the management team at Australian Paper based at Ferntree Gully. He lives in Warragul in my electorate.

Australian Paper commissioned the Western Research Institute to study the local benefits of AP in the community. It found that Australian Paper's contribution to Australia's GDP is $754 million, $458.5 million to household income. It found that Australian Paper supports 5,928 jobs Australia-wide and generates $432 million or $1.81 per ream of paper in government revenue. AP's waste paper recycling project at Maryvale will contribute $110 million from construction to Australia's GDP, $51 million ongoing to Australia's GDP, $57 million to household income from construction, $19 million ongoing to household income, 967 jobs in the construction phase, which is now complete, and 246 ongoing jobs. Are we getting the importance of this one company to my area?

Availability and price of energy is a major challenge facing this country. Australian paper is an energy-intensive, trade-exposed business. Currently, Australian Paper have not been able to secure a gas contract beyond the life of their current contact, which will expire over the next couple of years. Therefore, the moratorium on gas exploration in Victoria is having a direct impact on the energy security of this company that is so important to Australia.

Darren Chester, the member for Gippsland, the CFMEU—which I have had a long and close association with in my electorate, especially the forestry branch and especially Michael O'Connor, who I consider a friend and who in the past I have put at the table beside the Prime Minister of the day—and the Committee for Gippsland have been running a campaign, along with myself, to encourage the federal government, as our responsibility, to procure Australian made copy paper. Only one minister so far has agreed, Minister Barnaby Joyce, and he has recently announced that his department would switch to procuring Australian made copy paper. There are still many other departments that do not, and this is unacceptable. We will be running a campaign and writing to every minister asking them to consider that the paper that they use in their departments is Australian paper.

This has been a long-running issue facing Australian Paper. As the member for McMillan from 1996 to 1998—and then thrown out again—I was very much a part of the process of
holding that plant in place. Their complaint to the Australian Anti-Dumping Commission, and
the commission's subsequent investigation, is ongoing and not seeming to get anywhere. The
price of cut sheet paper imported from China has been steadily declining from 2009, and in
early 2011 volumes from China began to rapidly escalate all of a sudden, tripling from pre-
2011 levels and reducing the volume and market share of not only Australian Paper's product
but also products imported from other countries.

In addition to suffering a loss of market share and sales volume, Australian Paper has been
forced to reduce its prices and, as a result, take cost containment measures, which include
reducing employment in both paper production and sales distribution. This has had a direct
impact on the Gippsland region, in the context of not only the Maryvale mill but also its
employees, who have been made redundant, and other local businesses and contractors who
provide services to Australian Paper.

In the Anti-Dumping Commission's investigation, while Australian Paper was the most
significantly impacted Australian party, it was not the only one. The Australian Forest
Products Association noted that there had been a surge of cheap Chinese paper being sold in
Australia over the past 18 months, and the impact that had on the local paper production
market was considerable. The issue is not about trade protection. We have never been on
about that. As Australian Forest Products Association's Ross Hampton said:

The industry has no beef with importers. We have to compete on our own two feet and on our own
merit … But what the World Trade Organisation recognises, and what Australian law recognises, is that
it's not a level playing field if a country over produces a commodity and then simply tries to get rid of it
in another market at below its sale price in its own country. That's called dumping and that's the
allegation here.’

In the few minutes that I have left I need to talk about the energy sector in the other big part
of my electorate and, as Ross Gittins was talking about, jobs for people and jobs for the
future.

What legacy do we—Darren Chester and I—want to leave? Whether I leave in 10 years'
time or Darren leaves in 20 years’ time, I do not know, but we would like to leave the legacy
of better education, better roads, better opportunities for young people to get jobs in the
sectors in their local communities, better hospitals, new hospitals, better health care, better
aged care—and I can go on. We have below us this amazing opportunity that we call brown
coal—and there are ways to use it outside of the uses that we have for it today. I have spoken
with people about coal to fertiliser, coal to diesel, coal to gas and coal to oil. We have
thousands of years of supply of this precious resource. Can you imagine if one of the legacies
that Darren and I left from our time in this place as the members for McMillan and Gippsland
was that we left a resource in the ground that could have been turned into diesel and would
have meant that we as a nation would become self-sufficient in diesel just out of the Latrobe
Valley?

Can you imagine that? We could be self-sufficient in diesel just out of the brown coal from
the Latrobe Valley. That will then employ all the people that Ross Gittins and Dr Keating
were talking about. It would make my 900 at AP look like a small group. Hundreds of people
in the electricity industry in the Latrobe Valley supply us that precious resource which then
turns the lights on across Australia. We could be getting our electricity from renewable
sources, from solar power, or from whatever it may be in the future, but at the same time we
could have our own diesel, which we own, in Australia. If we put the energy and the resources into having a vision for the future of the Latrobe Valley, that is greater than digging it out and burning it.

We have that opportunity now, to focus on into the next five, 10, 20 or 30 years, for a future that opens up employment for all sorts of people. We can then carry on and provide people with a greater education, greater opportunity and have more employment participation. There lies the future for us. It is not an old-fashioned 'dig it out of the ground'; it is an old-fashioned 'can we turn this into diesel'. Yes, we can. Can we turn it into oil? Yes, we can. Can we turn it into fertiliser? Yes, we can. We can have a dream too. It is not an old cliche to have a dream about where a community might be into the future. As the Salvation Army has said, there are lower socioeconomic families that try to live on $17.80 a day, which is all that is left over after their household expenses. I would find that absolutely impossible to do. We, as a government, can open up a brighter economic future for those lower socioeconomic families. And, for the Latrobe Valley, it will make us an icon to the world. We could turn our assets into the future health, wellbeing and security of the people of the Latrobe Valley and the whole of Gippsland. We can be a world leader again. That is the dream I put before you, and there is opportunity. Let's enter into the research of where we are going to be with this amazing resource in the years ahead.

Debate interrupted.

**Sitting suspended from 12:58 to 16:00**

Ms HALL (Shortland—Opposition Whip) (16:00): I rise to speak on Appropriation Bill (No. 1) 2015-2016 and related bills. Every year on the second Tuesday in May the government of the day delivers its budget for the next 12 months. The aim of the budget is for the government to share its vision for our nation, set its goals and its priorities and then document how this will be achieved. Australia's budget needs to be a document that will guide the nation by setting a clear and defined direction for the future and by setting clear and obtainable goals. The government determines the type of nation it wants Australia to be into the future by allocations to a variety of areas and programs and, as such, shapes societal values which determine the type of society and democracy we are now and into the future.

Australia is a nation that has a reputation for being a strong democracy, and it is vitally important that this democracy is protected and nurtured. Furthermore, our democracy must represent the values and views of all Australians while at the same time ensuring that not one group is marginalised at the expense of another group. It is the role of a government in a democratic Australia to follow the democratic principles and govern for all Australians. Recently I was reading an article by Mitzi Bolton. She is doing a fellowship at the Crawford School at the ANU. In this article she said:

True democracy isn't a sausage sizzle and a ballot box. It's not a #QandA retweet or a Facebook 'like' of memes of the PM. It's debating our future, and that of our children. It's reflecting on our values and showing that we do have views and we want them to be considered. It's taking action to ensure that the reality we want is brought to life.

That is the way I see a budget. It should encompass that view of democracy and those values and should meet the expectation of Australians that our government will take our democracy seriously and show vision and leadership.
There is an expectation that the government will share its vision with Australians, but on this occasion it was impossible to find a vision in the budget. There was no plan for the future—only political rhetoric. I was really disappointed with that. I could have accepted a vision. I could have accepted a plan that was different to mine, because the government has very different views to mine. But what I am so devastated about is that it has left Australia swimming like a headless fish, without any direction or any plan of where it is going. I believe that we in Australia deserve better. I believe the people of Australia deserve better. I think we as politicians need to show some leadership and make the point that, when it comes to the delivery of a budget, the budget is going to map out and deliver a real plan of what the people of Australia can expect.

The other thing that I am particularly upset about with this budget is that it does nothing to address the inequities and unfairness of the 2014 budget—in fact, it has actually built on that unfairness—and, as I said, there is no vision, no plan for the future and no attempt to restore fairness. It is a budget that delivers winners and losers. I am very supportive of small businesses. They play a very important role in Australia. I hope that the government's predictions of the small business sector providing more jobs comes to fruition. But the budget also targeted a number of people, and they became losers—families with young children. It entrenched the fact that the family tax benefit B would be taken from those families who can least afford it. It creates a situation where there are in-groups in our society that the government is prepared to work with and support, and out-groups that it is not prepared to support. The miners and the big end of town are the in-groups. The out-groups are those people who rely on government more than other people. They are people who are more marginal, who rely on welfare and who, on most occasions, would like to be employed.

Before coming into parliament, I spent a lifetime working with people who, for one reason or another, were unemployed. I even worked with people with disabilities who were unemployed. I know how hard it is. I have been out there with them trying to organise work. It is not because they do not want to work. What I find so upsetting is that this budget really stigmatises those people. It is not about the fact that we are taking away support for people that really rely on it; it is that the government is saying it is about getting people into work. My question for the government, and it is a very strong question, is: where are those jobs? Unemployment has increased. The government made a prediction that it would create one million more jobs. No way will it make that target! In addition to that, there have been so many jobs that have disappeared. It is really important that a government is honest with the Australian people. For the record, I would say that the only jobs that this budget is about are that the jobs of the Prime Minister and the Treasurer.

What about debt and deficit? Debt is at $39 billion. The deficit has doubled. The government has been borrowing money to pay for this. It is borrowing money. The debt is increasing. The deficit is increasing. The icing on the cake is when I hear every minister in the government standing downstairs and saying they are increasing spending on every item in the budget. How can the budget be showing savings, whilst on the other hand every minister is increasing spending? I will leave that question in the air and turn to couple of areas that I am particularly concerned about.

The cuts to schools and hospitals are unforgiveable. The rhetoric, and the doubletalk, that is used in this place to cover up for that is shameful. Our schools need to be funded properly.
Our hospitals need to be funded properly. The fact that so many schools are struggling at the moment and so many families are struggling—and I will touch on families in a minute—is despicable. Added to that is that funding for skills and training has been cut in this budget. There is no money for apprentices, no money for upskilling workers and no funding for group training organisations. That is very sad, because this is all about skills; this is all about training; this is all about jobs.

I promised I would talk a little about families. The Treasurer was on Q&A on Monday night as I am sure most people in this House are aware. I was on my way home from parliament and I got a phone call saying, ‘Joe Hockey is going to take $20,000 away from me over four years. I can't afford that. My wife can't go to work. I do not know how I'm going to be able to afford that. I'm in that category where $65,000 a year is what my salary is. I work weekends to even get that sort of level of salary.’ I think it is absolutely despicable. I urge the government to go out and talk to real people.

The NATSEM modelling that the government has ridiculed this week is real. Nine out of 10 of the poorest families are going to be worse off; nine out of 10 of the wealthiest families are going to be better off. Those nine out of 10 families fit into the category of that phone call I got from that person on Monday who does not have the opportunity. The person I was speaking to works very, very long hours and his wife is unable to work.

I think that the government really needs to take stock of what it has done, what it is doing, to families and Australians in this budget. It is not fair. It is creating groups of winners and losers—in groups, out groups. Those people are going to find it harder and harder to survive.

This budget has not created a vision for the future. I suspect the only vision revolves around winning the next election. We are better than that. We are much better than that. As a country, we should be looking at our future, trying to make it a strong country.

The Leader of the Opposition in his response highlighted a couple of areas: jobs for the new economy, coding in schools. Once again, the Prime Minister showed he did not really understand the issue, unlike the member for Wentworth who knows and understands that you must start learning those skills when you are actually in primary school.

I was talking to a young man at a surf club presentation on Saturday night, and he told me he wanted to be a computer programmer. I talked to him about coding, and he educated me to a degree. It is about being prepared to open your mind, look to the future, look to new ideas and to where the jobs are going to be in the future. I do not think we are doing that at the moment.

The Leader of the Opposition also highlighted how our future prosperity depends on entrepreneurship and developing new global markets for Australia. If we do not do that in the future, we are in danger of becoming a much smaller economy and a much poorer society where our people would live much more frugally.

Finally, the infrastructure for the future that was announced by the Leader of the Opposition is part of our plan—taking the politics out of infrastructure and putting the national interest at the heart of nation building. It should not be about putting money into marginal seats; it should be about a plan that is developed objectively and that is in the interests of Australia, not in the interest of being re-elected.
Probably the most complaints about the budget I received in my office were from seniors. I am sure that that was pretty common throughout Australia. It did not relate to superannuation; it related to the changes to the part pension. Pensioner after pensioner contacted me saying that they had made their decisions based on what was happening at the time. I do not think the government fully understands the implications of the changes that they have made. These are not people who are wealthy, but these are people who stand to lose 20 per cent or more of their income. The paid parental leave and the failure to invest in a domestic violence strategy are disappointments.

I would like to finish where I started, by saying: vision; plan. That is what this country needs—a vision for the future and a plan for the future so that jobs that we cannot even think of will be created for all Australians. We need a government that can show real leadership. We need a government that is there for all Australians. We need a government that is not going to favour one sector over another. We need a government that delivers budgets that deliver for each and every Australian.

Mr IRONS (Swan) (16:15): I too rise to endorse the cognate debate on the appropriation bills before the House, which will ensure that every Australian has the opportunity to access services and support which will generate growth in their own prosperity and the prosperity of this nation as a whole. It is a budget that builds on the coalition's long-term standing as, one, the party which knows how to balance the budget books and protect Australia's economic future, two, the party which protects its citizens and residents both on a domestic level and from threats abroad and, three, the party which supports small business, which, as members know, in turn builds both business and consumer confidence and generates employment opportunities throughout Australia. Whether it is health, education, industry, innovation, infrastructure or welfare, the appropriation bills before the House are the building blocks of Australia's future in infrastructure, regional development and domestic trade and as an internationally competitive exporter in a range of service areas.

The development of northern Australia is just one example of this government and the 2015-16 budget's focus on creating long-term growth—I know you hold the development of the north of Australia dear to your heart, Madam Deputy Speaker Griggs, and it is a very important part of the coalition's strategy—rather than the implementation of policies that are nothing more than short-term fixes, as we saw under the six long years that those opposite were in government. I am thankful to say those six long years are now behind us, but the impact is still being felt in every Australian's hip pocket because of Labor's mismanaged, cash-splashing policies.

We have seen some of those on the opposite side come here and talk about our budget and then talk about their budgets, none of which ever delivered a surplus, as though they were the Holy Grail. Yesterday, the member for Lingiari came in and spoke about the tax cuts that we are giving to small business. What amazed me was that the member for Lingiari said that we copied their idea. He said they introduced a one per cent tax deduction for small business five years ago and then he blamed the coalition for blocking it, but what he forgets is that they were in power—they were in government. They had the numbers in the lower house to get that through, but, because they were getting no money from the mining tax, they had to drop it and they blamed the coalition for it. I just cannot believe how the member for Lingiari could stand up there like that and absolutely misrepresent the truth and blame it on the coalition.
That is what they have done; they have held up their previous budgets as the Holy Grail. There was not one surplus in any of them. In fact, given the Labor Party's history of economic mismanagement, I highly recommend that it be listed as their new national platform. They could even have a new slogan to go with it. I am not trying to channel the Prime Minister, but it could be: 'Vote waste, vote Labor, vote for welfare'—as we heard the Prime Minister say, it is the welfare party.

