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**SITTING DAYS—2014**

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FORTY-FOURTH PARLIAMENT
FIRST SESSION—FOURTH PERIOD

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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
Members of the Speaker’s Panel—Mrs Karen Lesley Andrews MP,
Mr Russell Evan Broadbent MP, Mr Alexander George Hawke MP,
Mr Ian Reginald Goodenough MP, Mrs Natasha Louise Griggs MP,
Mr Ewen Thomas Jones MP, Mr Craig Kelly MP, Hon. Charles Christian Porter MP,
Mr Donald James Randall MP, Mr Ross Xavier Vasta MP, Mr Brett David Whiteley MP

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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—Hon. Philip Maxwell Ruddock MP
Government Whips—Mr Scott Buchholz MP and Ms Nola Bethwyn Marino MP

The Nationals
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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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<td>Robertson, NSW</td>
<td>LP</td>
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<tr>
<td>Wilkie, Mr Andrew Damien</td>
<td>Denison, TAS</td>
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<td>Williams, Mr Matthew</td>
<td>Hindmarsh, SA</td>
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<td>Wilson, Mr Richard James</td>
<td>O’Connor, WA</td>
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<td>Wood, Mr Jason Peter</td>
<td>La Trobe, VIC</td>
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<tr>
<td>Wyatt, Mr Kenneth George AM</td>
<td>Hasluck, WA</td>
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<tr>
<td>Zappia, Mr Antonio</td>
<td>Makin, SA</td>
<td>ALP</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

Clerk of the Senate—R Laing  
Clerk of the House of Representatives—D Elder  
Secretary, Department of Parliamentary Services—C Mills  
Parliamentary Budget Officer—P Bowen
ABBOTT MINISTRY

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<tr>
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<tr>
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<td>The Hon. Bruce Billson MP</td>
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<td>Acting Assistant Treasurer</td>
<td>Senator the Hon Mathias Corman</td>
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<tr>
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<td>Senator the Hon. Richard Colbeck</td>
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<td>The Hon. Paul Fletcher MP</td>
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<tr>
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<td>The Hon. Kevin Andrews MP</td>
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<tr>
<td>Assistant Minister for Social Services (Manager of Government Business in the Senate)</td>
<td>Senator the Hon. Mitch Fifield</td>
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<td>Senator the Hon. Marise Payne</td>
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<td>Senator the Hon. Concetta Fierravanti-Wells</td>
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<td>Minister for Health</td>
<td>Senator the Hon. Fiona Nash</td>
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<td>Minister for Sport</td>
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<tr>
<td>Assistant Minister for Health</td>
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</table>
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Minister for Defence | Senator the Hon. David Johnston
Minister for Veterans’ Affairs | Senator the Hon. Michael Ronaldson
Minister Assisting the Prime Minister for the Centenary of ANZAC | Senator the Hon. Michael Ronaldson
Assistant Minister for Defence | The Hon. Stuart Robert MP
Parliamentary Secretary to the Minister for Defence | The Hon. Darren Chester MP
Minister for the Environment | The Hon. Greg Hunt MP
Parliamentary Secretary to the Minister for the Environment | Senator the Hon. Simon Birmingham
Minister for Immigration and Border Protection | The Hon. Scott Morrison MP
Assistant Minister for Immigration and Border Protection | Senator the Hon. Michaelia Cash
Minister for Finance | Senator the Hon. Mathias Cormann
Special Minister of State | Senator the Hon. Michael Ronaldson
Parliamentary Secretary to the Minister for Finance | The Hon. Michael McCormack MP

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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<td>Hon Bill Shorten MP</td>
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<tr>
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<td>Senator the Hon Kim Carr</td>
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<td>Shadow Minister Assisting the Leader for Small Business</td>
<td>Hon Bernie Ripoll MP</td>
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<tr>
<td><strong>Shadow Parliamentary Secretary for Small Business</strong></td>
<td>Julie Owens MP</td>
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<tr>
<td>Shadow Cabinet Secretary</td>
<td>Senator the Hon Jacinta Collins</td>
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<tr>
<td>Shadow Parliamentary Secretary to the Leader of the Opposition</td>
<td>Hon Michael Danby MP</td>
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<tr>
<td>Shadow Parliamentary Secretary to the Leader of the Opposition</td>
<td>Dr Jim Chalmers MP</td>
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<tr>
<td><strong>Deputy Leader of the Opposition</strong></td>
<td>Hon Tanya Plibersek MP</td>
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<tr>
<td>Shadow Minister for Foreign Affairs and International Development</td>
<td>Senator Claire Moore</td>
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<tr>
<td>Shadow Minister for Women</td>
<td>Hon Matt Thistlethwaite MP</td>
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<td>Manager of Opposition Business (Senate)</td>
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<td>Shadow Minister for the Centenary of ANZAC</td>
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<tr>
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<td>Hon Mark Butler MP</td>
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<tr>
<td><strong>Shadow Parliamentary Secretary for the Environment, Climate</strong></td>
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Wednesday, 27 August 2014

The SPEAKER (Hon. Bronwyn Bishop) took the chair at 09:00, made an acknowledgement of country and read prayers.

COMMITTEES
Human Rights Committee

Report

Mr LAURIE FERGUSON (Werriwa) (09:01): On behalf of the Joint Committee on Human Rights, I present the committee's 10th report of the 44th parliament entitled Examination of legislation in accordance with the Human Rights (Parliamentary Scrutiny) Act 2011: Bills introduced 7-17 July 2014, Legislative Instruments received 21 June-25 July 2014. I ask leave of the House to make a short statement in connection with the report.

Leave granted.

Mr LAURIE FERGUSON: I rise to speak to the tabling of the Parliamentary Joint Committee on Human Rights 10th report of the 44th parliament. The committee considered 22 bills. Of these, 16 do not require further scrutiny as they are compatible with human rights. The committee has decided to further defer its consideration of two bills. The committee has identified six bills that it considers requires further examination for which it will seek further information. Of the bills considered, those which are scheduled for debate during the sitting week commencing 25 August include: the Fair Work Amendment Bill 2014 and the Australian Citizenship Amendment (Intercountry Adoption) Bill 2014.

The report outlines the committee's assessment of the compatibility of these bills with human rights. I encourage my fellow members to look to the committee's report to inform your deliberations on the merits of this proposed legislation. I would like to draw members' attention to two bills in support which are of particular interest and relevance to the committee's task of assessing legislation for compatibility with human rights.

Firstly, the Australian Sports Anti-Doping Authority Amendment Bill 2014 seeks to amend the Australian Sports Anti-Doping Authority Act 2006 to align Australia's anti-doping legislation with the revised World Anti-Doping Code and international standards that come into force on 1 January 2015. The committee notes the challenge of seeking to realise the goal of drug- and doping-free sport while ensuring that any anti-doping measures are compatible with fundamental human rights.

As noted in the report, the committee has recommended that the bill be amended to include a requirement that the 'prohibited association, anti-doping rule violation' will apply only insofar as it is consistent with the right to freedom of association protected under international human rights law. The committee has also raised concerns about measures which engage fair trial rights and the prohibition on retrospective criminal laws.

The committee has sought the advice of the minister as to whether the measures are compatible with these rights, noting that the statement of compatibility did not adequately identify and assess how potential limitations on rights would be reasonable, necessary and proportionate in each case.
Secondly, the International Tax Agreements Amendment Bill 2014 seeks to give effect to a double taxation treaty between Australia and Switzerland. I note that the report draws attention to the statement of compatibility accompanying the bill, and the exemplary assessment which it provides of the bill's impact on the right to privacy.

While it is fair to say that there is still considerable room for improvement in the quality of statements of compatibility, it is pleasing to be able to point to an example which demonstrates that departments continue to develop the knowledge and expertise to formulate human rights assessments that are consistent with the committee's human rights analytical framework.

I commend the officers of the Treasury responsible for preparation of the statement of compatibility for this bill, and I encourage members to consult the full report for discussion of these and other bills currently before the Parliament.

With these comments, I commend the committee's 10th report of the 44th parliament to the chamber.

BILLS
Fair Work Amendment Bill 2014
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:
'the House declines to give the bill a second reading because:
(1) of the need to provide sufficient protections in Individual Flexibility Arrangements and the impact that losing protections will have on employees; and
(2) of the Greenfield agreement making process being heavily skewed in favour of employers; and
(3) the provisions of the bill undermine the right for Australian employees to be represented at work including a requirement that an employee tell their employer if they want to speak with a union; and
(4) of the need for a full examination of all amendments within this bill that may unfairly impact on employees.'

The SPEAKER: The question now is that the amendment be agreed to. I call the member for Bennelong, who is in continuum.

Mr ALEXANDER (Bennelong) (09:05): Furthermore, employers also have rights, including a right to go about their business without unnecessary disruption or unfairly imposed costs. Right of entry under the current act is not fair to employers because it places unfair demands and unfair financial imposts on them. These are in the form of an obligation on employers to pay the cost of transport for union officials to remote work sites as well as the cost of their accommodation. This has created an employer funded, union-boss joy-ride scheme. There is much evidence that this abuse, and abuse it is, in the spirit, in the act and even in the word. When the CFMEU national president Joe McDonald ignored a request to leave an iron ore site in Western Australia because he did not have a right-of-entry permit, he replied, 'I haven't had one for seven years and that hasn't [expletive] stopped me.' Consider also the costs of transport and accommodation required for the excessive and disruptive right-
of-entry visits to the Pluto project and the BHP Billiton plant. These are costs imposed on all businesses where unions demand right of entry. This hardly constitutes fairness.

Labor implemented the current right of entry after its election win in 2007. This, however, is utterly inconsistent with undertakings made by the then deputy opposition leader Julia Gillard, when she promised on multiple occasions prior to the 2007 election that there would be no changes to the union right-of-entry laws existing at the time. This is another broken promise. It is not fair and it is destructive of the common good of all. A weakened economy harms workers, families and communities. It harms the weakest and the most vulnerable. This is not consistent with coalition values. I trust the members opposite will recall the promises made by their former deputy leader, later leader and Prime Minister, and will remain true to their values of supporting the weakest and the most vulnerable.

The current Fair Work Act is not fair because unions currently have power of veto over greenfields agreements. Removing the obligation for them to negotiate in good faith and without delay, the union power of veto over greenfields agreements has allowed unions to refuse to reach any agreement until their demands for what can only be described as impractical, unrealistic and unsustainable wages and conditions are accepted. The current act does not ensure that vital new mining or construction projects are not unduly delayed and that investment is not threatened by protracted greenfields agreement negotiations. This is not fair to businesses, to investors and to shareholders. It is not fair to job seekers, who will not be given opportunities for employment if greenfields projects are delayed or stopped.

When looking at the union power of veto over greenfields agreements, the former Labor government's Fair Work review noted, in somewhat understated language, that these practices potentially threaten future investment in major projects in Australia. They have already delayed major resource projects worth billions of dollars. This is bad for jobs and bad for the economy, and it is bad for our sovereign risk reputation. It is bad for the unemployed, for job seekers, for their families and for their communities. By not supporting the coalition's amendments, which are based on the recommendations of Labor's own review panel and, as already noted, on Labor's promises, Labor will demonstrate an appalling inconsistency in its supposed support for those it claims most to represent. This bill will remove this union veto power over greenfields agreements and will lead to training and employment opportunities, fair and sustainable wages and conditions for employees, certainty to businesses and investors, and a stronger and more prosperous Australia.

The current Fair Work Act requires that an employee be better off overall under an individual flexibility arrangement, or IFA. The government's proposed amendments to IFAs do not affect this requirement. In fact, this bill again responds to outstanding recommendations of the former Labor government's Fair Work Review Panel. These were practical and sensible recommendations. Let me repeat: this bill responds to outstanding recommendations of the former Labor government's Fair Work Review Panel. These were practical and sensible recommendations.

These recommendations, when implemented via this government's bill, will make Australian workers better off overall, as the arrangements they reach will be based on their own needs as they, the workers themselves, have assessed them. The workers will have initiative and self-responsibility returned to them by this government, and employers and businesses will reap the benefits of a more satisfied employee. To not implement these
recommendations is not fair to Australian workers. To not implement these recommendations is the antithesis of Labor's stated values. To not implement these recommendations is to not support amendments that will improve individual and common good.

Under the current Fair Work Act, there is a 'strike first, talk later' loophole, whereby employees are allowed to strike before bargaining has even commenced. This is an unbalanced and inharmonious approach to enterprise bargaining. Strikes engaged in under such circumstances, where there has been no good-faith bargaining beforehand, are not fair. They are not fair to the business owners, investors and shareholders. As production or services are halted, the very viability of the business may be threatened, and owners and investors may lose their investment and their livelihoods. They are not fair to the business and others in the production and distribution chain, as they also lose business and income, and the viability of their own businesses can be threatened. They are not fair to consumers of services or products, as they are deprived of these resources. And they are not fair to the workers involved, both inside and outside the affected business, as they lose income and may even lose their jobs.

Allow me to read the following quotation:

… industrial disputes are serious. They hurt workers, they hurt businesses, they can hurt families and communities, and they certainly hurt the economy.

… employees will not be able to strike … unless there has been genuine good faith bargaining.

These words were spoken by Kevin Rudd in 2007. This government's proposed amendments will keep this promise made by Labor in 2007. Our amendments will ensure that protected industrial action can only be taken if bargaining for a proposed agreement has commenced.

I have outlined how the status quo with the Fair Work Act is unfair, how it is contrary to Labor's previous promises and undertakings and claimed Labor values, how it is harmful to the employment opportunities and livelihoods of so many Australians, and how its inequities harm the economy and adversely reach into and leave their mark in every Australian home. The consequences of a failure to change this act via this government's proposed amendments will be dark and dismal for the economy and, as a consequence, for Australia and every Australian.

However, there is hope, and that hope lies with this government. The amendments put forward by this government will ensure that unions can no longer frustrate enterprise bargaining through unrealistic and unsustainable claims, and unconscionable delays. The amendments will improve workplace productivity and flexibility by enhancing the scope for employees to make individual flexibility arrangements that meet their own genuine and expressed needs. They will deal with excessive right-of-entry visits demanded by combative and uncompromising union officials. They will close the 'strike first, talk later' loophole in good-faith bargaining that is so destructive of harmony, productivity and prosperity for all.

Labor have made the promises. We will hold them to their promises. This government will deliver on these promises.

Mr EWEN JONES (Herbert) (09:14): Let us go back in history here. We have heard a lot this sitting week about how much stead the Labor Party puts in what is said before an election and what happens after an election. The year: 2007. The place: Australia. The speaker: Kevin Rudd. 'I am an economic conservative. We will maintain tight fiscal policy and commit to
budget surpluses over the forward estimates. 'This reckless spending must stop. 'I am Howard lite.' We will maintain Australia's border integrity. 'We will not change the right of entry provisions as they currently stand.' Honestly, the only thing he got a little bit right was the third one—the 'Howard lite' comment. He was so light he floated on helium and had the funny voice to go with it. Like a schooner glass full of froth, he had no substance.

The GFC hit Australia and Labor responded by pump-priming the economy with cash. Along the way, they rolled back the right-of-entry provisions for their union mates. So, while we had the advantage of cash in the bank and the best set of books any government in the Western world had to face such a challenge, Labor's actions slowed productivity on purpose by allowing the union movement almost unfettered access to work sites. I will always remember Marius Kloppers's words soon after Olympic Dam was put back on the shelf. He said at the time: 'Australia used to be a low-cost high-productivity place to do business. Today, Australia is a high-cost low-productivity place to do business.'

In my electorate, the issue is confidence. My people want to get and keep a good paying job. That is what all Australians want. That is what we are trying to fix here. Not all the problems we have at present can be laid at the feet of the union movement or the right of entry provisions. But, when we are seeing our manufacturing jobs move overseas, productivity must be addressed.

I think it was the Higgins review in 1908 or 1909 which made the decision for Australians that we would be a high-wage nation, regardless of the profitability of the employer. I have always been fine with us being a high-wage country if you are very productive and you have low input costs. If you remove, however, two of those, you have a recipe for unemployment. The current national rate is about 6.4 per cent and that should worry everyone in this place. In my electorate, it is worse than that, and particularly for those people who do not have much experience and for those who have loads of experience. The young and the old always cop it first when things start to go wrong, and this has been the same throughout history.

What we must do is work as hard as we can to instil the confidence to employ and hire. Being a government living within its means is a great start, but it is only a start. The major changes we hope to provide, from my perspective, are as follows. The coalition policy commitment will ensure that the Fair Work laws will provide a safety net for workers while helping business grow. This will help deliver that confidence to industry. That in turn will create new jobs and deliver real wage growth.

Changing the right of entry laws will allow employers to run a business without disruption while balancing the rights of employees at the same time. Please remember that 87 per cent of the workforce are not union members. The changes we are implementing will assist to stop union workplace harassment. Labor's own Fair Work Review Panel, when Labor were in power, noted that the Pluto LNG project received over 200 right of entry visits in just three months. BHP Billiton's Worsley Alumina plant received 180 visits in a single year. What do they have in common? They are remote places of work.

Our policy changes will mean that employers in remote area worksites do not have to pay for transport and accommodation for union officials to visit worksites. We have all heard the stories of unions taking advantage of this loophole, taking 'helicopter joy-rides', and an unnecessarily high number of visits to remote worksites, as previously stated.
A recent case featuring CFMEU National President Joe McDonald has underlined the urgent need for these reforms. In the most recent case, where Mr McDonald and the CFMEU were fined $193,600, he ignored constant requests to leave a site owned by Citic Pacific's Sino Iron Ore in Western Australia. When asked to leave the site because he didn't have a right-of-entry permit, Mr McDonald said:

I haven't had one for seven years, and that hasn't … stopped me.

We will also repeal the previous government's amendments, made in 2013, that expanded union right of entry even further by allowing for uninvited 'lunch room invasions'. Those amendments give unions the right to insist on addressing workers in their lunch rooms, even when the workers have not requested their presence and are not union members. This practice is just unfair and predatory. It is a shame that employees' rights to be fairly represented have turned into what looks like a case of union bullying and harassment in the workplace.