Unlike those opposite, the coalition is a government which is focused on rebuilding the economy and developing new trade agreements that will benefit consumers domestically and our exporters, who are competing on a global scale. We are focused on creating new jobs and encouraging new and established businesses to take advantage of the concessions and subsidies this government is offering. But, to achieve this, policies must be implemented and legislation such as the appropriation bills before the House must be passed in this place and in the other place. They are policies that, if passed, will put Australia back on a sustainable growth towards surplus, which, as members know, is something that those opposite systematically stripped from this country during those long six years. They are six long years that we will never forget because never before has one government managed to put this country so far into debt. And never before had a government managed to introduce policies that had the potential to destroy one of our biggest export industries through a fiscally unstable and competition-destroying mining tax. Fixing this mess will take time, but I am pleased to be part of this government as we can hold our heads high and say that we are absolutely focused on, and on our way to, achieving just that. This is not just on a national level but also on a local level.

In my electorate of Swan, you cannot get into your motor vehicle without witnessing how this government is investing in every resident's future. The billion-dollar Gateway WA project is just one example of a project which is generating business growth and new jobs, particularly within the construction industry. This project, I am pleased to inform the House, is now more than 60 per cent complete, ahead of time and below budget, and has enabled us to increase the amount of roadworks it has been doing. And, I might say, it does not rely on the mining tax to fund it. This project alone has employed more than 600 Western Australian businesses and created about 1,300 construction jobs. Also in my electorate of Swan is the Kewdale-Welshpool industrial hub. It, in particular, will significantly capitalise from this investment through key local road modifications in Kewdale to accommodate the Leach Highway upgrade.

But it is not just through road infrastructure and new jobs that Swan is benefiting. This project has also significantly boosted a local family-owned business which is based in the Kewdale area, as they were awarded the contract for all of that steel used to construct the new interchanges. This Swan based organisation, called the Fero Group, is a national steel manufacturing and anticorrosion service company and a leading provider of products and services to the oil and gas, mining, civil marine, commercial industrial and residential industries. They are based in Queensland as well. They are a true family-owned business which has worked hard to implement good business strategies that have ensured that they remain domestically and internationally competitive within the manufacturing industry. But this is far from the only initiative supporting Swan residents and businesses.
There is also the coalition government's new $45 million commitment over two years to fund small capital projects in local communities under the Stronger Communities Program. Under this initiative, all federal electorates will receive funding of $150,000 per year over two years to assist organisations to implement projects that will deliver social benefits.

Is that the opposition I hear saying, 'Thank you for that money,' which they all got for their own electorates as well, which they can use to benefit their own local organisations? I have not heard one member of the opposite side say anything good about that $150,000; so, obviously, they do not want it.

It is an initiative that I know the local government authorities in my electorate of Swan will welcome, as will the local organisations like the Belmont Toy Library which I visited on Saturday which needs some extra funding to put in some playground equipment and a barbecue for their toy library and the local childcare group. So I am hoping that we can channel some of that money down to that local toy group.

This will also work hand-in-hand with the more than $1.6 billion in vital infrastructure projects that are already being rolled out in Swan or are soon to commence, including: $2.7 million to fix seven dangerous black spots across the Swan electorate, including Spencer Road in Langford and Shepperton Road in Victoria Park, which have long been identified as dangerous roads for motorists, cyclists and pedestrians; up to $5 million in Roads to Recovery funding in the next financial year to assist Swan's local government authorities to maintain and upgrade their local roads; and $45,000 in funding under the Community Development Grants Program for the City of South Perth to undertake an aquatic centre feasibility study which I am looking forward to seeing and reviewing the results of very soon.

In this year's federal budget, there is, however, one project in particular that I would like to highlight in this place, as it involves funding for an initiative which one of the local government authorities in my electorate of Swan has been planning and trying to gain funding contributions toward for the past 11 years. After this wait, I was pleased to see that once again this coalition government has recognised the value of investing in job-generating projects and projects that will boost local economic growth by committing $6 million toward the much-needed upgrade of the Belmont business park's transport infrastructure area. This project was put forward for funding by the City of Belmont under the coalition's National Stronger Regions Fund which is contributing $212 million in funding toward 51 priority infrastructure projects across Australia under round 1 alone. I was very pleased that, as the city's federal representative, I was able to not only inform the city about this initiative and lend my support to the project but also deliver the funding they need to get the works underway.

This $6 million will fund 50 per cent of the $12 million project which overall includes upgrading Belmont Avenue cycle and pedestrian paths and streetscapes, the creation of an additional 800 parking bays within the Belmont business park, undergrounding the power on Belmont Avenue and the upgrade and addition of bus stops with improved shelter provision. This will help resolve traffic problems and allow for more sustainable public transport and create a more functional main thoroughfare within the business park area to ensure the region is able to continue developing as a vibrant hub for business to invest in and operate. It will also complement the work of the other government investments in the area, including the Gateway WA project, the Perth Freight Link project, and the Great Eastern Highway upgrade, which was completed a few years ago.
I previously mentioned the Fero Group, a local manufacturing business in my electorate of Swan, which has been very successful through the booms and downturns of the Australian economy and that of the global market. Even though the local manufacturers gain vital business from infrastructure projects such as the Gateway WA, they definitely are not resting on their laurels and waiting for business to come to them, and they are not asking for bailouts or handouts. In fact, I would encourage any members in this place who claim that manufacturing is finished in Western Australia to come to my electorate of Swan and visit this business.

The only reason a state such as Victoria, which used to be known as the manufacturing state of Australia, is rapidly declining is because of the union groups over there that are constantly in the way and strangling growth and potential. I remember working for a national company that had a manufacturing base in Cheltenham in Victoria that had to shut down the manufacturing plant due to the pressures and work practices that were put upon them by the metalworkers union. They closed their family business down after 40 years.

Perhaps being family owned is the answer, because, comparatively, Fero Group is working hard to build their business so that they continue to grow in the long term. I am pleased to inform the House that the coalition government is helping them to achieve that outside of contract agreements, as well. Just last week I had the pleasure of visiting the Fero Group's Kewdale facility and meeting its founder, Mario, who immigrated to Australia over 45 years ago, his sons, Michael and Robert Franco, and the organisation's chief financial officer, Len Troncone, and gave this family business the news that the government had committed $4.9 million under the Manufacturing Transition Program to advance their manufacturing capability. They are working to build their own business so that they are not just relying on the government support to see them through. In fact, overall this is a $23.95 million project that the organisation is investing in, which will ensure that it remains a competitive and sustainable business, both domestically and on a global scale, and continues to employ local people in my electorate of Swan. This funding investment will specifically contribute towards the organisation's plans to design and build a new state-of-the-art highly automated galvanising plant that will result in an expanded range and size of superior galvanised products for local and export markets. By securing this Commonwealth grant funding, the timing of the project has been sped up, which will lead to a more competitive business, greater exports and more employment a lot quicker.

This funding is not just benefiting the manufacturing sector in Swan. Overall, this program is a $250 million investment by the government into the future of Australia's manufacturing capabilities, with $200 million being invested by the Australian manufacturers, and $50 million by the government, to boost the capabilities of 19 businesses across Australia.

The benefits of the 2015-16 budget also do not end with infrastructure and manufacturing in Swan. The coalition government is also working to design and implement initiatives in other policy areas, such as education and health, that will ensure our students are best placed to compete globally in the future marketplace. Earlier this month I welcomed the Parliamentary Secretary to the Minister for Education, Senator Scott Ryan, to Swan to officially launch the Early Learning Languages Australia trial, which aims to explore new ways to help children learn languages other than English, through language-specific apps. Redcliffe Primary School in my electorate of Swan was one of the pre-schools chosen for this
trial, with students now learning Mandarin. With China being Australia's largest export market, it is programs such as this that will set up our students for future success.

Lastly I would like to highlight an initiative I have for the last five years been lobbying my federal and state government colleagues to fund and support. I have done this along with Senator Eggleston, who has now left the parliament, both in opposition and now in government, and I am very pleased to say that just last week it has come to fruition. Thanks to the coalition government, $20 million will be invested in a new Curtin University medical school to address the health workforce needs of Western Australia, which are currently well behind every other state, as well as the national average. For those members who are not aware of it, Western Australia continues to struggle with a shortage of about 1,000 medical practitioners, when compared with the national average, and has an over-reliance on overseas trained doctors, with 38.2 per cent of registrations, compared with the national average of 26 per cent.

We need more locally trained doctors in Western Australia, particularly in the state's rural and regional areas, which is exactly what the new medical school will achieve. This is because the key difference between Curtin University's medical school degrees and other medical degrees is the focus on addressing areas of health care that medical professionals are currently lacking. The five-year undergraduate degree will, therefore, specifically focus on such areas as mental health, primary care, chronic disease and ageing, which are in vital need of service support. I know the member for Shortland is aware that we are just kicking off a chronic disease management and prevention inquiry through the health committee.

I am sure many members of this place are aware of the Australian Medical Association's—shall we say—politely aggressive criticisms of this initiative in the media, particularly in regard to traineeship placements. If the AMA bothered to actually read what the initiative included, then they would know that their criticisms are completely baseless, thanks to the trilateral partnership between the Commonwealth, the WA state government and Curtin University with new clinical training internships and specialist training places that will be established for all students at the new school.

I recommend and commend the bills to the House.

**Mr SWAN (Lilley) (16:30):** The budget handed down last week by the Treasurer Hockey puts the political interests of the Liberal Party ahead of the national economic interest. The best that can be said of this budget is that, after spending five years undermining confidence and weakening economic growth through irresponsible rhetoric of a budget emergency, the coalition have finally realised how much damage they have done to the Australian economy. Sadly, this budget provides no lasting, sustainable policies to bring down unemployment or to boost economic growth. It most certainly does not wipe away the stench of unfairness that came from last year's budget.

Last year's budget was classic, trickle-down economics. It was a declaration of class and intergenerational war against low- and middle-income earners. This budget continues that war against low- and middle-income earners with continued cuts to family payments to low- and middle-income earners as well as $80 billion worth of cuts to the services they need when it comes to hospitals and schools. These measures, and the continuation of these measures alone, hit confidence further at a time when the government says that it is seeking to stimulate confidence.
This is a budget which is a big-spending budget; it is a big-taxing budget. Indeed, if this had been a budget delivered by the Labor Party, it would have provoked cries of fiscal vandalism from the coalition. Instead, what do we have? The coalition say that they have a 'have-a-go' budget which attempts to restore confidence to an economy that has already had its confidence smashed. Before the budget, consumer confidence was down 13 per cent while business confidence was down a whopping 23 per cent since the election. With confidence so low economic growth has slowed, and over the forward estimates in this budget growth is predicted at around 2.5 per cent in 2014-15 and 2015-16. This growth rate is not enough to stop unemployment from rising, let alone lower unemployment, which, for the first time in a decade, has a '6' in front of it. By comparison Labor kept unemployment with a '5' in front of it. Labor created one million new jobs, even as the global economy experienced the deepest economic downturn since the Great Depression. Over that same period, while virtually every other developed economy in the world went backwards, Australia experienced cumulative growth of 15 per cent.

By getting the big economic calls right during the GFC, and putting in place long-term productivity enhancing reforms in the wake of the GFC, Labor primed Australia for the transition from mining sources of growth to non-mining sources of growth. This transition, or the failure to make this transition successfully, is of course the central economic challenge that our country faces and one which the coalition has comprehensively bungled through two budgets and two MYEFOs.

The first test that this budget fails is the jobs test. In the most benign global economic conditions for eight years Mr Hockey's budget forecast six per cent unemployment across the forecast period. This means 750,000 unemployed Australians. It means that is the new norm, and it leaves us at risk of any small sized economic shock pushing that level up to around one million people.

The second test the budget fails is what I call the fairness test. It is a test they failed comprehensively in the last budget. In the weeks since the budget was handed down we have had both ACOSS and NATSEM show us just how fair and how harsh this budget is on low- and middle-income earners. It is as harsh as it was in the first budget. ACOSS estimates that the 2015 budget will cut $15 billion over four years from basic services which support vulnerable groups. NATSEM modelling shows that nine out of 10 of the lowest income families lose out under the Abbott budget, while nine out of 10 of the wealthiest families benefit. Above all, what NATSEM modelling shows is that Mr Abbott and Mr Hockey do have their sights set well and truly on low- and middle-income families. Under this budget, a family with a single income of $65,000 and two children will be $6,165 a year worse off by 2018-19. A family with a dual income of $120,000 and two children will be $3,272 a year worse off by 2018-19.

Mr Hockey and Mr Abbott used to say that surpluses were in their DNA. They certainly do not say that anymore, and they do not say it for obvious reasons. But when a budget designed to be less fair than last year's manages to produce these kinds of terrible effects, we know there is something else which is truly there in their DNA, and that is the inability to practise fairness in any budget or in any economic statement.

The third test this budget fails is the credibility test. Just four of the assumptions in this budget are quite heroic and they fundamentally challenge the credibility of the budget. First is
the assumption that wages will grow faster than inflation, paving the way for sturdy personal income tax collections. Over the past year to March 2015, there was almost no growth in real wages. That does not add up. Even though there has been no growth in real wages, the budget forecasts strong increases in household consumption. How is weak wage growth with strong consumption a logical assumption? And the forecast that nominal GDP growth will rise from 1.5 per cent in 2014-15 to 5.5 per cent by 2016-17 is optimistic—admittedly, not unheard of, but very optimistic. This would imply a return to solid real GDP growth typical of the early 2000s and an unlikely prospect with the coalition's current policy settings.

The final assumption is that non-mining business investment will shrug off the pessimism which saw business confidence plummet 23 per cent before the budget and that investment will grow at a pace not seen since before the GFC. This assumption is undermined by the fact that capital expenditure has consistently come in below market expectations. So really what we have at the moment is a budget which is a house of cards, with key assumptions that look like they have been manipulated by Frank Underwood.

The fourth test this budget fails is the coalition's own debt and deficit test. When the coalition came to office they had spent five years claiming there was a debt and deficit disaster that was causing a budget and economic emergency. The deficits across the 2014, 2015 and 2016 financial years are four times what they were under the independently prepared and verified pre-election fiscal outlook. I will say that again. Deficits for 2014, 2015 and 2016 are an astonishing four times larger than the budget that they inherited. Mr Hockey and Mr Abbott style themselves as some sort of modern-day fiscal fire brigade. You call these guys, the house is supposedly on fire, and when they have been there for two hours the whole neighbourhood has gone up in flames. That is the logic of their own analogies.

There has also been a great deal of debate about the structural deficit in the budget. It is clear that Australia does need a clear pathway back to surplus, consistent with trend growth and accompanying fiscal consolidation. But when it comes to this pathway it requires action on both the spending and the revenue fronts.

Independently prepared PBO papers confirms the structural deficit is a hangover from the coalition's last term in office, when Peter Costello cracked open the rum crates and the vault at Treasury and managed to spend 94 per cent of the revenue write-ups. He managed to spend $314 billion of $334 billion worth of revenue write-ups from the mining boom. In fact, the PBO papers indicate that two-thirds of the five percentage point decline in revenue can be attributed to the tax cuts undertaken by Peter Costello. Indeed, Mr Hockey must be getting spending tips from Peter Costello, because in every year of the forward estimates the budget has a higher spend as a proportion of GDP than Labor except for one year—the year when we initiated the stimulus package that saved Australia from recession.