It is at the stage where the unions are now causing a slowdown on productivity across so many sectors in our economy. Again, we are facing international challenges for our jobs. Being productive must be the core element of all employment. Our changes will encourage business productivity and help to deliver our government's promise to create one million new jobs over the next five years. This will drive prosperity in a strong economy to provide more job security and ensure sustainable wage increases. Surely that is what a government must do.

A government must set the stage for employers to employ and for employees to prosper through hard work.

Another important change to the legislation is the 'strike first, talk later' loophole. This poor piece of legislation allows unions and workers to strike before negotiations have even started. Labor refused to address this while they were in government, again pandering to the needs and wants of the union movement. Labor failed Australian business and they failed their members by not fighting to keep jobs here through being productive and proud of the work they were doing. Our changes will ensure protections are in place to avoid strike action unless negotiations have commenced.

One of the things that have always bugged the living daylights out of me is the greenfield agreements struck before any work can commence between aggressive unions and submissive employers. This bill will remove the veto power given to unions. Agreements can be delivered in good faith and in a reasonable time frame. Surely that is good for Australia. Employers will have the option of taking a proposed greenfield agreement to the Fair Work Commission after three months of negotiations if the agreement has not been reached. The former government's Fair Work review noted these practices 'potentially threaten future investment and major prospects in Australia'. Currently, billions of dollars' worth of new projects have been put on hold because of these provisions. I simply cannot understand a system where someone who wants to spend billions of dollars building something has to go cap in hand and negotiate with an organisation which has absolutely no skin in the game.

This bill sends a loud and clear message to the rest of the world that Australia is open for business. Is all of this just coalition rhetoric? I think not. Former Labor minister Martin Ferguson—a man who everyone in this place should respect—commented back in February this year that he backed these changes to Fair Work. Mr Ferguson said that 23 years of continual growth was threatened and that he was pleased that some of the modest changes were being introduced. I quote from The Age on 27 February 2014, where he said:

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CHAMBER
High labour costs and low productivity are an unsustainable mix … therefore elements of Fair Work must be looked at.

Just to recap: in 2007, the Labor Party promised on multiple occasions that there would be no changes to the union right-of-entry laws. In a press conference on 28 August 2007, the deputy opposition leader, Julia Gillard, said:

We will make sure that current right of entry provisions stay. We understand that entering on the premises of an employer needs to happen in an orderly way. We will keep the right of entry provisions.

Under the current Fair Work provisions, unions have been able to gain entry to workplaces even if they are not a party to the award or agreement that applies to that business and where they have no members. Surely that is just wrong. Labor's changes gave unions privileged entry rights to any workplace as long they have 'potential members'. This is the case even where enterprise agreements are made with other unions and directly with employees. We are not trying to stop them having access. We just wanted to make it fair. There will be no requirement for an employee who has requested a union presence to even be identified. There will be measures to ensure that employees can remain anonymous if they wish. If a union is asked by an employer for proof of an invitation to the workplace and the employee wishes to remain anonymous a union will be able to apply to the Fair Work Commission for an invitation certificate. The Fair Work Commission must issue the certificate if it is satisfied that an employee who the union is entitled to represent has invited a union representative to his or her workplace for the purpose of holding discussions.

The amendment will provide that the Fair Work Commission will be required to take into account the combined impacts of visits by all unions to the workplace. This will ensure that employers have recourse in the event that combined impacts of visits by a number of unions is resulting in excessive disruptions.

These changes are about balance. This bill is about fairness, and it is all about ensuring that employers can go about their business without undue and unnecessary disruption, while retaining the capacity for employees to have representation in the workplace. We want the workplace to be a productive workplace.

I have worked in banking, debt collection, auctioneering, finance and real estate. All I ever wanted was to do my job, be proud of what I did, and get paid a fair wage for it. With that in mind, I support the individual flexibility agreements or IFAs. They were introduced by Labor with the intention of enabling workers and their employers to mutually agree on conditions that suit their needs. IFAs will be an important option to enable employees to manage their child care or other caring arrangements, or to spend time with their families or on other commitments. I am proud to be the member for Herbert in an Abbott government. We are a coalition looking to expand our workplaces and get jobs created by business.

There is much work to be done. I want the tender process worked on to ensure that taxpayers get real value for the work carried out, and not just inflated prices to cover things which produce no results. I want taxpayer funds expended in my seat and throughout my region to wash through our entire economy, and not just through a couple of firms lucky enough to win a government tender.

There is much work to be done here, and we had better get to it. My city of Townsville wants a bright future. We are a government which talks about developing the north, and that is a key ingredient in my city's future, but to make it happen we have to be as flexible as
possible to ensure that we are able to work for a competitive price. We have to meet our markets; it is that simple.

I have said it before and I will say it again: I am always happy to have Australia as a high-wage nation. But to do that we—governments, business owners and employees—have to do everything in our power to ensure that our input costs are as low as possible and that we are as productive as possible. We can compete in the 21st century. We are open for business. In this government we just have to deliver for all Australians.

**Ms HENDERSON** (Corangamite) (09:28): I rise to speak in this debate on this second reading amendment to the Fair Work Amendment Bill 2014. The bill makes amendments to the Fair Work Act 2009 to implement elements of the coalition’s policy to improve the Fair Work laws which were announced prior to the 2013 elections.

The bill will amend the act in a number of ways which will boost productivity and encourage economic growth. The measures in the bill will provide a more balanced workplace relations system and safeguard workers’ conditions. The bill will stop unions from vetoing greenfield agreements, which will help to further open up the economy and stop the unions railroading projects that create jobs and prosperity. Expensive industrial action will be addressed by ensuring that bargaining must have commenced before strike action can be taken. Improvements to individual flexibility arrangements will give workers greater scope to negotiate arrangements with their employers to meet their individual needs.

The bill will implement fairer and more effective right-of-entry laws that mean businesses can carry on without unnecessary disruption. Most importantly, the amendments in this bill will help build a more prosperous future for all Australians. It is all about prosperity and jobs growth; that is the focus of our government.

In the contribution by the member for Gorton, he claimed that the bill will be opposed by those opposite and is being opposed, because it is a continuation of this government’s crusade against the employment conditions of workers across Australia. Nothing could be further from the truth. In light of the incredible U-turn we have seen from the Labor Party on so many of the amendments that they actually proposed when they were in government, it is disappointing that members opposite are now seeking to protect militant union behaviour which damages jobs and ordinary good men and women who are members of unions. I want to make one thing very clear in relation to this bill: this is not about any sort of slight on good men and women who are members of unions. I was once a member of a union, and the member that I was a member of did some very good work. But we must have a balanced economy. We must have unions that do the right thing by their workers but also do the right thing by the economy.

In my home state of Victoria and in the Geelong region—part of which I am honoured to represent as the member for Corangamite—there have been some clear issues with improper behaviour by trade union representatives which underscore why these amendments are required. Militant, unlawful behaviour by unions such as the Construction, Forestry, Mining and Energy Union, the CFMEU, is bad for business and it is bad for jobs. We have seen this time and time again across Australia, particularly in Victoria, where construction costs are, on average, 25 per cent to 30 per cent higher than anywhere else in Australia. This is damaging our economy in Victoria. This is damaging the prospects of ordinary men and women to do the best that they can do in the workplace.
In May last year the Supreme Court of Victoria found the CFMEU in contempt of court after it blockaded the Myer site in Melbourne despite an injunction preventing union members from going within 50 metres of the Grocon construction site. Militant union behaviour has also slowed progress on a very important development in Geelong. The Little Creatures brewery in Geelong, which finally opened late last year, was delayed significantly when protestors illegally blockaded the site. The Supreme Court ordered against unlawful protesting at the site by the CFMEU and the Australian Manufacturing Workers Union. Instead of holding the brewery to ransom, the unions should have been fighting for local jobs. They were stopping local jobs. They were stopping the good men and women of Geelong from working on this site. This sort of behaviour shows by unions must be held more accountable. They must operate within the law. What was so amazing was that at the time that this was happening to this wonderful new development delivering so many jobs for the people of Geelong, the Labor Party and local Labor members in the Geelong region stood by and said nothing.

Also in the region I represent Boral has endured a terrible time working on a very important project in Victoria—the multibillion dollar regional rail link. This is a project that the Commonwealth is contributing in excess of $3 billion to. It is a very important project for Geelong, for Ballarat and for Bendigo in connecting the people of those cities to Melbourne and giving greater certainty in terms of their commute into Melbourne. The CFMEU ran an orchestrated costly and illegal campaign against Boral, because Boral refused to give in to demands by the union to stop doing business with the Grocon group. Of course, this was very illegal—but, despite that, there was chaos on this site. There was chaos on the regional rail link project. Boral drivers were harassed and threatened and many of its clients were warned by union officials against doing business with Boral. This unlawful and damaging campaign cost Boral more than $10 million in lost sales and legal fees. And it is a very good reason why the royal commission into trade union conduct, currently being undertaken, is so vital and why it is so vital that the Australian Building and Construction Commissioner be re-introduced by our government—of course, another initiative that has been blocked by members opposite.

The Fair Work Amendment Bill will address the current imbalance in union workplace access rules. These changes will balance the right of employees to be represented in the workplace if they wish to be with the right of employers to conduct their business free from unnecessary disruption. The government sees right of entry as a specific statutory privilege to which conditions ought to apply; regrettably, some union bosses do not. In 2007, the Labor Party promised that there would be no changes to the union right-of-entry laws. Back then, the previous government, despite the many mistakes that the previous government made, actually recognised that this was bad for jobs and bad for business.

As we have heard from the member for Herbert, and I will repeat it again, deputy opposition leader Julia Gillard at the time actually said: 'We will make sure the current right-of-entry provisions stay. We understand that entering on the premises of an employer needs to happen in an orderly way. We will keep the right-of-entry provisions.' Here is another broken promise by former Prime Minister Julia Gillard. Labor, instead, gave unions much easier access to workplaces under the Fair Work Act, which of course were exploited. It did not do what it said it would do. It did not take the action that it said it would take. It recognised that
this sort of conduct was disruptive, bad for productivity and bad for jobs, and breaking down important relations between employers and employees. And now we see another fabulous U-turn by members opposite, who only need to know how to say 'no'. Nearly every initiative we bring into this parliament, we see members opposite saying 'no'. They are even blocking their own savings measures. This is an opposition that say 'no' whenever it has an opportunity and now we see blatant hypocrisy at work here again. Our amendments will legislate Labor's promise which was never enacted. Given that the Labor Party in opposition, with the strong support of the union movement, supported this policy back in 2007, it is absolutely ludicrous for members opposite to be taking the stand that they are now taking.

Currently, right of entry for discussion purposes can occur when the relevant union is entitled to represent the industrial interests of the employees at the workplace. This means unions can enter and hold discussions even if they have no actual members at the workplace and no-one sought their presence. This is completely illogical. The bill will amend the provisions so that the ability for unions to enter a workplace is either tied to a union's recognised representative role at the workplace or employees at the workplace have requested the union's presence. A union will only be entitled to enter a workplace for discussion purposes if they are covered by an enterprise agreement or if they have been invited by a member or an employee they are entitled to represent.

The bill will also provide a mechanism for the Fair Work Commission to deal with disputes about excessive right-of-entry visits for discussion purposes. The previous government's amendments to the Fair Work Act in this area were drafted in a way that renders them largely ineffective—only able to be used in extreme circumstances. Our amendments will remove this restriction, ensuring the commission has the power to properly deal with excessive right-of-entry visits. The bill will also repeal the previous government's amendments that expanded right-of-entry rights even further by allowing for uninvited lunch room visits and requiring employers to pay for the cost of union boss visits to remote work sites. Those amendments give unions the right to insist on addressing workers in their lunchroom, even when the workers have not requested their presence and are not union members. This is unfair to the 87 per cent of private sector workers who are not union members and for all workers who just want to enjoy their lunchbreak uninterrupted by union games and union disruption. In many cases, that is what was going on in workplaces right around Australia. This is about restoring the balance; this is about restoring fairness.

Mr Champion: This is absolute nonsense!

Ms HENDERSON: And this is about implementing the measures by those opposite that they are now sitting there bleating about, because they are not consistent in their own principles. This bill will restore the arrangements which were previously in place, where union officials must comply with a reasonable request by the employer to hold discussions in a specific room.

Our policy includes a provision to create realistic time frames for new agreements or greenfields agreements. We want to ensure that enterprise agreement projects can be negotiated quickly to ensure infrastructure projects are not unnecessarily delayed. This has been a very big issue, one that the Fair Work Act review found was an absolutely destructive problem in terms of productivity and jobs growth. It is one where the former government's Fair Work Act review found—and I will quote from the review:
… the existing provisions effectively confer on a union (or unions) with coverage of a majority of prospective workers a significant capacity to frustrate the making of an appropriate greenfields agreement at all or at least in a timely way. Unions in this position are able to withhold agreement and effectively prevent the determination of terms and conditions in advance of a project commencing. In light of the evidence we were presented about the need for certainty over the labour costs associated with major projects, we are concerned—

And, as I said, I am quoting the Fair Work Act review—at the risk of delays in greenfields agreement making that this entails.

In fact, the review found that these practices, where unions effectively operated to stall major infrastructure projects, potentially threatened future investment in major projects in Australia. It is extraordinary, once again, in light of the finding of the former government's review—of those opposite; of your review—that they are now sitting on their hands and again making a massive U-turn on an important principle.

This bill is important for jobs. This bill will provide confidence to employers and to investors. This bill is incredibly important for Australia's productivity and I commend the bill to the House.

Mr LAMING (Bowman) (09:43): The Fair Work Amendment Bill 2014 is an important contribution in what I see as a redirection in employer-employee relationships after six years of a union feeding frenzy that we saw sponsored and encouraged by the Rudd-Gillard government.

Of course, all of those good times for unionists do have to come to an end and, increasingly in a world of transparency and more rapid dissemination of some of their antics around the nation, there is a general shift away from the view that we need a patronising union body to be brokering arrangements between the worker and the boss constantly to an understanding that in 99 per cent of cases both employees and employers are actually there for mutual benefit. It is something that is lost on unions. Historically, while I think both sides of this chamber would recognise the very vital role that unions play, I guess we have all been involved in groups—and unions are effectively a group of people who sit down, devise a constitution and then spend inordinate amounts of time to work out how to get what they want out of the system.

There was a period in Australian history, as there was in many economies around the world, where union membership was compulsory. That meant it was compulsory that you handed over your money from your wallet to somebody else to spend as they saw fit, usually without telling you. We have moved on from that to a point where unions now engage in paralegal and sometimes, unfortunately, illegal activities, spending union members' resources on court cases—and that is the most obvious use of those resources that we see publicly—but also increasingly for their own private purposes and their own personal preferences. At that point, I think you have seen some kickback from the general public.

In the bill today, we are looking at a range of areas where union activity has done nothing to help workers—let us be honest—but everything to help the union rep and the person who has their hand in the till and access to the credit cards and the bank accounts. What we saw initially was a focus in greenfield mining sites. It was presumed to be, probably, the most effective area of union engagement, and this was the basic principle that, once you strike a deal on one mining site, you then take that deal, slap it on the table at the next mining
location—regardless of the difference in conditions there—and simply start negotiation from that point and begin ratcheting up. What we were left with was senior union representatives able to negotiate, just for their mates, 20 days of annual leave a year, potentially 18 days of sick leave every year, 13 days of long service leave, and then a nine-day fortnight on top of that. Most Australians have not had 13 days of sick leave in their life.

Of course, the cloak of legitimacy that is used by this group over on the other side of the chamber is, 'Oh, we're doing it for the workers.' That is right: the workers who potentially know nothing about these antics and how the money is spent. Most Australians do not have any intimate engagement at all with unions, because the proportion who are paid-up union members is declining annually, but some of us do see union members at work. For me, it is usually around election time. It is usually someone who does not live in my community, who drives across from the other side of town in somebody else's vehicle, usually on somebody else's time, and then follows me round with a video camera and uploads it onto YouTube—all, of course, in the interests of the workers, because that is the cloak of legitimacy that these groups constantly fall back upon to legitimise their antics.

The result of that has been extraordinarily expensive power. You need look no further than the New South Wales situation, where up to 70 per cent of all of the expenditure in power is labour costs. That is right: in an area that should be almost fully automated, 70 per cent of costs are labour costs. It is just basically this ugly triumvirate: compliant membership, militant unions and effectively public ownership allowing this whole unholy alliance to proceed. We go to Victoria and we see the Wonthaggi desalination plant, where not millions, not hundreds of millions, but billions of dollars was effectively poured down into these unhealthy agreements, into a desalination plant that ended up costing way more than it ever should have.

People often ask what happened to the boom times. Did we squander the boom times? So we have to almost forensically trace back the money flows through a period when Australia had, unchallenged, some of the best terms of trade it has had in its short history. Much of this money was simply siphoned off to union-friendly agreements struck by union-friendly Labor state governments. We need to remember that the corollary here is that ultimately the money did find its way into someone's pockets, and it most commonly found its way into an Australian's pocket, so at that level I guess there is some mitigating circumstance there. But in the end what we saw was that the money flowed to where the union strong arm could get it to flow to, not to where it was most productive.

If the money had flowed to Australian workers who were productive and ingenious, taking a progressive and forward-leaning view to making their industry more effective, then we would have seen even greater economic outcomes. But no: what we saw was simply the money being transferred to the union individual, who did as little as they could for as much money as possible. I do not deny that that is human nature, but in a system where the sand in the wheels is coming from a union working as hard as it possibly can to slow down the project, to make the project more expensive, of course you can potentially grind a great economy to a halt, or at least slow it down enormously.