That deals with the claims of being a low spending government. What about low taxing? We hear a lot about that as well. The coalition is increasing the tax take as a proportion of GDP every year across the forward estimates. In fact, taxation revenue as a share of GDP is forecast to rise between 0.3 and 0.5 percentage points every year for the next five years. This means the tax take in every year across the forward estimates will be higher under Mr Hockey than it was under the last Labor government. And it is not just higher taxing that weighs so heavily on working Australians; it is who is paying that tax. By allowing multinational
corporations to profit shift, the coalition is effectively placing more of the tax burden on working Australians and killing off any hope of relief from bracket creep.

The final aspect of this fiscal fairy tale is that the coalition is supposedly the party of low debt. When the coalition came to government, they used their shamefully political 2013 MYEFO to blame Labor for supposedly taking Australia to $667 billion gross debt within a decade. This is complete fiction. On the ABC the other night in an interview with Mathias Cormann after the budget, he used that figure again. He claimed $667 billion gross debt. The interviewer had this to say—and she was absolutely correct:

They were your figures. With respect, that is a nonsense figure that you continue to trot out that you made up yourselves.

In the PEFO, which is the relevant comparison, the one that should have been referred to by the government, the figure is $370 billion—an enormous difference. But the government with no shame simply makes these figures up and peddles them around the country. The shame for the country is that that has produced a lack of confidence, which has led to lower levels of economic growth. It has been essential to the government's deficit and debt fiscal fear campaign and it has blown up in their face.

The fifth test this budget fails is the productivity test. The only way to boost growth in both the short term and the long term is to invest and to expand the productive capacity of the economy. In particular, for Australia, what this means in the first instance is quality investments in infrastructure and in education. We know the Prime Minister has dubbed himself the 'infrastructure Prime Minister', but I think, as Alan Kohler described it, his efforts on infrastructure 'have been pathetic'. They have been worse than pathetic. Since the Prime Minister came to office not a single infrastructure project has begun. Infrastructure investment has plummeted to levels not seen since the Howard government. The government's own budget papers—forget Alan Kohler and forget independent analysts—confirm that there will be a real decline in infrastructure investment of 11.2 per cent between 2014-15 and 2018-19. You can pick up any report from any reputable market economist in the country and you will see the analysis of how public investment has fallen off a cliff and we have not seen the return of non-mining sector investment because they have lost confidence in the economy. We do need more investment in first-class infrastructure, because that, along with investment in education, are the great enablers of growth and opportunity.

By outlining a program which invests in education, Labor has shown our ongoing commitment to improving social mobility and driving economic growth through investment in human capital.

Real long-term structural reform is preparing the next generation of Australians for the jobs of tomorrow. That is what the Leader of the Opposition spoke about in his budget reply. To see the Prime Minister today pretending he understood what coding in schools was about was truly pathetic and a joke. On top of this, Mr Abbott and Mr Hockey are pushing forward with $80 billion worth of cuts to schools and hospitals. This is not structural reform. It is just shifting essential productivity enhancing spending onto the states and leaving it unfunded. That is fiscal vandalism. These cuts in health and education will hit working families who want the peace of mind to know they will get access to health and their kids can get a good education.
The sixth and final test this budget fails is the growth test. Right now what the Australian economy needs is a series of well-targeted economic policies. We need a boost to investment and infrastructure across the board, because this budget—as the government has even admitted—is mildly contractionary. I find it impossible to see how a worthy measure like the instant asset write-off can do the job that is required to boost the growth that we need to create the jobs for our kids and for the future. We need a sustained boost to investment which leads to nation building. *(Time expired)*

**The DEPUTY SPEAKER (Mrs Griggs):** I remind the member for Lilley that he is to use the proper names of members in this place. I did not want to interrupt his contribution, but if he could remember that in future.

*Mr Swan interjecting—*

**The DEPUTY SPEAKER:** I beg your pardon?

*Mr SWAN:* I said it would be good if the government did too.

**The DEPUTY SPEAKER:** Thank you very much, member for Lilley. I now call the father of the House, the member for Berowra.

**Mr RUDDOCK (Berowra) (16:46):** Madam Deputy Speaker, it is a pleasure to be able to follow the member for Lilley in this debate. I am sorry he is leaving, because he may have been able to get some assistance in understanding how you manage an economy, how you produce growth and how you can leave others who follow with a budget situation that is, in fact, manageable. I must say I am very much aware of the way in which the Labor Party looks at these matters. It came through in the comments of the member for Lilley that we have just heard. The Labor Party seems to have a view that governing enables you to simply dole out money. The fact is they are experts at that. My late father used to say, as an economist, that the coalition are experts at growing the cake, building a bigger economy, and the Labor Party's expertise is only in how you cut up the cake. And I am not even sure they are expert in that.

Labor came into office back in 2007. When they came into office there was a very significant surplus. The government had been running an economy which was growing, creating jobs. The government was able to pay a dividend to taxpayers and there were programs that the Labor Party now criticise and say we should not have had, but which we could afford. Labor came into office and told us, 'It was terrible. We faced a global financial crisis'—not of our making; it was all being done in Europe—'but what we have to do is spend to make sure we don't get into trouble.' We were not in trouble, but they said we had to spend. I must say that the coalition took the view that some spending might have been appropriate, but they not only spent; they spent and spent and spent well more than was necessary to address the issue. I think they had largely forgotten that we continued to have high levels of exports, particularly in the minerals area. We were still receiving income. The idea that we had to cut in the way in which we did I think was flawed, but they went down this route and we are now left with a very significant debt as a consequence. I might say I am not even sure that the spending was altogether appropriate. If you come to my electorate and look at the spending in some of the private schools and what they were able to do with the amount of money that was made available, we got very positive outcomes. When I look at some of my
public schools, the way in which they were implemented to a particular model, you had even situations that schools with halls got another one.

An opposition member interjecting—

Mr RUDDOCK: I know what they did, and it was very, very poorly managed. What I was fascinated about was that the member for Lilley had some comments to make about infrastructure. I must say, I would have thought that the best spending to deal with the global financial crisis may have been to spend on infrastructure, but what major projects were started by Labor to improve infrastructure around Australia? There were none. The reason there were none was that, if you went to a state like mine, which had had Labor governments for so long, they had been so good at making announcements about new plans, they had nothing that was shovel ready; nothing that you could actually do.

We are now in a situation—I marvel at the fact that we are told there is no infrastructure occurring at the moment—where we are seeing infrastructure in my electorate that we have never seen contemplated before. We are getting the North West Rail Link. You can come along and you can see the stations that have been started at Castle Hill and at Cherrybrook. You can see the tunnels that are being built. They have a project that is in fact progressing and was shovel ready. It has been put in place by a Liberal government in New South Wales after a very short period in office. We had plenty of announceables for decades but very little that was achieved.

I wanted to make my comments today about infrastructure in this debate, because my electorate is now starting to benefit from the fact that we are getting infrastructure spending. One of the things about my electorate is that I think, when Labor governments were in office, they never wanted to spend any money—and I think sometimes even Liberals thought: 'It's one of ours and we don't need to spend it either.' But when the problems emerge in the Labor electorates a little north of mine, they suddenly find that maybe there was a problem in the electorate of Berowra after all.

I want to talk about that, because we have recently had an infrastructure audit released. For those members who have heard me speak about these matters before, they will know I have focused on a road called—don't say they can't tell me? Pennant Hills Road. Pennant Hills Road is remarkable. We have B-doubles careering down it mixed with parents taking their kids to school and people wanting to get from the Central Coast through the city of Sydney. We have roads that cross Sydney—four major highways: the M7, the Cumberland Highway, Villawood Road and Silverwater Road—and they all finish on Pennant Hills Road to link with the M1 out of Sydney that takes the traffic to Newcastle and Brisbane. That road is absolutely clogged all the time. It has been found in the infrastructure audit to be the worst corridor in the country.

I have stood up on this issue for years. I have made the point over a long period of time that something is necessary, and we now have a situation in which this issue is being addressed. I have been able to stand on sites with the minister who assists in relation to infrastructure, Mr Briggs. We have been able to turn the first shovel for the tunnelling that is going to occur on this route.

This is a $3 billion NorthConnex project. It is one that is committed to by the Commonwealth and the state of New South Wales. It has taken a long time but it is absolutely
essential not just for my electorate but for the electorates of Reid, Parramatta and the Central Coast seats that have all been affected by this horrible situation. I have always agonised that we may see a major accident with deaths involving these huge trucks that just should not be mixed with suburban traffic. I have spoken on it year after year and I am delighted that we are now seeing this project come to fruition.

The big thing about this budget is that it is going to enable other projects to be addressed, particularly in our state of New South Wales. We have in New South Wales a state government that is now going to reinvest the proceeds of the state’s electricity privatisation to help with both road and rail projects. They are investing $15 billion in infrastructure for the 21st century in New South Wales. I think these projects will be of enormous benefit to the people of Sydney and the people of New South Wales, who have been neglected for so long. This budget will enable those projects to be addressed.

For too long, parents across the country have been denied important childcare choices due to the complex, inflexible and unaffordable system that has existed. I am looking forward to the benefits that families in my electorate will obtain as a result of our new childcare package. It will provide greater choice; it is going to help more than 1.2 million families; it will deliver a simpler, more affordable and more flexible scheme; and it is a part of the budget that I think is going to be extraordinarily important to my electorate, given its nature.

My electorate has many small businesses. One of the things that has impressed me about this budget is the strategic approach that has been taken to dealing with a very significant deficit issue. We know that the opposition, the minority parties and others in the Senate will continue to attempt to deny us the opportunity to put in place measures that would enable us to address the expenditure side of the budget, but I was astonished at the way the former Treasurer would not take responsibility for the fact that Labor in government were always advocating increased spending on health, education and disabilities. They never put their proposed extra spending into the forward estimates. In other words, they never told anyone how they were going to pay for it all. Now, when we argue that you can fund these areas out of growth—growth arising out of initiatives that have been put in place for small business—they suggest that we are in fact a high-tax party.

I was astonished to hear the member for Lilley arguing that he was concerned that, through incremental creep, there may be an additional tax take. I have not heard the opposition outline any substantial program for containing growth in expenditure. It troubles me enormously that they continue to live in a cocoon—they do not understand the reality of budgeting. We have to deal with that and I think this budget is particularly imaginative, because it has identified that by giving some incentives to small business you can create new opportunities for growth in employment. When you get growth in employment, you get increased taxation revenue. If businesses become more productive through the measures we have in place, there will be growth in the economy.

Something I have always been distressed about is that the real priorities that ought to be recognised by governments—and that is protecting Australia and Australians—are often neglected. We have not only had to deal with the budget deficit situation and the demands for increased expenditure in many areas of social policy; we have had to find additional resources to address our security. This budget has boosted counterterrorism funding for law enforcement, intelligence and security agencies by $1.1 billion. That is a particularly heavy
demand on the budget. Despite their neglect in this area, it is something that Labor will tell us now that they support. Finding the resources to do it—to combat terrorism at home and to deter people from being involved in terrorist acts—has been difficult, but resourcing of those organisations was absolutely essential. We have been able, in a budget which is tremendously constrained, to do just that.

There are other measures that I think are important that we will be resourcing. I believe very strongly in the need to ensure that our organisations are not compromised by not having the capacity to investigate matters. I know not everybody always agreed that metadata issues were important, but the funding for that, which is now included in the budget, will be essential in ensuring that we are able to undertake effective counter-terrorism investigations, as well as detecting and prosecuting other crimes.

This budget is one that achieves enormously for the Australian community in a constrained environment where we were left with very significant deficits. We have been given no assistance in relation to dealing with those matters. This budget is particularly imaginative in the way in which it has identified that there are other ways to produce growth that will enable us to address the budget deficit over time. The government ought to be congratulated on the way in which it has approached these issues in such an imaginative way.

Mr BRENDAN O’CONNOR (Gorton) (17:00): I would like to start by referring to some of the comments of the previous speaker, the member for Berowra. I have some respect for the Father of the House, the honourable member, but I have to disagree with his analysis of the way in which the previous government went about dealing with the global financial crisis. I also disagree with his analysis about the sort of infrastructure that was required to ensure that we maintained at least 200,000 jobs through that time. Our view at the time, as advised by Treasury and others, was that we had to invest in the economy because of the massive contraction of private capital. As a result, we believe we maintained relatively low unemployment. Our economy grew by well in excess of 10 per cent—higher than any other developed nation at that time.

At the end of the last parliamentary term, at the G20 as the minister for employment, all countries around the table at the employment ministers meeting agreed that Australia’s response to the global financial crisis was second to none. The honourable member quibbled about some of the ways in which the infrastructure was delivered. I had some, but very few, complaints. I attended 90 per cent of the investments in schools in my electorate, and the overwhelming majority of schools were entirely pleased. Everyone was pleased to get such an investment. It also meant that not only did we invest in our schools—much-needed infrastructure in many schools; certainly schools in my electorate—but also we maintained and created employment for those small businesses that were so important for dealing with the economic challenges that we confronted. I have to disagree with the previous speaker’s analysis in relation to our response.

The previous speaker finished on national security. As a former minister for home affairs and justice and immigration, I agree with him. National security is a very serious issue. The government has had cooperation from the opposition. We do want to work with the government. We do believe that national security is the most significant matter that any national government must deal with. We would hope that we can agree with the government on these matters when they are presented to us. We only ask that matters are provided to us,
that we are briefed fully, and we will be able to work with the government in dealing with such a challenge.

It is a significant issue and one on which I do agree with the honourable member. I imagine that the investment that has been made in the government agencies dealing with such challenges was appropriate. Some of the changes—for example, to the budget of the Australian Federal Police—have not all been increases. I am mindful of the fact that when we were in government we increased the AFP numbers by 500. But you are always under pressure to maintain resources in every agency of government, so I should not be too critical there.

However, my fundamental concern with the budget is that it has doubled the deficit. It has forecast increased unemployment in the next financial year to 6.5 per cent. That is an increase that is equal to the highest unemployment rate in 14 years. That would mean that there will be more people lining the unemployment queues in Australia. If the government's own forecast is right, we will see thousands more Australians lining up in unemployment queues. Since the election, we have seen 80,000 more Australians in the unemployment queues than was the case at the time of the last election, and that is forecast to go up. That should be a major concern for the government. But we do not see, in this budget, sufficient plans to deal with this rising unemployment rate. We do not see that there has been sufficient investment, or sufficient industry or employment plans, to ensure that we can mitigate against the rising unemployment. That is a real shame.