So, if you are looking for what happened in the last 10 years, look no further than the infrastructure projects in our great states and our great capital cities, in particular, that cost probably 50 per cent more than they should have, that just had way too many paid up union
people wandering around the workforce on salaries between $100,000 and $250,000 and doing little more than gazing over the worksite, passing on some orders and barely getting their hands dirty. We paid enough of those people through compliant management in the major construction firms to end up with projects that could not pay for themselves with the tolls that they were collecting or whatever other source of revenue they gained. What we ended up with were road projects that should have been a great advance for our capital cities that ended up having a cost-benefit ratio of between 1.01 and 1.05. That is barely viable when you are paying such extraordinary labour costs. As I have said, there is nothing wrong with a higher wage, but not if it is going to workers who are not making any productive difference whatsoever to the project.

The only way to get a project funded initially—usually with state Labor governments—was to enter into labour friendly agreements and union friendly agreements. This complacent attitude to working with unions, because it was the easiest way to get the job done—regardless of the cost—is where not tens or hundreds of millions of dollars but potentially billions of dollars of taxpayer funds were directed. That is why we can look back after years of Labor state governments and see infrastructure that, yes, was delivered but way more expensively than it should have been and way later than it should have been and, in the end, was barely cost effective—meaning that, for instance, the tolls on major road projects barely paid the exorbitant costs that had been accrued by the project.

The previous speaker alluded to rights of entry. As a person who does not deal intimately with unions, it comes as a bit of a surprise that, if there is a safety issue on site or some form of concern, there should not be every possible public resource devoted to addressing it. But I just do not understand the penchant that unions have with getting an extra set of their armpits into workers’ lunchrooms. Can you think of the last place that you would want to encounter a union rep? It is in your lunchroom, in your lunch hour—and addressing you even if you have not invited them.

Well, it gets worse—because the Rudd-Gillard era led to intrusions and incursions by union House of reps into workplace lunchrooms even if they were not a union directly related to that field of enterprise and even if they had not been invited. Twenty years from now we will look back and be amazed at how the excesses of the union movement led to such an expensive bill for building infrastructure in this country. To be able to take protected union action, even before bargaining has begun, breaks virtually every rule of Australian fairness that ordinary citizens would find incredible. But, no, what we have here are individuals who have made being in a union a lifestyle and gaining access to the funds of those members a focus.

Let’s be honest: there is always one Uncle Arthur in the organisation who reads the constitution and knows it backwards and gets their hands on the membership list and then works out how to get the credit card. That is how all organisations work. The fundamental problem here is that, if it leads to power prices being hundreds of millions of dollars higher than they need to be and if it leads to average residents paying $200 a year more for power than in an equivalent situation in another state, someone has to stand up and do something. You simply cannot let that unholy alliance of public ownership, militant unions and compliant management harm low-income individuals and low-income families. And to cloak oneself with the legitimacy of saying, 'It's for the worker,’ is just not going to cut it anymore.
We need a review of the right of entry. We urgently need a review of greenfield site negotiation by unions—before it kills off new starts altogether—and, of course, we need to remember that taking protected union action for union purposes rather than for the benefit of the enterprise needs to come to an end. I think everyone here in this chamber—as would most Australians—would concede that there is an important role for unions to be protecting vulnerable workers. The great problem is that we cannot get them to stick to that, can we?

I am pleased to say that we have worked very, very hard in Queensland to ensure that the royal commission is livestreamed on the internet and after a number of interventions we were finally successful in ensuring that everyday Australians can watch and listen live online to some of the testimonials that are being delivered and, of course, to listen also to the unions defending themselves for their antics. It is vitally important and I congratulate the court for making all of these proceedings available to the general public. Australians deserve to be able to hear and see exactly what Australian unions have been up to. My next focus is on making sure that all submissions that are made to this royal commission are available online. Every submission made to this royal commission into union corruption should be available to every Australian if they choose to view them. It is a very important step in exposing some of the excesses that were fermented by the Rudd-Gillard government.

I have described what is, I think, the centrepiece of union activity, and that has been skimming as much as they possibly can from projects and setting up favourable deals for themselves. No-one has any disagreement with decent wages for workers, but that is not going to be achieved by the current union arrangements. This bill changes that. It makes important changes. They are the first of many. Let nobody say that this will in any way impact workers. If you speak to workers, you find that all they want is some flexibility to negotiate. It is all they have asked for and they never got it. After six years of Labor intransigence workers can look forward to a period where they can negotiate directly with employers—adult to adult; none of this union patronisation—and set up individual agreements based on the principle of flexibility, which Australians have always held onto strongly.

There have been times where we have seen these union antics on display, particularly in Melbourne. We have a number of members here from Melbourne, where union antics were on display in the last year. We have seen in the power sector in New South Wales the tragic result of leaving power exclusively in public hands—allowing militant unions to basically negotiate whatever agreements they want. As I said at the start of this speech, that time may well becoming to an end. This bill is the first small but significant contribution in that direction—more flexibility for workers, more productive greenfield agreements and, yes, we will not see an extra set of union armpits in the lunchroom of working sites around Australia from here. Let's pass this bill and make it law.

Mr PYNE (Sturt—Leader of the House and Minister for Education) (09:58): I would like to congratulate the member for his excellent address. As usual, he summed up the bill very well. I rise to close the debate on the Fair Work Amendment Bill 2014. I would obviously like to thank all the members for their contributions to this debate, particularly government members. This bill delivers on a range of commitments in our election policy, which was released well before the federal election—nothing more and nothing less. There have been a
number of misconceptions about this bill during the debate, and it is important that I take this opportunity to set the record straight.

In relation to greenfields agreements, it is clear that, to assist economic growth, we need to encourage investment in new projects. Let me be clear: these are brand and projects that do not yet have any employees but need to get off the ground and running very quickly. Business will not invest when union bosses use their role in greenfields negotiations to effectively exercise a veto by demanding unsustainable wages and conditions. To address this and stimulate vital investment, the bill requires unions and employers to bargain for greenfields agreements in good faith and also provides a new optional three-month negotiation time frame for the making of these agreements.

There have been claims that these amendments exclude unions from the bargaining process. This is false. Employers will need to bargain for greenfields agreements with the union or unions that are able to represent the majority of future employees, as is currently the case under the act. If agreement cannot be reached within an optional three-month negotiation time frame, an employer will be able to take its proposed agreement to the independent umpire for their consideration against the relevant tests.

I also remind members that there are extensive measures in place to protect the interests of future employees. In addition to the existing approval requirements, including the public interest test and better-off-overall test, the amendments provide that greenfields agreements made under the new three-month negotiation process must also provide pay and conditions that are consistent with prevailing industry standards. These amendments balance the needs of business and employees and will help to create more investment, more projects and more jobs for the country.

Under the Fair Work Act union officials were given wide access to workplaces for discussions with employees. The changes to the right-of-entry provisions broke undertakings that the pre-Fair Work Act arrangements would be retained. This has led to a situation where some workplaces are experiencing an excessive number of visits, with the previous government's own Fair Work Act Review Panel citing examples of workplaces experiencing hundreds of visits per year. This bill protects the rights of workers to be represented in the workplace while balancing the right of employers to go about their business without unnecessary disruption.

Contrary to some members' claims, there will be no requirement for an employee to ask their employer or be identified to their employer if they wish the union to visit their workplace. If proof of an invitation to the workplace is required, the bill provides that a union may obtain an invitation certificate from the Fair Work Commission. This ensures that if employees wish to remain anonymous then they can. The bill does not impact on the ability for unions to enter workplaces for workplace health and safety reasons or to investigate possible breaches of industrial laws or instruments.

The bill restores balance by removing the strike-first talk-later loophole under the Fair Work Act. To be clear: it does not remove the right of employees to take protected industrial action. It does, however, require that bargaining has commenced before protected industrial action can be taken. This change was recommended by the previous government's Fair Work Act Review Panel and will help ensure that costly industrial action is not taken prematurely.
The proposed amendments relating to individual flexibility arrangements have been the subject of extensive commentary, much of which is highly misleading and does not stand up to scrutiny. Let me be absolutely clear: contrary to claims made by some members, the bill does not remove any of the existing protections when entering into an IFA under the Fair Work Act, nor does it change the existing requirement that the employee must be better off overall. The legislation will continue to require IFAs to be genuinely agreed to by the employee and employer. It will continue to require that the employee is better off overall compared to the relevant modern award or enterprise agreement.

Honourable members would not often hear me quote former Prime Minister Julia Gillard, but Ms Gillard, as the architect of the fair work laws, made it clear in a speech on 2 October 2009:

I want to make it clear, because there have been some wrong statements about this matter, IFAs are nothing like AWAs. Very far from it. Strict protections ensure that IFAs can never be used to disadvantage employees.

Every IFA must be genuinely agreed to and can only be made if the employee is better off overall than under the relevant award or agreement. And the Act provides an employee can terminate an IFA at any time.

That was true then and is still true today under this bill.

In addition, the bill will require that IFAs include a genuine-need statement recording the employee's view about how the IFA meets their genuine needs and results in them being better off overall. Existing protections to ensure an employee cannot be pressured or forced to agree to an IFA will also be retained, as will protections that prevent prospective employees being required to agree to an IFA in order to gain employment. Breaches of these arrangements can result in significant penalties including fines for the employer and compensation for the worker.

The reforms contained in this bill respond to overwhelming evidence of problems with the operation of the Fair Work Act. The measures remove some existing impediments to productivity and growth, helping to build a more stable, fair and prosperous future for Australia's workers, businesses and the economy. The amendments implement the coalition's publicly stated election policies—nothing more and nothing less—so I call on all members to support the passage of this bill and again thank all members who participated in the debate.

The DEPUTY SPEAKER (Mr Mitchell): The question is that the amendment be agreed to.

The House divided [10:09]

(The Deputy Speaker—Mr Mitchell)

Ayes .................54
Noes .................86
Majority..................32

AYES

Bandt, AP        Bird, SL
Bowen, CE       Brodmann, G
Burke, AE        Burke, AS
Butler, MC       Butler, TM
Byrne, AM        Chalmers, JE
## AYES

- Champion, ND
- Clare, JD
- Collins, JM
- Danby, M
- Elliot, MJ
- Feeney, D
- Fitzgibbon, JA
- Gray, G
- Hall, JG (teller)
- Husic, EN
- Katter, RC
- Macklin, JL
- Marles, RD
- O'Connor, BPJ
- Owens, J
- Perrett, GD
- Ripoll, BF
- Rowland, MA
- Snowdon, WE
- Thistlethwaite, MJ
- Vamvakouros, M
- Wilkie, AD

## NOES

- Alexander, JG
- Andrews, KL
- Billson, BF
- Briggs, JE
- Broadbent, RE
- Buchholz, S (teller)
- Christensen, GR
- Coleman, DB
- Dutton, PC
- Fletcher, PW
- Gambaro, T
- Goodenough, IR
- Hartley, L
- Henderson, SM
- Hockey, JB
- Howarth, LR
- Hutchinson, ER
- Jensen, DG
- Joyce, BT
- Kelly, C
- Landry, ML
- Ley, SP
- Marino, NB
- Matheson, RG
- McGowan, C
- Morrison, SJ
- O'Dwyer, KM
- Pitt, KJ

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Question negatived.

The DEPUTY SPEAKER (Mr Mitchell) (10:14): The question is that the bill be now read a second time.

The House divided. [10:16]

(The Deputy Speaker—Mr Mitchell)

<table>
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<td>Majority</td>
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**AYES**

- Alexander, JG
- Andrews, KL
- Billson, BF
- Briggs, JE
- Broadbent, RE
- Buchholz, S (teller)
- Christensen, GR
- Coleman, DB
- Dutton, PC
- Fletcher, PW
- Gambharo, T
- Goodenough, IR
- Hartsuyker, L
- Henderson, SM
- Hockey, JB
- Howarth, LR
- Hutchinson, ER
- Jensen, DG
- Joyce, BT
- Kelly, C
- Landry, ML
- Ley, SP
- Marino, NB
- Matheson, RG
- Andrews, KJ
- Baldwin, RC
- Bishop, JI
- Broad, AJ
- Brough, MT
- Chester, D
- Ciobo, SM
- Coulton, M (teller)
- D’Entsch, WG
- Frydenberg, JA
- Gillespie, DA
- Griggs, NL
- Hawke, AG
- Hendy, PW
- Hogan, KJ
- Hunt, GA
- Irons, SJ
- Jones, ET
- Keenan, M
- Laming, A
- Laundy, C
- Markus, LE
- McCormack, MF
AYES

McGowan, C
Morrison, SJ
O’Dwyer, KM
Pitt, KJ
Prentice, J
Pyne, CM
Randall, DJ
Roy, WB
Scott, BC
Simpkins, LXL
Southcott, AJ
Sudmalis, AE
Taylor, AJ
Truss, WE
Turnbull, MB
Varvaris, N
Whiteley, BD
Williams, MP
Wood, JP

McNamara, KJ
O’Dowd, KD
Pasin, A
Porter, CC
Price, ML
Ramsey, RE
Robert, SR
Ruddock, PM
Scott, FM
Smith, ADH
Stone, SN
Sukkar, MS
Tehan, DT
Van Manen, AJ
Vasta, RX
Wilson, RJ
Wyatt, KG

NOES

Bandt, AP
Bowen, CE
Burke, AE
Butler, MC
Byrne, AM
Champion, ND
Clare, JD
Collins, JM
Dunby, M
Elliot, MJ
Feeney, D
Fitzgibbon, JA
Gray, G
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Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Snowdon, WE
Thistledthwaite, MJ
Vamvakas, M
Wilkie, AD

Bird, SL
Brodtmann, G
Burke, AS
Butler, TM
Chalmers, JE
Chesters, LM
Claydon, SC
Conroy, PM
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Giles, AJ
Griffin, AP
Hayes, CP
Jones, SP
Leigh, AK
MacTiernan, AJGC
Neumann, SK
O’Neil, CE
Parke, M
Plibersek, TJ
Rishworth, AL
Ryan, JC (teller)
Swan, WM
Thomson, KJ
Watts, TG
Zappia, A

Question agreed to.
Bill read a second time.
Third Reading

Mr PYNE (Sturt—Leader of the House and Minister for Education) (10:19): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Competition and Consumer Amendment (Industry Code Penalties) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr RIPOLL (Oxley) (10:20): It is a pleasure to be speaking about the Competition and Consumer Amendment (Industry Code Penalties) Bill 2014. This bill amends the Competition and Consumer Act 2010 to insert a number of provisions. It allows regulations to be made that prescribe a pecuniary penalty, not exceeding 300 penalty units, for the breach of a civil penalty provision of an industry code. It will also allow the Australian Competition and Consumer Commission to issue an infringement notice, in the amount of 50 penalty units if the person is a body corporate and 10 penalty units in any other case, where it has reasonable grounds to believe a person has contravened a civil penalty provision of an industry code. It would be important to note, I think, that much of the work in this area was done in a bipartisan manner, particularly through Labor in government working with the franchise industry, by looking at ways we could improve some of the behaviour and improve some of the regulations, including an agreement right across the sector that pecuniary penalties ought to be matters that are regulated appropriately.

This bill seeks to introduce changes to the code stemming from the Wein review, commissioned in 2013 by the former Labor government, into the franchising code of conduct. The recommendations from the Wein review were mostly accepted by Labor in government, under Minister Gary Gray, following extensive consultation with the franchising sector. The bill is largely consistent with the position of the former Labor government who supported the introduction of the pecuniary penalties for breaches of the franchise code of conduct.

The bill will allow for a pecuniary penalty of up to $51,000, which is equal to 300 penalty units. From what I can tell, it is very, very similar to the former Labor government supported changes to the code which would have allowed for pecuniary penalties of up to $50,000. So if that is the only change then, of course, I welcome the bill that we had introduced in those terms. The intent of the changes in the bill are substantially similar to what we had done in government.

Of course, Labor supports this bill. The specific purpose of the bill is to introduce changes to the CCA that allow for those penalties to be prescribed within the franchising code of conduct. So in order to be able to achieve that, changes needed to be made in the Competition and Consumer Amendment (Industry Code Penalties) Bill. The changes are consistent with the majority of the feedback from the Wein review and consistent with the view of the former Labor government. The bill is also largely consistent with the position of the former Labor government, who supported the introduction of pecuniary penalties for breaches of the
franchise code of conduct. Labor did commission the Wein report and was in the process of bringing forward the majority of those recommendations.

There are around 73,000 franchisees and 1,180 franchisors in Australia, contributing more than $130 billion annually to the national economy. It represents one of the most significant and exciting segments of the diverse small business community. The code is a mandatory industry code under the Competition and Consumer Act, which regulates the conduct of franchisors and franchisees alike. It was introduced in part in recognition of the imbalance in bargaining power between franchisors and franchisees. Broadly it seeks to achieve this by requiring franchisors to disclose specific information to franchisees and to follow set procedures in their dealings with their franchisees. The code provides minimum standards of disclosure and conduct to assist both franchisors and franchisees in undertaking the due diligence process. The ACCC enforces compliance with the code, which is very important.

Franchising, as many members of parliament would be aware, has been the subject many state based reviews, a major federal government review and countless reports on its future and better regulation. In recent years there has been broad agreement from all sides of politics and the sector itself on the way forward to ensure a bright and healthy future for both franchisees and franchisors. In the end what we want is a good, effective, efficient market that allows for the continual and continuous growth of this very important small business sector.

Most notably, following the PJC report and recommendations that were made, some changes were made that were further enhanced in 2010 with a full review of changes done by the eminent Mr Alan Wein in his now bipartisan and almost fully accepted review in 2013. I want to congratulate him and thank him for the work he has done in that respect.

The changes proposed involved all major stakeholders and representative organisations, plus more than 160 responses from the community on the way forward to remove unnecessary regulation and red tape duplication in the states and to provide a consistent approach across the country. This was really important work in terms of removing those inequities that exist across state and territory boundaries and further bring into line and harmonise regulation to assist small business. Labor in government did much of that work and in opposition will continue to support any work that better supports small business.