It is for that reason that we say the government is not focused on jobs for unemployed Australians. As a result, we are going to see rising unemployment. In particular, we are going to see rising youth unemployment. Youth unemployment is now reaching almost 14 per cent; for those young people between the ages of 15 and 24, it is almost 14 per cent, and in some parts of Australia—Northern Queensland, Northern Adelaide, Northern Tasmania, and parts of Melbourne and Sydney—we are seeing unemployment amongst young people in excess of 20 per cent. That is one in five young Australians in some parts of this country who are not earning or learning. It is a great problem because, as we all know, if you do not enter the labour market and you are not at school, and if you continue to be in a position where you are falling between those two options, then your chances of having a productive life, having a life that is fulfilling and that you can be proud of, becomes increasingly more difficult. It is increasingly more difficult to find work if you have been unemployed for a long period, or if you have not entered the labour market. We believe that there needs to be more effort made in relation to unemployment, and youth unemployment in particular. We do not accept that the measures that been included in the budget are sufficient, although we would say that the announcement by Labor prior to the budget—and indeed, this is something that was followed up on by the government in relation to youth transitions—is the right approach. We believe you need to mentor young people. You need to find ways to connect them to the labour market, because they do not have the experience. Therefore, at least to that extent, we would support the measure in the budget. But there is too little—and, we would argue, too late—from the government.

We had a budget last year that really killed confidence. It scared the Australian people; the rhetoric scared the Australian people. It deterred businesses from hiring, it deterred consumers from spending—and that is why we saw the confidence in the economy flatlining. We only
hope that some of those measures which we do support in this budget will lead to some improvements.

It should come as no surprise that we support the instant asset tax write-off because, when I was the small business minister, we introduced the instant asset tax write-off to $6½ thousand. We also had an immediate depreciation on vehicles. We accept the principle that small businesses need mechanisms like these to provide opportunities for them to get cash flow and to maintain their business, and they also reduce red tape—real reductions of real red tape—and so that was another benefit. That is why we opposed the abolition of the instant asset tax write-off in last year’s budget. We have a government that came into office arguing that it was the party of small business. It abolished the instant asset tax write-off. It abolished the loss carry-back—which it has not reintroduced—and now it claims that it is doing the right thing. We will support them on the instant asset tax write-off, Deputy Speaker. We do ask what happened to the loss carry-back for incorporated small and medium enterprises. We would have thought it was an opportunity for that Labor initiative to be reintroduced, given the error of their ways with respect to the instant asset tax write-off. We thought it might be fitting for them to reintroduce the loss carry-back initiative, which was so useful for incorporated businesses, along with the instant asset tax write-off which, of course, provides support for incorporated and unincorporated businesses. Unfortunately, we have not seen that happen. So there is some more room for the government to consider.

We also support the reduction in the tax rate for small business, mindful of the fact—as history would show—that the current government joined with the Greens to oppose that measure. We were seeking to find a way to cut the small business rate and it did not occur, so we support that measure. The Leader of the Opposition made it very clear that we would work with the government in a bipartisan way to see if we can reduce that further. We do accept that small business is an absolutely vital part of our economy, of our society. Small business men and women employ between 4.5 and 5 million Australians in up to two million businesses. They are absolutely the engine room of our economy and they do deserve support. I think it would be incumbent on the Prime Minister to work with the opposition leader to see if we can go further in relation to those efforts.

It should not be forgotten that this budget still contains most of the unfair measures of last year’s budget. The Labor opposition made a submission to the Fair Work panel—which determines the minimum wage—prior to the budget and then we felt the obligation to make a supplementary submission, which is entirely proper pursuant to the protocols of the Fair Work Commission. We made a further supplementary submission to argue that the commission, when considering the minimum wage, should take into account the very unfair measures in the second budget of this government. We believe that the impact, as NATSEM made very clear, falls most heavily upon low- and middle-income earners. Of the bottom 20 per cent of our society in terms of income, nine out of 10 are worse off, according to that modelling; and, in terms of the top 20 per cent, nine out of 10 are better off. We would say that that is an inequitable situation. We do not want to see people miss out, but we do think that you have to provide support to those most in need. For that reason, we have asked the Fair Work Commission to take into account the adverse impact the budget will have on families who will lose dental care and family tax benefits, and who will be impacted upon because of the abolition of the schoolkids bonus and by the $80 billion that will be taken out of state budgets.
for schools and hospitals. These impacts will be real, they will be felt and they should be something that the Fair Work Commission considers. We say that they should consider them, but they should do so in a responsible way. We have had a relatively high minimum wage in this country, and that is a very good thing. We believe that we should be a high wage, high skill economy. We do not want to see a million or more workers working below the poverty line. We do not want to see what you see in the United States, where tens of million of people work full time and are still below the poverty line. We do not believe in a working poor and, for that reason, we do not want to see the minimum wage fall over time as a proportion of the median wage. We believe that that should be sustained.

It is important for the Fair Work panel and indeed the commission to do that in a responsible way and it may require doing it over time. It should take into account decisions by government that have hurt low-paid workers and low- and middle-income families. I think that is only proper. For that reason, we made a decision to make that submission to the Fair Work panel so that when they make a determination they can take into account Labor's views on such matters.

I want to finish on the concerns I have with wages growth—something that has not really been touched upon much publicly. According to Australian Bureau of Statistics figures, wages rose by just 0.5 per cent in the March quarter, with an annual rate of increase of 2.3 per cent. Wages growth is the slowest on record, with budget pain to come. We would argue that these unfair measures in the budget are compounded because of the very low wage growth that is occurring in all sectors of our economy. So you have got bracket creep, which is really hurting low- and middle-income earners, and very low wages. It really is a testament to the problems that we have in the economy when you see wages at such a rate and not growing as fast as they have over the last 25 years. It is something the government should take heed of when it decides to impose such unfair measures, including this year's budget. (Time expired)

Mr CHRISTENSEN (Dawson—The Nationals Deputy Whip) (17:16): I do respect the previous speaker, the member Gorton, who is probably one of the more capable frontbenchers in the Labor Party. It is not a high bar, I have to say, but he is one of the more capable members of the frontbench. But what we just heard was all praise for the spending that is in this budget and all criticism on the savings. That is so typical of the Labor approach—spending is good and savings is bad; completing neglecting the fact that the budget, even as it is right now, is unsustainable if we keep on having deficits.

We have restored a path to surplus, a path that just was not there under the previous Treasurer, the member for Lilley and the previous Treasurer, the member for McMahon. We have restored a path to surplus, and that is most important in this budget. Either you believe that ongoing debt is a problem for this nation, or you do not. I have to say that most households around this nation understand that if every year your expenses are more than your income, if every year you are putting the extra spending that you are doing on the credit card, at some point in time there is going to come a day of reckoning and you are going to have to pare back some of the spending and you are going to have to do away with things that you may have become accustomed to that may have been necessary. We do not want to reach that point, which is why the savings measures in our budget are vitally important—the savings measures that we just heard criticism on.
I am pleased to hear that Labor Party are going to support our small business measures. This has been the best budget for small business probably ever, and we have heard that the Labor Party are going to support that. Well, there is a first for everything! What I am surprised about—but I probably should not be so surprised—is that, on the one hand, Labor giveth some support and on the other hand they are going over to the Fair Work body and saying to them, 'Ping small business more by putting up the minimum wage,' at a time, right now, when they cannot afford it. Small business, like most other businesses in this nation, are in transition, and they need to have costs kept low. Sure, people deserve a fair wage, but I get alarmed when I hear that they are going over to the Fair Work body and saying to them, 'Jack up the minimum wage.' The Labor Party say that they support small business but we hear today something every different.

I do have to give a lot of plaudits to the Treasurer. If I could have dreamt up a budget that would have been ideal for my budget, I probably could not have come up with something better than what we saw a week or so ago.

The two big things for the electorate of Dawson that I see in the budget is the Northern Australia concessional loan facility—and I will talk about that in a moment—and, most importantly, the small business and jobs package. The electorate of Dawson is made up of the communities of Mackay, the Whitsundays, Bowen, the Burdekin and some of the Townsville area—these communities, like so many others, are communities and economies that are in transition.

We have had a resources boom. The construction phase of that boom, the investment phase, has tailed off. We have had a slowdown in global commodity prices—coal prices—and, as a result, we are seeing a fall-off in employment in the resources sector. We are seeing that filter through to the resource servicing sector. We need assistance from the government to transition, and this small business package will enable so many small businesses in all these other fields of the economy rather than resources to actually go out and have a go as the Prime Minister and the Treasurer said.

It was good to have the Prime Minister in Mackay last week. We went and had a look at Steve Geiger's cabinet making, and Steve is one of those many people who have been dubbed 'Tony's tradies.' He is one of those many tradesmen around the nation having a go, wanting to expand their business. He was telling us about how he wants to move into a bigger shed, a better shed—a place where he can expand. He wants to be able to purchase new equipment to replace some of the tired equipment that he has. He is wanting to do this and he sees the small business package, particularly, the instant asset write-off that we have brought forward, as a way of doing that. He will grow his business, I am sure, and there will be so many other small businesses across the Mackay region that will do exactly that right throughout the Dawson electorate.

Cane-farming families are also small businesses, so they get the benefits of this small business package as well with items that they want to purchase and will be able to write them off in a single year. I am sure there is a lot of investment happening out there now. The Prime Minister told me one of the ads he saw up in Townsville was all these utes and vehicles that had dropped to $19,999. I wonder why that is the case? Good on them. That is going to be money flowing through the economy that was previously tucked away in an account, because people were probably a little reticent to spend. Now they are going to be out there, and that
money is going to be flowing through the economy, churning through, and ultimately somewhere it will be creating a job. That is what we want. That is what we need.

I am so pleased with this small business package. The returns that it is going to provide to my electorate will be immense as we are one of those economies that is in transition. As I said, for the farmers—this applies to them as well—and, more importantly, we have also got a range of measures such as fencing. There is not too much fencing on cane farms but, on some of the cattle properties, that will apply. Water infrastructure—there is the ability to accelerate the depreciation on water infrastructure on farms. I am sure there are going to be a few of the cockies thinking about putting in a turkey nest dam or some other type of water infrastructure to prepare ahead. That is what we want them to do, because we could essentially have a lot of farms self drought-proofed, if we get this water infrastructure onto farms. They can do that with assistance through accelerated depreciation. I think there are a lot of opportunities that are going to flow through to job creation, and job creation is pivotal in my community.

Perhaps the biggest and best thing that I saw in this budget—the thing that is really visionary, that inspires a lot of hope in Northern Australia—is the Northern Australia concessional loan facility of $5 billion. I wonder whether the Treasurer was reading my mind, because in the weeks leading up to the budget, I was actually out there saying to people that we needed some serious coin on the table for this Northern Australia plan. I was on the parliamentary committee that went around Northern Australia talking to people and I could see this level of disbelief of 'Here we go again,' because they had heard it before.

Many governments have talked the talk when it comes to developing northern Australia. No government has done this: chucked $5 billion on the table and said, 'Here you go; go and have a go. Do these big projects that you need to do to develop northern Australia.' I can tell you, one straight off the bat is going to be the Urannah Dam. I talked about it earlier in the chamber today. Urannah Dam is going to be a major job-creating project. More importantly, it is going to open up 30,000 hectares of new land to cropping. That is unbelievable. That will create a whole new agricultural district to the west of Bowen, where they already have the runs on the board. Right now, every tomato you buy in Coles or Woolworths comes from Bowen. They supply just about the entirety of Australia's winter tomato crop, and also capsicums, lettuce, beans—it goes on and on. We are going to expand on that if we can get the Urannah Dam up, and I am sure that with this $5 billion loan facility we will be able to do that.

In the flow-on from that, jobs will be created from new agricultural industry. There will be the possibility of bulk cargo shipping through the Mackay port to other domestic ports. Coastal shipping will develop. We do not have bulk cargo out of Mackay at the moment; we will have if we can get a bigger agricultural sector in the fruit and vegetable area, and we could probably even look at doing direct exports out of the Whitsunday Coast airport perhaps, or through the port of Mackay or the port of Townsville, and maybe even, eventually, through Abbott Point if there is a bulk cargo facility placed there. Further opportunities spring to mind—as I outlined earlier, perhaps a distribution centre for local supermarkets within the region and, again, the jobs that would flow from that. The potential that this budget unlocks in northern Australia is absolutely immense.

I will talk about some of the local infrastructure projects for a minute or two. I particularly want to refer to the Mackay Ring Road. It is a project I am determined to see through to
completion—the biggest infrastructure project in the Mackay region at over half a billion dollars. It is a road that is a bypass of the Mackay city area, taking the heavy vehicles that go from our port out to the mines or to the mining service area in Paget. It takes them around the outskirts of the city, and there will be something like 14 bridges constructed, including a massive one over the Pioneer River. On top of providing the benefit to the city of getting the trucks out of town, it will enable that extra crossing of the Pioneer River to alleviate some of the traffic congestion we have at peak hours.

I am very pleased that an extra $34.8 million has been allocated to that project in this financial year. As we move into future financial years, the construction of the project starts. Right now, they are doing the detailed design work. I am disappointed that we have not got further than this, but the reality is that in Labor's last year in office they did not fund one extra cent towards this project. Effectively, they delayed it by a year. Right now, if it was not for that fact, we probably could have been out there in the coming financial year building the thing. Instead, we are still designing it because of a lack of funding under the leadership—or lack of leadership, I should say—of the then Treasurer, the member for Lilley, and the then infrastructure minister, the member for Grayndler.

But we are getting on with the job, and we are doing it. Over the coming years, $448 million will be allocated for the Mackay Ring Road. There are many other projects that we do have currently underway. There is $30 million being allocated to the Peak Downs Highway safety works, which involves a total project cost of $166 million over the next few years. Sandy Gully Bridge, an area which floods fairly regularly, cutting off the Bruce Highway—our national highway—is going to be fixed. We have $5 million allocated this coming financial year for a total project cost of $46 million. Yellow Gin Creek, another area which floods fairly regularly, on the National Highway, will be fixed this year, with $25 million allocated in the 2015-16 financial year. We have some road widening up near Ayr, with $5 million allocated there for a total project cost of $66.4 million.

Other ongoing projects that are being funded in the budget include a Bruce Highway safety package, with $20 million being allocated in the next financial year. Overtaking lanes will receive $22.1 million. Road widening between St Lawrence and Bowen will receive an extra $3 million this coming financial year. The Burdekin Bridge upgrade will receive $25 million in total. Sarina to Cairns black spots have $19.7 million allocated in the coming financial year. Four bridges on the Peak Downs Highway will begin being built, at a cost of $35 million. There are many other local infrastructure projects: the Milton Street-Shakespeare Street upgrade, Old Clare Road near Ayr, Roads to Recovery funding to the Mackay Regional Council of nearly $2.9 million, the junior soccer grounds relocation and the civic centre public realm improvement project—all job-creating projects. That is what the budget is all about. (Time expired)

Mr RIPOLL (Oxley) (17:31): It is always a pleasure to have an opportunity to respond to appropriation bills and talk about a range of things that are important to the economy in this country and to ordinary people. Probably nothing would be more important right now than what is contained in the budget and what is not contained in the budget and to remind people very clearly of the type of government that we have in Canberra right now. Make no mistake, this is a spend, spend, spend government. This is a government that is spending taxpayers' dollars. It is spending ordinary Australians' hard-earned money—but it does not have any
money; it is borrowing the money. This is a government that is spending, spending and spending, but to spend it is borrowing money and borrowing money like never before. There will be a few National Party and Liberal Party members with a bit of a smirk on their faces and laughing, but, unfortunately, their own budget papers detail the reality of how much they are spending and how much they are borrowing.