It also provides a balance in the relationship between franchisees and franchisors, particularly building on an effective disclosure regime by ensuring that disclosure remains relevant, timely, effective and reflects modern changes in our economy, such as the growth of online shopping. It also has very important changes which clarify that the government expects franchisors and franchisees to act in good faith towards one another by making it a requirement under the code. I know over a period of time this was controversial and debated, but I think there is enough evidence, enough clarity and now through this amendment bill to see that it is the right way to go. The changes are also about enhancing compliance and enforcement of the code by providing additional tools to the Commonwealth regulator and the Australian Competition and Consumer Commission. The changes also provide for the clarifying of policy intent of provisions of the code which have caused unintentional confusion or any administrative burden without any corresponding benefit. I welcome all of those changes.

If it were not for the intervention of the September 2013 election, the recommendations from the review would now be largely in place. One has to wonder why it has taken the
government almost a year to get this far. And while I do congratulate them—and I note that the minister is here and that the minister and I have worked, I would like to think, in a good spirit of bipartisanship, to the betterment of franchising. The former minister is also here.

Mr Dutton interjecting—

Mr RIPOLL: In his other hat, yes. We have all worked with one singular view in mind: to provide a better, more effective environment for small business and for franchisors and franchisees. Of course, every single one of Australia's franchisees are themselves a small business and, while it is probably not the place right down to go on a whole lengthy explanation as to the diversity of small business, needless to say it is a very diverse area of business in Australia and one that needs continual review and continual work to improve all the circumstances that small business people find themselves in.

Labor's record in government on small business is one I am very proud of. We were a government that took note of some of the challenges small business had, that the economy was going through, and made sure that in practical ways we do all the things that perhaps some others just talk about but we actually did. Labor did many things, include introducing our first Australian Small Business Commissioner. I am very proud of that. A very good position it is and it is good to see that that position is being continued on in this parliamentary term. For the first time in our nation's history what this Small Business Commissioner does is give business a direct voice to government, representing their interests and concerns directly. It is very, very important. Also having a cabinet minister with responsibilities for small business I think is important. You need that voice from a small-business community perspective directly to government, but you also need that voice at the top table.

Labor introduced the national business-names registration system, a saving-time, saving-money and reducing-red-tape initiative reducing all of those burdens on small business. Under the old state based regime, businesses were required to register their business in multiple jurisdictions. If they wanted to register in all states and territories it meant eight lots of paperwork to fill out, at a total cost of about $1,000. But under Labor's changes, it was one form to fill out any time, seven days a week, for a cost around the time—or now—of $33 for one year and $76 for three years. That is a real cost saving, real red-tape reduction and real saving of time for small-business people who quite commonly, these days, will register across more than one jurisdiction.

Labor introduced a streamlining of business-reporting requirements through the use of the online Standard Business Reporting initiative, something that really does go a long way, in practical terms, in reducing the workload burden for small-business people, who should be focusing more on growing their businesses than just on filling out paperwork. Labor also introduced the 'Prompt payment protocol' discussion paper prior to the election that encouraged small businesses to adopt the protocol to improve business-to-business payments, unlocking much needed cash flow and strengthening business relationships. If there is any one area in this, whether it is a franchisee or a small business—of any shape or size—one of the top-order issues that always comes out is that it is a cash-flow matter, in terms of their survivability during tough times. We are very proud of all those things we did.

Labor also introduced an R&D tax offset for small-business, providing a generous 45 per cent tax offset for research and development. This was a very important piece of public
policy. I would go so far as to say that for some businesses it is the only way they can financially survive, from year to year, because of the type of innovative work they might be doing. We also increased the small-business instant-asset write-off threshold from $1,000 under the Liberal government to $6½ thousand under a Labor government as well as an accelerated initial reduction for motor vehicles costing $6½ thousand dollars or more.

There was another very important measure for many of Australia's small businesses and franchisees—and franchisors—because it absolutely was a practical piece of assistance. It helped them carry out their business and level out the peaks and troughs that you might find in any small-business enterprise, whether a franchise or not. It went a long way to improving their cash-flow position and helped them better invest in their own business future. This was worth more than $1 billion to small business. That is a substantial amount of money and one that was very well taken up, because small business understood how they could better use this good public policy and government assistance to reinvest in their own enterprises.

In the 2012-13 budget, Labor announced it would provide tax relief for companies by allowing them—for the first time—to carry back tax losses of up to $1 million so they could receive a refund against tax previously paid. It was an unprecedented move and an important one. It really recognised that if you want help small business, franchises and the economy a business could, coming up to the end of a tax year, organise itself in order to claim back some tax it had paid in the past, depending on its circumstances. We extended that ability to carry back tax losses for two years. Treasury modelling identified that 90 per cent of companies that expected to benefit from this proposed tax measure were small businesses. That is the important point. If we talk about small business, talk is fine—I appreciate the talk and I always talk positively and encourage—but, in the end, you also have to deliver practical things.

These three tax benefits for small business, when combined, were worth in excess of $4 billion. That is four real billion dollars that the former Labor government put on the table for small business. Incredibly, the new government now wants to cut all three of these important tax measures. Whichever way you look at it, that is a cut, a new tax and a disincentive. This will hurt small business and it will hurt franchisees right across the country. In my view and in Labor's view, it is important to maintain an environment where small business can grow and be supported by a progressive tax regime that recognises the challenges faced by small business, every single day, particularly their cash-flow challenge. The measures we put in place were directly and squarely aimed at addressing some of those matters for small business.

On an issue which seems to be very close to this parliament's heart—and it certainly was when we were in government, because we did practical things about it—is red tape and regulation reduction. There were many things we did, and I want to place on the record some facts about red tape and regulation. The previous Labor government's record on removing regulation is a matter for the public record, but it has been the subject of some scurrilous accusations by others, particularly these so-called 22,000 new regulations introduced since 2007. The 22,000 number was the one most quoted during the federal election last year.

Of this 22,000, 3,400 were simply airworthiness directives, which have no impact on small business but were designed to maintain and enhance public safety. Countless others relate to non-business functions of government, such as family law, military justice and homelessness.
I have always found it pretty incredulous that the Liberal Party would continually trot out this figure of 22,000 so-called new regulations to scare small business and franchisees with this notion that they have to, in some way, deal with 22,000 new pieces of something. I have often asked them at small-business meetings and forums, in question time, when we had a bit of an open discussion: 'How many of the so-called 22,000 new regulations are you aware of and can you name them for me?' I have asked this of my Liberal opponents from time to time but they struggle to find one let alone two. I also asked: 'If you can find one, how does it directly impact you?' We are talking federally. It is a well-known scare tactic and, unfortunately, it is one that damages small business and franchisees. I wanted to squarely put on the table the fact that this misguided misinformation is just about scaremongering and has no place in the small-business environment.

Of those 22,000 so-called new regulations, over 4,200 were tariff-concession orders issued at the request of business. They were actually about reducing costs and burdens. When it comes to repealing redundant regulation, our record in government is a strong one. In 2013 alone, Labor repealed over 7,500 regulations. Labor also cut the red-tape burden for restaurant and cafe owners by removing the need for separate menus on weekends and public holidays by amending the Competition and Consumer Act. We also introduced the aforementioned National Business Names Registration Service and the Small Business Superannuation Clearing House for businesses with fewer than 20 employees. What that did was enable small businesses to pay all of their employees' super contributions to a single location in a single electronic transaction rather than to different individual super funds. Again, this was welcomed by the small business community as another very important piece of assistance.

As shadow minister, I have a strong focus on identifying and, where possible, removing impediments to the normal operations of a small business. Rather than scaring the economy, scaring small business and scaring franchisees, governments ought to do practical things, which may not always be trumpeted from the ivory towers of this place but which make an enormous, direct difference to small business.

Of concern to me—and there are a number of concerns that I have and that Labor shares—and to many small business people are the significant cuts to a range of programs that assist the economy and the sector. These include the complete abolition of Commercialisation Australia. For the life of me, I could not find a reason why you would take away funding for one of the most important and fundamental services that any federal government could provide—that is, help in taking things from an innovation phase to a commercialisation phase. Anyone who has done any work or even read an article on innovation and commercialisation understands the difficulty that small business faces in a whole range of areas. To cut out Commercialisation Australia is just retrograde. It is, actually, negative for our economy.

The new Liberal government has also abolished the Innovation Investment Fund. Again, why would you abolish innovation? You cannot send us back to the fifties by doing these things. People still want to innovate but they do need some small assistance. The Innovation Investment Fund was the way to do that. Also, the new Liberal government has abolished the Enterprise Solutions Program. They have also abolished the Industry Innovation Councils, the Enterprise Connect program, and the industry innovation precincts. Again, I think this story speaks for itself.
The government has removed industry innovation precincts, Enterprise Connect and all of those small business assistance measures that directly helped people to help themselves. These programs were not about just throwing money onto the table and watching it disappear; they were about helping Australian businesses, inventors, innovators and entrepreneurs to lift up and create jobs. In the end, what innovation does for all of us is create jobs.

I think now we are just starting to see the slow-burn impact of the abolition of all of these things. Unemployment is now on an upwards trajectory. More and more Australians are finding it harder to get a job. Unemployment is rising, and we will find that the abolition of these very important government programs will have a negative impact on our economy, a negative impact on small business and a negative impact on franchising. It is detrimental to our collective economic health, including the collective health of the small business economy.