If, in the first Liberal budget—we have had two now from Joe Hockey—$17 billion of deficit was an absolute tragedy, was bad enough and was the end of the world, how would you be if, 12 months later, the same Treasurer doubled it and delivered a $35 billion deficit? How would you be assessed? You would have to answer the question: how are you paying for your programs? How are the government paying for their programs? On top of the debt that was already there, they have just borrowed a further $17½ billion. We are further into debt. The deficit is bigger and the debt is bigger. The deficit has blown out; it has doubled, not since the election but just since the last Liberal budget. In two Liberal budgets we have seen the deficit double from $17½ billion to over $35 billion now.

If that were not bad enough—if you needed more evidence—we have seen debt. Do you remember the debt? That was that really big thing: debt-deficit, debt-deficit. What has happened to debt? Has it come down? Is the trajectory tending down? Is there a little less spending? No, the debt has gone up. In fact, it has gone up massively, not since the election but since the last budget. In only 12 months of Joe Hockey managing the economy, he has managed to blow out debt by a further $39 billion. If, under Labor, $13 billion of deficit was the end of the world—that was it; there was nothing that could possibly be measured as worse than that; it was a crisis and an emergency—what do you call $35 billion? That is the question that the government has to answer.

We have seen a situation where there was some debt and there was some deficit, and we will take responsibility for those things, but Joe Hockey came in on the promise, as did Tony Abbott, that there would be a surplus every single budget. That was the promise. The promise was: every single budget there will be a surplus—‘In the first 12 months, I will deliver a surplus, and in every single budget after that.’ Joe Hockey said it and he said it more than once, but he has done the exact opposite. I know Liberal members will be confused because they do not want to look at the facts—they just want to look at what they tell each other rather than the facts.

Let us have a look at other measures, the real ones, the ones that are measured not by the parliament or the Labor Party or the Liberal Party but, perhaps, by Westpac consumer sentiment, which is long running. Let us say it is credible, because as soon as you say anything against this government that does not go their way suddenly it is not credible anymore. In September 2013 consumer confidence was hovering around 110 points. There was a slight bounce at or on or after the election, in 2013, and from there it went downhill at a rapid rate of knots and it kept going down. Why would that have been? In fact, it got to some of the lowest levels seen since they have been recording consumer-confidence levels.

It was not just consumers but also small business who thought this was really terrible. It was bad enough during the global financial crisis, when Labor actually stood up for small business, actually delivered some significant funding programs—direct assistance. I know the Liberals and Nationals will be really surprised when I use these words, but the programs were called ‘instant asset write-off’. It sounds familiar. It sounds like what has just been
reintroduced in this budget! It is just amazing. I have always had the view that there is nothing left to invent when it comes to government, because government reinvents itself every single day. When we see the Liberal Party introducing budgets, they have just reinvented it. It is as though it is the first time we have ever heard of an instant asset write-off. So they reintroduce a good Labor policy and, of course, Labor will be supporting it.

Mr RIPOLL: If you do not think it is a good policy, say so. Just because it was a Labor policy. Now it is your policy. I am prepared to say it is a good policy regardless of who is in government.

A government member interjecting—

Mr RIPOLL: There is a funny thing about this place. If you just add one word to the best policy in the world, to the Liberal Party—it does not matter what policy it is—it is either the best policy or the worst policy in the world. It is whether it has 'Labor' attached to it. It does not matter what it does for the economy. It does not matter how good it is for the economy. It does not matter how good it is for small business. It does not matter how good it is for ordinary Australians. Even their own policy, if you just attach the word Labor to it they denounce it as being the worst thing that has ever happened.

Interestingly, I have been listening to government ministers—which is interesting in itself. They all claim to be spending more. All of them claim to be spending the most we have ever spent. This is the most we have ever spent in X. This is the most we have ever spent in Y. In fact, the Prime Minister said today that this was the best budget ever. If this is the best budget ever, the last one must have been the worst budget ever. If you have the audacity to claim that a budget could be the best budget ever, I would dare to say that the previous Liberal government budget—the one from Joe Hockey, of course—was possibly the worst budget ever. I would not have thought that but since the Prime Minister thinks one way, it must be true for the other way as well.

It just goes on and on and on. Spend, spend, spend. It would be great if we could spend all this money. The Liberals are leaving our children's grandchildren's great-grandchildren a debt for life. Burdened for life. The Liberals are burdening my children's children with a debt for life. If it was a debt when we were in government, what do you call it when you are in government and you have blown it out 2½ times? Is it no longer a debt? Unfortunately, your own budget papers call it a debt.

If Labor's instant asset tax right-off was unfunded, what is it under the Liberal Party? It is doubly unfunded. But where are they borrowing the money from? Perhaps they can explain that. Where is the money coming from? If it was unfunded then, where is it being funded from today? From borrowings. That is the simple answer. This is not too difficult or erroneous to work out. Just have a look at the budget papers. They detail it year by year: forward estimates, previous year and previous budget. They detail exactly what I am talking about.

What does this sound like to ordinary people? They are probably thinking the government is being a little hypocritical. They are right. Not only did Labor introduce the instant asset write-off—which was widely used by small business—but also we did it for four years. We believe that over the forward estimates if you are going to introduce good programs you
should do that. The government is being a little sneaky with theirs. They are only going to introduce it for the next two years. That means they are giving small business a substantially smaller amount of assistance over a shorter period. It sounds bigger because it is a larger number up-front. In real terms it is not as much, because it is for half the period to start with.

There is this sort of short-term thinking, groupthink, of the government, this boom-bust approach to governing the economy, where they try to provide a boom just in this year and then let somebody else worry about the bust in future years, again leaving the debt, of course, to our children's children and their children. Let's go further: everybody's children's children's children, as was so famously said repeatedly when the Liberals and Nationals were in opposition.

A respected chief economist for Bank of America Merrill Lynch, Saul Eslake, points out that almost 63 per cent of small companies will derive no benefit at all from the heralded 1.5 per cent company tax cut. 1.5 per cent is better than nothing, but seriously, I have been talking to small business in a company structure and they say, 'We'll take it, but it's not really exciting.' What Saul Eslake says is that 63 per cent of those companies are neither profitable nor taxable. The government has built itself in a little bit of margin to make itself look good and sound good and is not handing out really much assistance. Anyway, 1.5 per cent is better than nothing. Let us see when it hits the ground what it does for consumer confidence and sentiment, and for business as well.

Interestingly, as I said before, the instant asset write-off, which the government had capped at $20,000, will be about $2 billion over the forward estimates. When Labor introduced our almost identical plan—or should I say that the government copied ours—it was only $6½ thousand capped and we had a policy to lift that to $10,000, which I thought was a reasonable number. But it was actually worth substantially more—$3.55 billion over the forward estimates. We figured that the way small business operates you have to give them certainty just beyond an election cycle. They actually want to see something beyond the boom and bust policies of the Liberal government.

An even more interesting aspect of what is missing in this budget and what is missing from this government—apart from being sustainable, having a plan and actually doing something that is real—is a credible plan to lower the deficit and spend less; spend it in the right areas.

One thing that really does upset a lot of Australians is this: if you are going to take the money from anybody, why take it from the poorest? Why take it from the lowest income earners? Why take it from the pensioners? This government takes, in huge grab bags full, from ordinary people.

On superannuation, the government now says it will never change, ever. I am not sure how long ever is, but I think it is a long time. Tony Abbott says 'Ever, ever. That's it. There are no more changes to super ever.' Of course, that is interesting because super is on an unsustainable growth path in terms of tax concessions, particularly for high income earners. Those high income earners are enjoying a tax concession. Everyone understands what that is. Over the forward estimates those tax concessions are valued at something around $94 billion and growing—growing at a rate so fast that they will overtake the totality of the aged pension in just four years time. This is an unsustainable path that everybody agrees with. I think even the Liberal Party agrees. I think even the National Party agrees. I do not think anyone would disagree that this is unsustainable over the long term.
At some point in time a government, be it Liberal or be it Labor, will have to take this problem head-on. It takes a little bit of courage in looking just beyond the next election cycle. Labor has already put its hand up, by the way. Labor has said, 'This is a tough issue. We are prepared to start.' If we are going to be on a sustainable path when it comes to tax concessions on superannuation, let us start at least at the very top end—those who have more than $10 million in their accounts, more than $5 million in their accounts. There is actually a path where we can work this and do it reasonably. It affects thousands of people, but a small number of thousands of people, compared to what Tony Abbott did to low income earners.

The first thing they did when coming into government, promising never to touch super— and now 'ever, ever'—was take away the low income superannuation contribution, just $500 for some of the lowest paid workers earning less than $37,000 a year. Why hit them so hard? Never, ever changing anything to super, but it is okay to hit up asset means tests for pensioners over a certain threshold. So it is okay to hit the pensioners, it is okay to hit low income workers, it is okay to hit mostly low income working women, but it is not okay—let us just be honest—for very wealthy people who honestly do not need that sort of assistance. Once you have got that sort of money you have lots of choices when it comes to investing for your retirement. You are not just bound to the superannuation system. It was never really designed for people of that capability and means when you are into the millions. It was really designed for ordinary people.

Lots of people enjoy the benefits of our super system. It just recently ticked over $2 trillion in value. It is a fantastic national savings program—thanks to Labor of course. We were fought tooth and nail by the Liberal Party all the way. They were dragged along kicking and screaming. They have always hated superannuation—not for everybody, just for ordinary Australians. They do not like superannuation for ordinary Australians. For the wealthy it is fine. The bit I do not get is that wealthy people have plenty of choices. They can invest in a whole range of ways to look after themselves in retirement.

Labor does have a plan. It is a sustainable plan and a fair plan. It is about making sure that ordinary Australians, people on low incomes, get a little bit of a hand up, a little bit of assistance, just where it is necessary—just so they can keep pace. It is about helping them keep pace with inflation, with what is happening in our economy and with what is happening globally with the cost of living. You do not hear too much about the cost of living from the Liberals anymore. They have given up on that. 'Cost of living' sounds like a three-word slogan to me, but it was just something they used to talk about in opposition. Now it has gone out the door.

Labor actually has a plan to look after people and to ensure the sustainability of our economy and sustainability across the forward estimates, a plan to get on the road back to a surplus in a reasonable amount of time—not the Joe Hockey promise, which was going to be in the first 12 months and every single year after that. That is just one example from their litany of lies, which also included the promise that there would be a million new jobs created in five years. You are a long way short of that. Shame on you. (Time expired)

Dr HENDY (Eden-Monaro) (17:46): The 2015-16 budget has been well received across the Australian community and in my electorate of Eden-Monaro. As a former chief executive of the Australian Chamber of Commerce and Industry, I know that one way to judge a budget is to look at the consumer confidence statistics in the weeks following its announcement.
Across Australia, I note that consumer confidence has risen in a meaningful way. Confidence is on the rise again. As the Treasurer has noted, the latest Westpac-Melbourne Institute index of consumer sentiment jumped by 6.4 per cent in the month of May. The index is now in positive territory, with more optimists than pessimists, and at its highest level since January 2014.

Westpac's chief economist, Bill Evans, said:
This is a very strong result … It is the highest level of the index since January last year.

He went on to say:
Clearly, the two driving forces behind this boost have been the federal budget and the interest rate cut which the Reserve Bank delivered in the first week in May.

He added:
Whilst undoubtedly positive, the impact of the rate cut is likely to have been dominated by the response to the budget.

Further, he said:
The surge in the index this year represents the first time we have had a strong result in May since 2007.

The Westpac chief economist concluded:
The 6.4 per cent lift in the index is comparable with the boost to confidence from the generous budgets of the Howard-Costello era, where the index surged by 7.5 per cent (2007); 8.1 per cent (2005) and 5.3 per cent (2001).

Similarly, the ANZ-Roy Morgan consumer confidence index jumped 3.6 per cent in the week after the budget, putting the index above its long-run average level and at the highest level in around six months—since early November 2014. Confidence was up a cumulative 5.4 per cent over the previous fortnight. The ANZ chief economist, Warren Hogan said:
The initial positive reaction of Australians to last week's budget is great news for the economic outlook … consumer sentiment has risen in both the lead-up to and the immediate period after budget night. The 3.6 per cent weekly rise … indicates to us that the budget impact has been strongly positive. This suggests to us that Australians believe the government has got the mix of medium-term fiscal consolidation and short-term support for the economy about right. We tend to agree …

I know that this is being reflected across my electorate of Eden-Monaro. Since the budget, I have been crisscrossing the 29,000 square kilometres of my electorate—that is equivalent in size to the European country of Belgium—to find out what they think. In the week since budget day I have had listening posts or other engagements in Queanbeyan, Bredbo, Bega, Moruya, Bingie, Merimbula, Jerangle, Tathra, Narooma, Dalmeny and Frogs Hollow. That is a good cross-section of the electorate and I have met hundreds of people. What I have found is a good reaction to the soundness of the budget. There is a recognition that it is a pragmatic way to proceed given the enormous constraints and roadblocks caused by the unthinking Senate led by the ALP and the Greens. There is a general recognition that, while in last year's budget we may have tried to bite off more than we could chew, this budget is taking the path to fiscal improvement—admittedly, more slowly—in a constructive way that gets us measured progress.

In a macro-economic sense what I can note is this: we inherited a deficit of $48 billion; the deficit for the budget year is now estimated to be $35 billion and is forecast to reduce each and every year to below $7 billion over the next four years. Over four years this means that
we will have reduced the $123 billion of deficits inherited from Labor by over $40 billion to $82 billion over four years. Because of our efforts, the deficit reduces each and every year on average by about a half a percentage point of GDP.

For those of my constituents who are concerned that we may be dropping the ball on fixing the budget, can I say that you should not believe everything you read in newspapers and hear on radio and television. In fact, the budget explicitly contains a credible path back to surplus. I understand that the Prime Minister and Treasurer are reluctant to give the firm commitment of getting back to surplus in five years time, in 2019-20, with surpluses projected over the remainder of the medium terms, as it actually says on page 1-8 of Budget Paper No. 1.

The debacle of the Gillard-Rudd years and the member for Lilley, former Treasurer Swan, claiming on hundreds of occasions that they were getting back to surplus—or had in fact actually delivered a surplus—when in fact they were just blowing out the deficit by evermore billions of dollars is not something we as a government want to repeat. The Prime Minister and Treasurer are obviously wary of the curse of Lilley. However, as a mere backbencher, I feel I can point to the budget papers and say that, on the basis of all that is known today, the Treasury experts are predicting a surplus in 2019-20, five years from now. With such a surplus we can actually start paying down some of Labor's debt.

Turning to other aspects of the budget, I know that there is particular enthusiasm in my electorate for the small business and jobs package. Small businesses provide 4.5 million Australians with their jobs. They provide four in 10 jobs in the private sector, six in 10 in construction and eight in 10 in agriculture, and they provide a large number of the jobs in rural electorates such as mine. The budget cuts the small business company tax rate to the lowest in almost 50 years, since 1967, and for two years we are giving all small businesses an immediate tax deduction on any asset they could buy costing up to $20,000. This will benefit more than 95 per cent of all Australian businesses.

As our economy changes, the role of our small businesses will be even more important. That is why the $5.5 billion Growing Jobs and Small Business package will provide major incentives for businesses to invest, hire and grow. In addition, the package includes $375 million aimed particularly at improving opportunities for Australians to get a job and reaching out to disengaged youth. In detail: from 1 July 2015, all small businesses, whether they are incorporated or not, will receive a tax cut. From 1 July 2015, the government will cut the company tax rate for incorporated businesses with annual turnover of up to $2 million by 1.5 percentage points to 28.5 per cent. From 1 July 2015, the government will also provide a five per cent tax discount to unincorporated businesses with annual turnover of up to $2 million. From budget night until 30 June 2017, small businesses will also be able to immediately deduct every asset they acquire that is valued up to $20,000 for tax purposes; currently, the threshold sits at $1,000. These are measures that should help the more than 11,600 small businesses in my electorate and the people who work for them.

The childcare package has also been commented on favourably in my electorate. Its principal component is the $4.4 billion Jobs for Families package which will deliver a childcare system that is simpler, more affordable, more flexible and more accessible. Our objective is to help parents who want to work and parents who want to work more. This package will provide parents with greater choice when it comes to balancing work and family.
Families on incomes of between $65,000 and $170,000 using child care in 2017 will be around $30 a week better off.

There is also direct program spending in Eden-Monaro from the 2015 budget. Some $300 million is to be spent in my electorate over the next few years. That includes $161 million for the South East Regional Hospital in Bega and $95 million to $100 million on the NBN rollout that is occurring right now across the electorate. In addition, there is at least another $46 million in funding for explicit projects like the Port of Eden redevelopment and moneys for road expenditures like those for the Princes Highway on the Far South Coast and $25 million for the Queanbeyan bypass. There is also money for repairing bridges in Bombala and Broulee.

Further, there is $5 million for the nationally famous Bega Cheese Factory. This is part of the $50 million Manufacturing Transition Program. The Commonwealth government's contribution to the program is accompanied by over $200 million in investment by Australian manufacturers. In all, 19 businesses will receive between $1 million and $5 million to improve their competitiveness by investing in new capital equipment and plant improvements. The program seeks to encourage Australian manufacturers to invest in more sophisticated and knowledge-intensive manufacturing. This will create high-value jobs in areas where the greatest economic opportunities exist. The $50 million Manufacturing Transition Program fulfils an election commitment to ensure a secure future for manufacturing in Australia by focusing on areas of competitive strength. It provides the structural and strategic support necessary to give manufacturers the confidence to back themselves and to carve out their place in a changing global environment.

The $5 million for the Bega Cheese Factory is to assist the company to expand its plant in Bega to include a state-of-the-art lactoferrin production facility. Overall, this is a $21 million project that will increase jobs in the Bega district. It will enhance export opportunities in Asia, particularly China and Japan. Lactoferrin is a milk by-product that enhances the nutritional value of infant formula and other medically prescribed food. It is also used in pharmaceuticals. It is a great project for Bega and Eden-Monaro.

I cannot end this speech without directly referring to the Leader of the Opposition's address-in-reply to the budget. So what are the alternatives? Let me tell you about Labor's budget black hole. Labor have a budget black hole of more than $58 billion. Before the Leader of the Opposition's budget-in-reply speech Labor faced a $52 billion budget black hole. By 8 pm that Thursday night, that hole had grown to $58.6 billion. Labor are blocking $17.2 billion worth of government savings and revenue measures, including more than $5 billion of their own savings. Labor are also calling on the government to restore $31 billion in savings that have already been banked, including spending an additional $18 billion in foreign aid.

Labor would deliver higher debt and higher deficit. They have no constructive plan for Australia and, if they were ever elected to government, there will be a very high price to pay for Australian families. For example, Labor have returned to their failed carbon tax policy. Labor say that it will bring back their failed carbon tax—a tax which belt up household costs by some $600 a year without cleaning up the environment. Labor want their tax on electricity and they will not give up on the past.
So you have got a very clear contrast between a coalition government which wants to help business and jobs and Labor, who want to hurt business and jobs by increasing tax. The coalition government got rid of the failed carbon tax and, in its place, our Direct Action is set to achieve and exceed the bipartisan cuts to emissions. Labor will bring back the carbon tax; they will reopen the people-smugglers’ opportunities, threatening lives and billions of dollars in uncontrolled expenditure on detention centres; and, at the first sign of rising mineral commodity prices, you can bet they will raise the proposition of a new mining tax, despite their denials.

One of the other things you can count on with Labor, by their own admission, is that they will raid your super if you give them half a chance. Their latest thought bubble is a big new tax on superannuation and retirees. The shadow Treasurer has confirmed that Labor will fix the superannuation system with a big new tax. Before the 2007 election, Kevin Rudd said that there would be no change to super—‘not one jot, not one tittle’—and he broke his word. In fact, Labor increased superannuation taxation by various raids on thresholds by just short of $9 billion over that six-year period. And now they are at it again. Labor will always revert to form with big new taxes, because it has no idea about how to manage taxpayers’ money.

Under the coalition government, your superannuation savings are safe. Under Labor, your superannuation savings will be treated as a piggy bank to be raided. They are also talking about attacking negative gearing. Self-funded retirees should be very fearful.

On 24 April this year, I received an email from the ALP national secretary, George Wright, which said that I was randomly selected to help the ALP in its year of ideas. What an embarrassment for Labor. This is what he said:

Friend—
2015 is the year that Labor puts forward our ideas to the Australian community … I hope you take this chance to let us know what you think our policies and priorities should be.
George Wright, Labor National Secretary.
I will tell you what you should do: you should pass this budget in full because it is a plan for Australia and it is a plan for Australian jobs.

Mr LAURIE FERGUSON (Werriwa) (18:01): A year ago, in almost Churchillian rhetoric, as though it was the Dunkirk situation, the Treasurer commented:

There are no choices here. This is about the sustainability of our quality of life. It is about what we want to be in five, 10, 20 years’ time.

In another outburst in June 2013, he noted:
It will be my number one imperative to safeguard the economy against a significant downturn and to turbo charge economic growth and jobs.

A year later, he is a very much reduced man—very few cigars in sight. Part of the problem of last year’s budget was summarised very well by Richard Farmer in The Saturday Paper in April 2014. He said:

Before Hockey, treasurers had economic advisers more sceptical of pleading from business — much more so than could now be expected from those who have made their way wheeling and dealing for the rent seekers.

Further, he said:
When Hockey delivered *Re:think—Better tax, better Australia*, he employed the Coalition's preferred method of delivering policy: eschew details in favour of three-word slogans.

With the politicisation of Treasury and calling in people who have come from the corporate sector, is it any wonder that he very quickly dismisses the concept of doing anything about corporate tax evasion by overseas corporations and comes up with the brilliant idea that we should lower taxes so that we have less evasion? As I say, he is a very reduced figure.

It is interesting to note, in the politicisation of this whole process, that one of the organisations that very much commended this budget was the Business Council of Australia. They commended this budget but they also commended last year's budget, which was diametrically different. Last year they said:

The 2014–15 federal budget is a solid start to putting the fiscal strategy back on track, but there is much more work to do to support growth and deliver a sustainable budget position for the long term …

They talked about 'improving the effectiveness of the social services delivered by the government'. So last year we had the Business Council commending a draconian budget which attempted—and the government is still trying to do these things—to cut $5.5 billion from family tax benefits; to have Australians work until they are 70; to make pensioners to pay more for transport, gas, electricity and council rates; and to cause seniors to be $900 a year worse off by abolishing the seniors supplement.

The Business Council, in typical political fashion as an apologist for the government, last year said that these attacks were very valuable and this year, when the government tries to run a political agenda, that they are now soft and cuddly and more considerate, and are still trying to enhance the government's position. But he is not only undermined by the obvious way in which he has politicised the *Intergenerational report* but criticised by all sides of the political spectrum as this budget has been described by all and sundry as very much about politics rather than the economy.

The arguments that were there last year are still there, and what we have seen is a total U-turn. Adele Ferguson in *The Sydney Morning Herald* said:

It is hard to believe this is the same government that authored last year's "budget emergency" that split the population into "lifters" and "leaners" and called an end to "the age of entitlement".

Ross Gittins commented:

This is the budget of a badly rattled government that has put self-preservation ahead of economic responsibility. It will do much to restore Tony Abbott's political fortunes, but next to nothing to return the budget to surplus or hasten the economy's return to strong growth.

So commentators have clearly seen that this rhetoric, which is comparable to the attempt to terrify the Australian population on security and terrorism, was to terrorise them last year by this urgent crisis that dictated attacking pensioners' indexation, forcing young people to have no means of support for six months in unemployment, and others to go onto youth allowance because of their age—all those things were justified last year on the basis of a crisis that allegedly does not have to be dealt with this year.

However, the figures are not at all comforting in any way for this government. Unemployment is now 6.5 per cent—I admit that it is up there with John Howard; it is not novel necessarily under a conservative government and it has happened before. We have a deficit that is doubling from 17.1 to 35.1 billion and a situation where spending is 29 per cent...
and government is increasing it by 1.8 per cent a year compared to 1.3 per cent under Labor, which had to deal with the global financial crisis and spent money to make sure that the Centrelink payments were not going to go up throughout the country through trainees being forced out of their jobs, apprentices thrown on the roadside, businesses closing down and consumers not being able to purchase. The government then had to do something about the crisis, and those opposite had no consideration, no integrity and no honesty about the crisis that the government faced.

Yet now, we see the Treasurer trying to excuse himself and his performance solely on the situation in China and the collapse of the raw materials sector. Obviously, it has had a very deep impact on tax revenue for this country—the fact that that has happened; the fact that the building sector in China has declined. We did not have the same attempt a few years ago to look at this rationally and see the actual economic realities internationally. We did not attempt to say: 'This is all squandering by the previous government, inept spending et cetera.' There has got to be also some doubts about projections by this government with regard to mining investment: they say it will fall to 25.2 per cent by the end of the financial year and 30.5 per cent by 2016-17.

Their solution to that is the rather dubious claim that non-mining investment will zoom past its long-term average annual growth of 6.7 per cent and be 7.5 per cent by 2016-17. They are trying to convince people that that growth of non-mining investment will go to historically unprecedented levels, and yet it is at two per cent today. We have a situation where they talk about wage growth, which has been widely criticised. Wage growth is just matching inflation, and yet their expectation is that over this period of time there will be a significant growth there. This is a country whose administration is trying to basically ensure the unions are shackled, that they are restricted in their activity around the place and yet they are hoping for—

A government member interjecting—

Mr LAURIE FERGUSON: You are hoping for a very big growth with regard to wages over the next few years. You should look at your budget papers and actually see what you are saying. If you shackles the unions, there is not going to be much wage growth over the next few years, quite frankly. You might find there is another way.

I want to turn to a specific aspect of Australian society at the moment which must be seen in the context of the recent survey by NCOSS of people who live on welfare. In this inquiry, NCOSS uncovered the following fact:

One in five respondents receiving the Newstart or Youth Allowance reported not having enough money for basic essentials like housing, food and electricity.

Furthermore, they noted:

73% of respondents receiving the Disability Support Pension and 63% of those receiving the Newstart Allowance reported that their income had fallen behind the cost of living in the last two years.

In that survey, they also noted:

The top five most common items that respondents had gone without in the last 12 months due to lack of finances were: 1. Buying Christmas presents—

Well, perhaps the government said: 'Bad luck!'—

… Dental appointments—
We had some comments on that in question time today—
… Car Service … Buying presents for a loved one's birthday … Medical appointments or procedures.
Finally, they noted:
Nearly one third of respondents (32%) receiving a Disability Support Pension reported that they had gone without meals in the last 12 months in an effort to save money.
This government is trying to sell a subterranean, nuanced message to the Australian people—we are with you, we are there with the hardworking people of this country; we are not with those people who are bludging, freeloaders et cetera. But these are the economic realities of those people. Today the Salvation Army also went on the record with similar findings. I will quote one example from an individual from this NCOS study:
$240 a week is not even enough to pay for housing let alone gas, water, electricity, fuel, rates, insurances, let alone food. I want to be able to survive on my own without begging for food, it's shattering to know that I can only eat what charities give me, I have no control over my own life.
A further comment from another respondent was:
Almost all of my payment is used up with rent alone. I have $25 a week to spare, so I have to really budget other things and work as much as possible.

The reason I raise this survey and the dire circumstances of these people is not only to make the point that the government wants to marginalise and discriminate against these people. I want to comment on something that was confirmed this week by the Australian National Audit Office—something that I have noticed in my electorate that is unprecedented in the last 2½ decades. I did not see this under the Howard government; I did not see this under Labor governments. It is the deplorable situation in Centrelink at the moment, where people's claims are rejected and they are told to go onto a call line. We have a situation where the National Audit Office has revealed that 13.7 million calls were unable to enter the network—that is, the calls were blocked and the callers heard the 'busy signal'. Around 30 per cent of people abandoned their calls to this centre. There were told by Centrelink: 'Get lost! We are not going to deal with you further. Go on the call line!' And 30 per cent of them had to abandon their calls.

People on very low incomes, as I indicated a few minutes ago, are asked to hang on the lines for 35, 40, 50 and 60 minutes and use up valuable money on mobiles. Public phones are not available these days to a lot of people. It is also noted in ANAO's analysis of Centrelink's performance:
… average speed of answer does not clearly indicate what service standard customers can expect, due to distribution of actual wait times.
There is no KPI on that. Furthermore, the ANAO commented:
… in the short to medium term the telephone remains a key access channel for Centrelink services …
The government can talk all they want about how people can get on the internet and go digital. But the reality, as the ANAO says, is that for many years people will still depend on phones.

I have seen this in my electorate office—and that is why I am raising it. There is the situation where a woman with breast cancer is waiting four to five months for an answer about her entitlement. There is another situation where a young person, who was working for many months, is now seeking to study and to utilise a form of Centrelink payment along the
way. Her father said that not once, within the last 4 months did Centrelink, give either himself or his daughter the courtesy of any communication that she required 70 weeks of payslips. Not once were they advised that three years of group certificates was insufficient. This is a situation where for more than 70 days there was no assessment of her situation. This is a pattern around the country.

There is understaffing of the department and inadequacy in the call system. This is a government that takes pride in sacking 17,000 public servants. It is a lack of performance in regard to service delivery leading to very real suffering for Centrelink recipients. These are people who are in dire circumstances, who have very little left after rent, and are basically being asked to get on the phone if they have a problem. It is a phone service that is an absolute basket case. It is a situation where they cannot get their issues rectified.

As I said, I hear this very frequently in my electoral office. It is about time that the government did a bit more than a diversionary and sudden urgent need to have an inquiry into whether people are defrauding Centrelink. The timing of this inquiry is very interesting as it is within days of the ANAO report being made public, which showed a debilitating, incompetent, mismanaged Centrelink. Senator Payne then suddenly decided that we needed to basically go towards left field to get away from the issue of service delivery and inquire into who is supposedly defrauding the system around the country.

We have a much reduced Treasurer. He is still trying to argue last year's case that there is an emergency and that we have to get the deficit down. But the Prime Minister has just left him on the beach. The Prime Minister's message is: 'This is a political crisis. We do not want to go down the road we did last year. We want to try to sell a very kindly message rather than talk about the deficit and rather than the "absolutely necessary" measures of last year. They are no longer important and we are abandoning them.' Bad luck, Mr Treasurer, for your credibility.

Mr FLETCHER (Bradfield—Parliamentary Secretary to the Minister for Communications) (18:16): I am pleased to rise to speak in this debate on the appropriation bills. In the time available to me I would like to focus on three particular issues. Firstly, to highlight the fact that the budget contains a number of measures to boost small businesses and start-up businesses. Secondly, to highlight the importance of start-up businesses. Thirdly, I would like to draw a distinction between the coalition's approach to supporting start-up businesses and that of the Labor Party.

I turn first, then, to the measures to support start-up businesses in this budget. These are of great importance because in any country with a successful technology sector the role of start-up companies is critical. If we can lift our level of start-up activity in Australia the economic benefits will be significant. This budget contains a number of measures to stimulate the start-up community and entrepreneurship. We have committed to streamlining business registration processes to make it quicker and simpler to set up a new business. Starting a new business is not easy but governments can do a lot to make the path easier for Australians who are prepared to have a go. The government are going to develop a single, online registration site for business registration including company registration. We will allow start-up companies to immediately deduct professional expenses incurred when they begin a business, such as legal expenses on establishing a company trust or partnership, rather than the present situation in
which you write them off over five years. This, again, will provide immediate cash flow benefits.

Employee share schemes are vital for start-up businesses. The previous Labor government, unfortunately, was hostile to employee share schemes. Its tax settings made such schemes unattractive to offer or to participate in. The coalition has a very different attitude. From 1 July there will be expanded tax concessions for employee share schemes to make it easier for small start-up companies to attract and retain the talent they need to grow. Start-up companies in the early stages of growth will face a lighter tax burden. For companies with an annual turnover of less than $2 million the company tax rate will be cut by 1.5 percentage points to 28.5 per cent. Start-ups will also benefit from an important stimulus measure for businesses with an annual turnover below $2 million. Between now and the end of 2016-17 any asset worth up to $20,000 purchased by a small business will be immediately deductible in full, again, giving a significant cash-flow boost.

The government have also announced that we will be removing obstacles to crowd sourced equity funding, that is to say, using the internet to raise equity for new projects or business ventures often involving relatively small amounts raised from large numbers of people. In other countries this is an increasingly important source of funding for start-up businesses, but presently there are regulatory restrictions that limit its availability in Australia.

We have also announced changes to the significant investor visa, with applicants for this visa now required to invest at least $500,000 in eligible Australian venture capital or private-equity funds—that is to say, funds which invest in start-up and small private companies. Clearly, this budget is a start-up budget to support our growing start-up sector. Let me turn to why start-up businesses are so important.

In the technology sector, around the world, start-up companies form a critically important part of the growth cycle. A start-up is a company formed from scratch, typically with the aim of commercialising some technology. It might be software, medical technology, biotechnology or renewable-energy technology. The most successful start-ups grow at extraordinary rates. Google, for example, was founded in 1998 and by 2014 it was the third-largest company in the world by market capitalisation.

Start-up companies have a hunger and dynamism that older and more bureaucratised corporates often lack. The companies that have built significant scale are the most visible. But there is vigorous activity among earlier-stage technology-sector companies in Australia. If, for example, you visit the tech-sector co-working space Fishburners, in Piemont, you feel a palpable sense of energy and dynamism. You notice the diversity of the people there and the many start-up businesses that are working to get off the ground.

One such business is Wattcost. As founder David Soutar explained to me, their product will let you monitor your home-power usage on your mobile phone without needing complicated installation. Many similar co-working spaces to Fishburners are springing up around the country as an increasing number of Australians of all ages, but particularly young Australians, choose to start businesses rather than join an existing corporate.

One young Australian I met recently, Sam Crowther, has created a technology solution for easier and safer website login and user authentication. His technology, Kasada, eliminates the need for passwords. It allows a photo taken by the user to be turned into a unique key. At the
age of 19 Sam is currently in Silicon Valley, signing off on an integration into a global networking company.

Other examples I have seen recently are numerous. I have been very impressed with the work of Chris Gilbert and Jonny Wilkinson, for example. They are the cofounders of Equitise Crowdfunding Australia. Chris is an ex-Deloitte consultant and Johnny is an ex-Citigroup analyst. Chris and Jonny left their corporate jobs to start Equitise, an Australian crowdfunding platform, which was officially launched in New Zealand late last year by Chris. The pair had initially intended to launch the platform in Australia but after the recent changes to New Zealand laws, legalising crowdfunding last April, Equitise went ahead with a New Zealand launch.

Current legislation in Australia means equity crowdfunding platforms do face some significant regulatory barriers but, as I mentioned earlier, the budget contained an announcement that the Abbott government intends to remove obstacles in Australia to crowdsourced equity funding. This means that people like Chris and Jonny will not need to set-up shop in New Zealand to run a crowdfunding platform serving Australian investors and clients.

Another strongly emerging trend is the significant support coming from big corporates working with start-ups. Last week I visited Telstra’s accelerator, muru-D, based in Paddington, in Sydney, which is home to a diverse range of start-ups. Those businesses that secure a spot in muru-D join for six months. They receive tailored support from Telstra, including legal services and access to specialised skills within Telstra, such as their user-experience team. Telstra provides a cash contribution and, in return, takes an equity stake.

I had the opportunity to speak to the CEOs of a number of businesses at muru-D—for example, the founder of Freight Exchange. This is a digital marketplace that enables long-distance freight carriers to connect seamlessly with their customers to sell their excess capacity. There is Disrupt, a business that is selling custom-made surfboards using 3D modelling—all delivered through digital sales channels. Both of these CEOs spoke very positively about the benefits their businesses have enjoyed from participating in the muru-D accelerator program. This trend of large corporates supporting start-ups is very much to be encouraged.

A number of iconic Australian organisations are involved in similar innovation initiatives. For example, both the Commonwealth Bank and Qantas are working with TechBeach, a commercial accelerator based in Manly. I had the opportunity to visit TechBeach earlier this month to chat with its CEO and co-founder, Darren Younger.

Another trend that is very evident in the start-up space is an increasing focus on fintech—that is to say, the digital transformation in financial services. The new Sydney fintech hub Stone & Chalk is an illustration of this trend. This is an independent not-for-profit fintech hub, with the objective of helping to foster and accelerate the development of fintech start-ups.

Stone & Chalk has received seed funding from many of Australia’s largest financial institutions, including ANZ, HSBC, Macquarie Group, Suncorp and Westpac. It is chaired by the former CEO of the AMP, Mr Craig Dunn, who, I am very pleased to say, is a constituent of mine in the electorate of Bradfield.
There is clearly significant activity in the start-up sector and, in my judgement, that activity level amongst Australian start-ups is increasing, which is to be welcomed.

How then does the approach that the coalition is taking in this space contrast with the approach of the Labor Party? In his budget reply speech two weeks ago, the opposition leader announced a plan for a $500 million smart investment fund. We all want to see more Australian tech sector start-up companies grow into large, successful employment-generating companies with a sustainable market position, much like SEEK, the company that the opposition leader cited in his budget reply speech, and other success stories such as, just to name a few, Cochlear, Atlassian and REA.

The opposition leader's proposal, I am sorry to say, was a little bit light on detail. To start with, he did not say where the money will come from. This measure was unfunded, as were the other measures he advocated in his speech which, in total, if implemented, will cost taxpayers many billions of dollars. Nor was there much detail about how the proposed smart investment fund would work, apart from the opposition leader saying that it would ‘partner with venture capitalists and fund managers to invest in early-stage and high-potential companies’.

This sounds much like the Innovation Investment Fund, which ran from 1997 until new funding was withdrawn in last year's budget. But the opposition leader failed to tell us how he would overcome the difficulties that the Innovation Investment Fund experienced in its later years under the Labor government. Certainly, the Innovation Investment Fund—I need to be very clear, Madam Deputy Speaker—had some significant early successes after it was established earlier in the Howard government years. For example, in round 1, not only was there funding of SEEK, as the opposition leader noted, but there was also the funding of LookSmart, which was one of the early search engines. That proved to be a very successful financial investment.

But, over time, the financial performance of the IIF deteriorated very significantly—that is to say, the success rate on investments dropped very sharply. Then a really quite significant development occurred in 2013. In 2013 the then Labor government announced that there would be $100 million of public money invested through the IIF, in conjunction with three private sector managers. One was to get $40 million; the other two were to get $30 million each. They were then to go out into the private sector, raise matching private sector capital and then set up in operation new funds to invest venture capital.

Unfortunately, two of the three private sector managers failed to raise the matching private sector capital and, as a consequence, those funds did not go ahead. This reflects the reality that venture capital, as an investment class in Australia, has generated poor returns over the last decade or so, making many investors reluctant to put money in. I want to be very clear about what I am arguing here. I am certainly not arguing against venture capital as an investment class. On the contrary, I think most people who look at the technology sector and start-up sector in Australia believe that we need to increase the amount of venture capital in Australia. So I think we can all agree on the objective. If the particular policy measure that the opposition leader proposed—that is to say, putting in $500 million of government money—is to be taken seriously, we need to have an answer as to how it will overcome the difficulties which had been experienced with similar programs under Labor government control in the past.
It is certainly the case that some very successful technology nations—and I am thinking here particularly of Israel—have seen significant public sector investment into venture capital. The well-known book about the technology sector in Israel entitled *Start-up Nation: The Story of Israel's Economic Miracle* gives more detail on that. I am sure that the member for Gellibrand will have more to say on this topic in his forthcoming book. I look forward to reading it. I am sure it will be available in all good bookstores and I am sure it will sell even better than recent books about the IT and technology sectors in Australia.

Nevertheless, the obvious question that arises is whether a Shorten Labor government would do a good job of getting a good return on publicly invested venture capital. When you consider Labor’s track record and approach in funding technology during the Rudd-Gillard-Rudd years, we repeatedly saw poorly designed hastily conceived schemes to pump billions of dollars of taxpayers money into government owned behemoths such as the $43 billion National Broadband Network Co and the $10 billion Clean Energy Finance Corporation. Rather than stimulating the private sector, the policy objective seemed to be to drive the private sector off the field.

A key point here is that the Abbott government has the focus on stimulating private participants and attracting private capital into the technology sector. Some of the policy measures in this year's budget that I described earlier are very much designed to encourage further private sector activity. By contrast, the Leader of the Opposition is proposing yet another government administered fund, but he has failed to explain how it will help towards an objective of boosting the private venture capital market.

Let me conclude with the observation that Australia's start-up community is larger and more active than ever and needs very much to be encouraged. There is no disagreement that we want to boost the tech sector and start-up activity. We have a set of practical measures in this year's budget that are designed to achieve that objective. I commend those measures and the budget to the House.

**Mr WATTS (Gellibrand) (18:31):** I am pleased to have the opportunity to speak on the Appropriation Bill (No. 1) 2015-2016 and related bills today, because as we know the appropriation bills demonstrate the priorities of a government for the next year and into the future. The budget should match the priorities of the nation. Unfortunately, despite all its talk about making family violence a national priority, there is very little in this budget to match these words. The statistics about the incidence of family violence in our community are chilling and depressing. One in three women will experience physical violence during their lifetime. One if five women will experience violence from a current or former partner. This year, 38 women have already died as a result of family violence. That is close to two Australian women a week who are dying as a result of this scourge. However, instead of responding to the growing calls to action from the community on this issue, the government has given us a budget with no increased funding for the vast majority of vital frontline services that are required to fight this scourge.

We are told that there are further announcements to be made by the government on this front, but the parliament, service providers, advocates, the general public, and, most important of all, women at risk of violence are all in the dark about these measures. Last week on *The Project* Waleed Aly issued a demand that federal and state governments ‘show me the money’.
Unfortunately, his calls have largely been left unanswered. Fair Agenda's *What it will take* report clearly outlines the scale of the challenge of responding to this issue. In 2014, the 1800RESPECT national 24/7 phone counselling service responded to over 50,000 requests for help—18,631 of these requests went unanswered due to lack of funding for staff. These are mainly vulnerable women who are reaching out to seek help but have been unable to receive an answer.

A post-budget announcement—not one made in the budget but in the days following it—of additional funding for this service means that more of these calls will be answered. This is good news to be sure, but a couple of million dollars for counselling services will not do nearly enough to address the huge growth in demand for these services. It is expected that demand for family violence crisis services will grow by 40 per cent in the 2015-16 financial year. As we know, demand for these services is already being unmet, and we know that things are only going to get worse for the sector. There has been an increase in the volume of calls being made to crisis services, as well as an increase in the severity of the abuse associated with these calls.

One of the invidious things about this issue is that, while we need to talk about it to change the community attitudes that enable it, the more that we do talk about it, the more women will come forward—and, sadly, the more women with precarious home situations will be pushed to crisis point. The more that we discuss this issue publicly, giving it the national attention that it does deserve, the more that men are retaliating in their homes—and the more violent men are becoming to reclaim power and control over women in their lives. A perpetrator may watch a news report or a current affairs story on family violence and turned to his wife and say, 'Don't you think that you're going to be able to leave.' I have heard these stories directly from many people in the sector.

Without increased funding for the services, he is right—a woman is stuck. The government may think that they are doing enough by putting family violence on the COAG agenda and prioritising it through that forum. But words are not enough. We need action in the budget and, as in the last budget, we have not seen the dollars to match the words.

It is not just family violence crisis services that need funding. That is just the beginning of what is needed to tackle this issue. We also need to fund specialist women's services that truly understand the complex nature of violence against women and that are able to provide a safe place for women and children to seek the support that they need. Victims of family violence need help to be able to remain safely at home instead of being forced to flee with no support.

These services work together with police and legal services to ensure that women and children are safe. Without these supports, many women are being forced to choose between a violent relationship and homelessness. The risk of homelessness is an important factor in why women stay in abusive relationships. Many women find it difficult to leave abusive relationships because of severe financial disadvantage and a lack of affordable housing in the community. They fear that leaving will mean that they will not have the money to provide for their children or be able to put a roof over their heads, and they stay because their only other option is homelessness.

Family violence is the single biggest cause of homelessness in Australia. In 2013-14, 33 per cent of all people requesting assistance from specialist homelessness agencies were...
escaping domestic or family violence. The vast majority of these people are women and children. Domestic and family violence is the No. 1 reason why people present to specialist homelessness agencies. Last year, every night, 423 people were turned away from homelessness agencies, including women's refuges designed to provide crisis support.

Yet the budget did not increase funding for homelessness services and it did nothing to address the lack of affordable and available social housing in Australia. The budget is forcing women and children to stay in abusive relationships. That is the reality. We can say all of the good words we want, and I do not doubt the goodwill of those opposite—I have said this many times—but the reality is that we need to match growing demand with increasing resources. It does not give me any pleasure to say this, but there is no way around that point.

We know that the point at which a victim decides to leave is often the most dangerous point for them. If the government will not adequately fund services to help victims, then they are leaving vulnerable women and children behind, trapped and alone. No increased funding for community legal centres and legal aid commissions that provide free legal assistance to vulnerable and disadvantaged members of our community further compounds this issue. The government have deferred making any cuts to funding for community legal centres, but this appears to be a short-term fix and future funding still remains uncertain.

Right now many, many vulnerable women are being forced to attend court alone and without legal accompaniment to seek protection from government and the judicial system. In 2013-14, more than 150,000 people seeking free legal advice from community legal centres were turned away due to lack of resources. More than one third of cases dealt with by community legal centres relate to family violence. That is 150,000 people who are being turned away. One third of them deal with family violence.

Labor believes that we have to put family violence at the centre of the national debate if we are going to change these depressing statistics that say that two women will die next week at the hands of a partner or former partner. Labor believes in the importance of empowering and supporting women in our society. We know that family violence disproportionately affects women when eight in 10 incidents of family violence involve a male perpetrator and a female victim.

Family violence is a crime of power and control, which men use to treat women as property and as objects to be threatened, assaulted, isolated and controlled. Family violence is not just about sudden physical attacks from people who lose their temper, who lose control, who lose it or who suffer from mental health problems or alcohol or drug abuse or who come from lower socioeconomic backgrounds. Family violence does not discriminate on the basis of age, income or ethnicity. Family violence is about the systematic undermining of a woman's sense of safety and autonomy in order to control them. Family violence is caused by gender inequality, the attitude that women are worth less than men and an unequal society that enables this to occur.

Labor understands that there is no clearer symbol of continued gender inequality than violence against women. We know that the biggest risk factor for being a victim of family violence is being a woman. We have called on the Prime Minister to hold a national crisis summit on family violence so that we can bring advocates, academics, service providers and survivors to the table and coordinate a national response to this issue. If further measures are coming from the government on this issue, I welcome them, but at the moment the entire
nation is in the dark. A national summit would enable people to discuss these issues openly and agree on a way forward together. We have offered the Prime Minister our support if he chooses to go down this path but if this offer is not adopted we have said that we will hold a national crisis summit within 100 days of the election of a Shorten government.

It is clear that the response to this issue has been too slow and too fragmented for some time. Women and children across Australia are currently being subjected to what the CEO of Domestic Violence Victoria, Fiona McCormack, calls the postcode lottery—a situation where women experience vastly different experiences of the legal system, of homelessness support services, of crisis services depending on where they live and whether they can access local support services or state or federal services. In the meantime, while we await a national summit, we have a responsibility to ensure that women can get the legal support that they need and that women always have somewhere safe to go. No woman should have to endure abuse because she been abandoned and left to fend for herself by society, community or the government.

Labor has recently announced a package of almost $50 million to invest in legal services, including Aboriginal and Torres Strait Islander legal services, to ensure that women suffering from family violence have access to appropriate legal assistance and to ensure that no woman is forced to navigate the legal system alone. We have also announced $15 million in 'safe at home' grants to ensure that victims can remain safely in their own homes rather than being forced to flee because of a violent partner. It is a little-known fact that at the moment when a woman seeks crisis accommodation she is often required to move four times after leaving her home—once to go to crisis accommodation, another after a short period in crisis accommodation to temporary housing, again to establish a more permanent residence and then frequently again after that when that expires.

We need to start thinking about our response to family violence differently. It is one thing to keep pouring money into homelessness services, and as I said today in a crisis situation we are morally obliged to do this, but we need to start thinking about every woman who arrives at a crisis service, at a homelessness service, as a failure of government. We need to create an environment where women are able to stay at home safe from abusive partners. This will mean many different things in many different circumstances. There is a range of innovative programs being initiated in Victoria using technology to keep women safe at home—GPS locators on recidivist and high-risk male offenders, close-circuit television cameras in victim's homes to ensure that there is a documentary evidence trail to enable intervention orders to be enforced and panic buttons that women can carry with them that locate their location 24 hours a day and enable police to be sent directly to where they are. Seeing these panic buttons is one of the more depressing things that I have seen in my job. But talking to the women who hold them they tell me that it gives them a sense of agency and control over their life that has been lacking for some time. It is a depressing thing to have to exist, but their presence is important. A national safe at home strategy that ended the postcode lottery and enabled more women stay at home rather than forced to go to homelessness services is an important change in the paradigm of our response to this issue that we need to embrace.

Labor have also said that we need to invest $8 million to improve perpetrator accountability and tracking so that perpetrators will be diverted from a path that leads to violence. Unfortunately, the current situation is that a small number of men perpetrate against
multiple women. Often a man is not only beating their current partner but also their former partner and sometimes the former partner before that. Unfortunately, however, in most states in Australia we are not able to track these patterns of behaviour and, as such, police struggle to intervene to prevent them.

Similarly, there is no national strategy for dealing with men's behaviour change therapies. I have personally attended men's behaviour change counselling services with groups of men who have been referred to these counselling sessions by the courts in Victoria. While the evidence is mixed about their effectiveness, I know that the men who are intrinsically motivated, the men who continue to go there beyond the court mandate, get a lot of out of it and that the families of the men who go there speak very highly of them. So I urge the Prime Minister and the government to work with Labor, to reach across the aisle, to develop a joint approach to responding to violence against women. This is not an issue that ought to be fought over in the culture wars; it ought to be a priority of this nation to empower women and enable them to be treated as equals.

We know the victims of family violence do not leave their abusers for a number of reasons. They may stay because they fear for their safety if they leave. They may lack the financial resources to leave. They may want to be able to properly care for their children and keep a roof over their heads. When women are making decisions about whether or not to leave violent relationships, they have to consider whether they have the financial capacity to do so. Tackling violence against women also means ensuring that women have the equality of opportunity to be financially secure. Two budget changes in particular—the changes to child care and paid parental leave—will increase the difficulty for women leaving violent situations.

Labor have said that we believe that paid parental leave is vital to ensuring that women remain in the workforce. That is why in government Labor put in place Australia's first ever fair and accessible national paid parental leave scheme. But the recent changes jeopardise this arrangement. By reducing government assistance to women with child-caring responsibilities, low-income women will find it more difficult to leave because of financial restraints. Empowering and supporting women to leave abusive relationships does not just mean increasing funding for family violence crisis services; it also means reducing the gender pay gap, increasing women's workforce participation and making child care more accessible and more affordable. Budgets are about priorities; however, regrettably, on the evidence available to date, this budget reveals that tackling family violence simply is not a priority for this government. (Time expired)

Mr EWEN JONES (Herbert) (18:46): When Treasurer Joe Hockey announced on budget night that there would be a $5 billion concessional loan program to bring projects from ideas to reality for Northern Australia, it was all I could do not to run from my seat and hug him—throw my arms around him in thanks. Let me bring this into context for you. We have been hearing stories about the government developing the north for so long, it has almost become a fable. The brigadier of Townsville's 3rd Brigade, Roger Noble, recently sent me a photograph and speech from a collection at Lavarack Barracks. It was a photograph of the Prime Minister, Harold Holt, announcing the commissioning of Lavarack Barracks. It is a landmark day in Townsville's history. Prime Minister Holt's speech was beautifully typed and extolled his
government's wish to finally get on with developing the north, our next frontier. That was nearly 50 years ago.

He was followed as Prime Minister by Jack McEwen, John Gordon, William McMahon, Gough Whitlam, Malcolm Fraser, Bob Hawke, Paul Keating, John Howard, Kevin Rudd, Julia Gillard and Kevin Rudd again. They all did their best around the different parts of the north of the country, but none had a coordinated plan. To be charitable, the Asian economies were not the engine room of the world's economy during their time, but they all made noises about developing the north. Nearly 50 years on and after 50 years of chatter no wonder there are some who just do not believe that we will ever be taken seriously. I understand their mindset, but now we have reasons and I have available capital to state that things are different now.

Treasurer Joe Hockey came to Townsville last week. He gave a brilliant presentation on the budget and the motivations behind the different measures. He put up a slide, and it was the best slide I have seen in a long time. He said that there are now three time zones around the world. There is the European time zone, there is America's time zone and there is the Asian time zone. We are right here in the Asian time zone. They sit just above us, with their emerging economies and their people needing goods and services, and we are right there in that zone. Treasurer Hockey went on to state the fact that, while mining is a massive earner for exports, it only represents about 10 per cent of our economy. The largest portion of our economy is the services sector, contributing around 70 per cent of our overall economy. Yet this massive part of Australia represents only 17 per cent of our exports.

This the exact thing, making our services sector more export orientated, which will be required by our neighbours as their economies expand and their quality of life grows. Treasurer Hockey said that it is trade in these services which will see us continue to grow and become an even more outward-looking country. Northern Australia, and Townsville, from my perspective, will be right there. How big could this get? Andrew Robb spoke in Townville just before the 2013 election. He stated then that the tropical world, the world between the Tropic of Capricorn and the Tropic of Cancer, had about 600 million people who would be considered consumer or middle class. By 2035, that number of middle class people is expected to expand to 3.6 billion people. We do not have to have it all. What we have to do is provide goods, services and quality product to that niche market. The $5 billion concessional loan program will be the catalyst for our awakening in the nation's consciousness and delivery of the long talked about potential.

It is important to note that this facility will not take the place of the existing infrastructure and future infrastructure needs provided by government. This is on top of everything else. Our $6.5 billion commitment to the Bruce Highway, for example, still goes ahead over those 10 years. But we have to get going and identify the projects that will develop the North. This is why I was so pleased with the way the facility was announced. The Prime Minister and the Treasurer have purposefully been non-prescriptive in this facility's application process. We want to see what is out there. The days of Canberra telling the North what to do and what is good for us are past. This facility will allow us to put forward the things we believe in and the things we will deliver for all of Australia, and to structure the finance to make it happen.

This is not just good for Townsville and North Queensland or even Northern Australia. This is good for Australia—all of Australia. We must work with our councils, chambers of
commerce and our economic drivers to ensure that we get the right mix. I feel for councillors in this process, and my mayor, Jenny Hill, has asked for more detail about how the fund will work. She is doing all the heavy lifting for my region's councils. It is a valid question and request, because it goes to the mindset that we must confront. Local governments have been subjected to more and massive cost-shifting by state governments of all political persuasions over the last 10 to 15 years. Madam Deputy Speaker Prentice, you will know all about that. This often happens without consultation and certainly without compensation. The end result is that the primary objective of local government is simply not to go broke. They cannot focus on 10 to 15 years into the future, or even to the end of their terms. They are focused so tightly on the here and the now that they need assistance in getting their heads around what is possible and achievable. We as a government must be prepared to go to our councils and assist them with the resources to reach out and raise their eyes to the horizon.

Minister Robb challenged my councillors, in this building, to look up and dream big. If we get the big projects the little ones will happen as a matter of course. That may be so, but when you have been belted by state government and the like, you tend to focus on the little things and not the visionary things. We need to understand this and work with them. They have the answers and the people in their communities who can do this. We need to support them.

My government released the intergenerational report and identified the small business sector as the primary driver of our employment and economic prosperity into the future. My wife said to our children over dinner recently that the jobs of the future have not even been thought of yet. Just think about that. It is not that they do not exist yet, it is just that the concept of what the jobs will be has not even been thought of.

We are on the cusp of delivering for our country into the future, and we have to grab it with both hands. It will be small business that will need the flexibility and innovation to progress. It will be small business that thinks about the hole in the market or the supply chain and goes for it—that has a go. What we have to do as a parliament and as federal, state and local governments is get out of the way and let small business have their head.

But what would be better is customers who value them. I will continue to advocate for changes to the tender system and process to allow government tenders and the money they bring to our communities to wash through our economy more than once. We must do all we can to show support for the local businesses that make up our regional communities. We must protect the taxpayer, but we must get a better mix in the approval process.

This is also where my government's decision to have a fair dinkum tax discussion and a good hard look at our Federation makes a great deal of sense to me. If you speak to small-business people, the notion of payroll tax and stamp duty is constantly raised. It is not really the fault of the state governments that they levy these taxes, but if we are to have a competitive taxation regime into the 21st century we must look at how taxes are raised, both state and federal, and at the errors of duplication across the Federation. These two white papers should be open and fearless in their discussion.

Everyone on this side of the House knows that government does not create wealth or jobs. What government does is set the scene for commercial engagement. We can make it onerous and restrictive or we can step back and support these people as they develop and grow. To that end, I have a couple of suggestions that my government can do to assist. If we are to
develop the north we need to get water and energy sorted out from the beginning. Nothing happens without them.

With energy in my region, my mayor sees the opportunity for Townsville should the gas pipeline from Tennant Creek reach Mount Isa. I am constantly hearing from small and medium enterprises that we must engage again in secondary processing. The cost of iron ore has come down, the cost of coal has come down, and we must provide low cost energy and produce the goods here. Ideas like bringing the pipeline all the way to Townsville are worthy of consideration and support. To that end, I have asked Minister Macfarlane to come to Townsville to discuss our energy needs. When the Darling mine commences, they will investigate the possibility of using the overburden to produce coal-fired electricity for their mine. Can we increase the capacity of that power station and add to that the poles and wires and bring coal-fired base-load energy all the way to Townsville? It is surely worthy of consideration.

If you speak to people like Graham Pollock from SMEC Engineering, he says that we will get the best energy result, meaning the lowest possible competitive prices, by producing a mosaic of power options and suppliers. Can this $5 billion be used to bring hydro to Tully in the Burdekin, together with ethanol from Ingham and wind and solar from Richmond, to finally provide a consistent base-load energy to facilitate our emerging energy needs? Can the science we will run alongside these become an economic driver for our country as well? Can the MBD algae project be used via a direct action mechanism to lower emissions and produce quality fibre, food and fuel? We need to find out.

Science must be at the core of our northern development. Organisations such as the Australian Institute of Marine Science and CSIRO must be used not only to give our baseline economic and environmental exposures, but they can also be used as honest brokers to survey before, during and after monitoring of the effects of any development. I have always said that, no matter what we do, it impacts on our environment. It is how we manage these impacts which is the important part. We must back our scientists.

Townsville's James Cook University and the Australian Institute of Tropical Health and Medicine will drive research and discovery north into the tropics. By 2050, 70 per cent of the world's children will live in the tropical world and we will have the only Western university in the world with this brilliant facility aimed fairly and squarely at this tropical world in their time zone. This means that we will be tackling epidemic diseases such as drug resistant TB, malaria and dengue. We must also work hard on the lifestyle problems being faced in the tropical world. Diabetes type 2 has become a major killer of the people in the tropical world. My city and university are perfectly placed to deliver into this space.

Defence will always play a major role in my city and region. Lavarack Barracks has already featured in my speech so far. The thought that has gone into developing our redeployable capability over many governments is to be commended. Similarly, the work that has gone into readying 2RAR is second to none. The way our amphibious regiment will interact with the Navy's magnificent LSD ship is amazing. But we will need to ensure that the RAAF is a vital part of our interoperability. By deploying a squadron on the new C-27J aircraft, the RAAF will be able to fully participate in the training which will be so vital for our future defence. Getting the P-8s to Townsville so that our border security can be properly supported will be another string to the RAAF's capability redevelopment in Townsville.
I truly believe that the future of Army aviation lies in Townsville. The skies above the Darling Downs are becoming cluttered and a new home for the Army's helicopter fleet and training should move to Townsville. We have an airport and an airfield which can expand to housing. We have a city of Townsville which will welcome them. We have a private sector which will work with and support them and grow our businesses internationally. By backing Townsville, everyone wins.

I am hugely energised by our budget. The Treasurer, Joe Hockey, has delivered what Andrew Roberts put to the world. We are perfectly placed to capitalise on the work done by this government. I have done nearly 15 minutes on this speech and I could go for another hour and a half on what this budget has done for my community. We are perfectly placed to capitalise on the work done by this government. We must always remember that countries are made up of people and that social infrastructure is every bit as important as a port or a pipeline. But as the Treasurer and the Minister for Trade and Investment have said, if we lift our eyes and look to the bigger picture we will achieve a very bright future for ourselves and our children. It is our time to have a go. I thank the House.

Debate adjourned.

Federation Chamber adjourned at 19:00