The Prime Minister, Tony Abbott, said before the election he would be a champion of small business. But what he actually did in his first budget was cut nearly $3 billion in support for small business and skills programs. This will have a massive impact on the small business sector. It will have a massive impact on franchising, which employs, right across the whole small business sector, more than five million Australians and contributes around 47 per cent of private sector employment. This is very important and significant. It has often been bandied around this place that small business is the backbone of the economy. Well, I just say that, if it is, then do something practical about maintaining the good health of that backbone of the economy.

Remember that these budget cuts come on top of the $4 billion in tax benefits for small business that they also want to scrap in this budget. It is, obviously, taking a very long time to do that because it does not have a lot of support. Every small business owner will also feel the impact—a negative impact—of the reintroduction of the $2.2 billion fuel excise tax increase. It is a new tax, a big tax and a tax on small business. For a Liberal Party that said there would be no new taxes, there appears to be many. I will not go through all of them, but this one, in particular, is a direct new tax. The budget also cuts the Tools For Your Trade program, worth nearly $1 billion in support for apprentices, and another $1 billion worth of skills and training programs. This is just bad news; it is bad news for our apprentices and bad news for small businesses that employ them, as well. Anyone who reads surveys and looks at what small businesses say they need, knows that they certainly need better equipped premises and more investment in skills and training. This is the big area for small businesses. They say that cash flow is very important, but skills and training is equally important.

Another real concern is the significant funding cut to the regulator—the Australian Securities and Investments Commission. Its funding has been cut by more than $120 million over five years. Those cuts are significant on their own, but they come at a time when the small business community needs a well funded, well resourced regulator that can support and protect them from predatory behaviour, protect them from big business, and protect consumers, as well.

There is no doubt the success of the small business sector is dependent, to some extent, on governments getting their policy framework settings right. Achieving the right balance between regulation and free enterprise, setting an effective taxation regime that will encourage growth and making sure that policy settings enable small businesses to become bigger businesses, are the real challenges for this government—not misrepresenting whether it
is red tape reduction or so-called new regulations, or misrepresenting the number of small businesses in the economy. I can say that I am very proud that, during the six years of Labor in government, these measures of success certainly increased on all fronts. So they are the realities.

More than 1.337 million small businesses have an annual turnover of less than $200,000 a year. Anyone who understands what that means would know that it would be very difficult for a small business with a turnover of that number to be employing one or more people, or to be, perhaps, a large enough business to sustain a whole family. This is just turnover of $200,000.

Many of these entities would be nonemploying businesses that have an effective marginal tax rate the same as any PAYG taxpayer. Needless to say, these small businesses will not benefit from a lower company tax rate which the government has put forward. The vast majority of these small businesses would also be home based microbusinesses. Many hundreds of thousands, in fact, turnover less than $50,000 a year. For them, time is needed and is one of their most precious resources. Issues important to them include lower regulatory and compliance burdens, access to finance so they can grow and a favourable taxation framework as well—all things that Labor had already placed into operation and some of the things which we had already done which now have been abolished under this new Liberal government.

I believe that small business, which employs more than 5 million Australians, are well placed to increase their productivity and employment with the right policy settings. That ought to be the focus. This bill certainly goes to some measure of that: high productivity and better regulation—and I am not going to say that it is more regulation in this area. I am tempted—I am almost tempted—to accuse the government of just regulating more, because every time we come here in effect that is what we are doing. But I will just take one step forward and say, 'How about it is just better regulation.' Yes, it was Labor that basically wrote this but I am really proud of it and proud to say that Labor is pleased to support this bill.

Debate adjourned.

**Military Rehabilitation and Compensation Amendment Bill 2014**

**Second Reading**

Debate resumed on the motion:

That this bill be now read a second time.

**Mr FEENEY** (Batman) (10:46): Obviously, I am speaking to the Military Rehabilitation and Compensation Amendment Bill 2014. This is a bill that Labor is very pleased to support. We are very pleased to support it because this is yet another example of the government bringing into this place legislation that essentially has its foundation stones in Labor policy and Labor's work in government.

In particular, in 2009 the Labor government initiated and in due course completed a review into our military compensation and rehabilitation arrangements found under the Military Rehabilitation and Compensation Act 2004. That review was very thorough and very comprehensive. It gave rise to some 108 recommendations. Ninety-six of those recommendations were taken up by the former government and have found their way into this place in legislation. What we have today is a bill that also is based on the recommendations found in that review.
In particular, the purpose of this bill is to make some technical corrections to the Military Rehabilitation and Compensation Act regarding the making of transitional impairment calculations. This bill is of a technical nature. It is making those technical corrections to the act and it will only have a neutral or, indeed, positive impact on recipients.

Insofar as this government covers up its lack of policy and its absence of a policy agenda by coming into this place and moving Labor legislation, we welcome that and we thank them for it. Of course, it will not surprise anyone that we will vote for it. I guess the real tragedy here is the various things this bill does not do. This bill does absolutely nothing when it comes to alleviating the plight of our veterans—our veterans who were, astonishingly, such outstanding victims of this government's budget and this government's actions since it came into office.

We will all, of course, remember the overblown rhetoric of the coalition in previous years and most particularly on the eve of the last federal election. At that time, the coalition were very determined to persuade Australia as a whole, and the veterans community in particular, that they were their friends. Never before have we seen a friendship come to such a vicious and nasty conclusion as it did on the night that Joe Hockey came into this place with his budget. What we now know is, notwithstanding the commitments and promises made by the coalition, that our ex-service men and women—war veterans and their families—have been particular targets for coalition budget measures, and that there have been some spectacular broken promises in the 2014-15 budget.

In particular, the cutting of veterans pensions by reducing the rate of indexation so that the measure is only CPI is going to have a slow but corrosive effect on the living standards and purchasing power of our veterans. What makes that broken promise all the more spectacular is that the coalition, for a very long period of time, pointed out that the indexation measures that applied to the DFRDB—the defence pensions—were inadequate because they were only a CPI measure. And so our newspapers, our radio interviews, our television screens were constantly bombarded with the coalition painfully explaining how the CPI-only measure was inadequate.

Having worked hard to educate themselves, ourselves, the parliament and the people of Australia about the inadequacy of that CPI indexation measure, the coalition then went on to use it themselves in the future calculations for veterans pensions. So we now have a veterans community that has, to its own astonishment, found that their pensions have been cut, their living standards have been cut and at the same time the coalition has increased the indexation for the DFRDB.

So while some 59,000 ex-service men and women who are part of a scheme that closed in 1992 are enjoying triple indexation, some 280,000 veterans—recipients of some 310,000 payments—have now had their indexation cut and their living standards cut and, as every quarter goes by, their situation will become ever more acute.

But not content with that outrageous blow against the veterans community, the 2014-15 budget also axed the provisions that enabled three months backdating of veterans disability pensions for new recipients. This is going to cost new recipients something in the order of $8,405—a significant blow. Further, there was the scrapping of the $870 seniors supplement for some veterans and, of course—outstandingly and very controversially—there was the
cutting of the $217 annual payment for the children of war veterans. Worse still, the Prime Minister has vowed to cut payments to the children of war veterans, including war orphans.

What this bill does not do is go any way at all towards remedying the fact that this government has lied, and lied spectacularly, to our veterans' community. And having built up expectations, having made promises and proclamations at RSL conferences and the like, we have seen all of that turn to dust in record time.

Dr Stone: Mr Deputy Speaker, I take offence at those remarks directed towards people on this side of the House, saying we have lied about veterans' matters, and I would ask the speaker to withdraw.

The DEPUTY SPEAKER (Mr Vasta): Could I ask the honourable member to withdraw?

Mr FEENEY: I have absolutely no intention of withdrawing. You will of course note that the Speaker ruled on this matter yesterday in question time. The Speaker made very plain the fact that when this language is used in the sort of phraseology and construction that I have used it in, then it is perfectly appropriate in the House. I would refer you to the Speaker's ruling.

The DEPUTY SPEAKER: It would assist the House if you would withdraw.

Mr FEENEY: If it will assist the House, I withdraw.

The DEPUTY SPEAKER: I thank the honourable member for Batman.

Mr FEENEY: Before I was so painfully interrupted, I was referring to the government's disgraceful attempts to axe payments made to the children of killed or badly injured veterans, which I am proud to say was disallowed by Labor in the Senate.

So outraged were veterans and veterans bodies and ex-service organisations about these various moves that in fact the Vietnam Veterans, Peacekeepers and Peacemakers journal even wrote and about it:

... it's not just the children's loss that's upsetting, it's the mindset of the decision makers who would approve such a mean spirited measure. We have reason to be concerned.

Sadly, what we have before us is a bill that does not go to remedying the situation that our veterans find themselves in. I hope the government will put the minds of these Vietnam veterans at ease and abandon their mean-spirited plans to cut payments to orphans.

These cuts are despite comments before the election by the Prime Minister and by Senator Ronaldson, now the Minister for Veterans' Affairs, who both said they were committed to fairness for our ex-service men and women, our war veterans and their families. It is fair to say that the veterans' community took the Prime Minister and the minister at their word when they promised 'no cuts to pensions' before the election. And yet we see this promise has been most spectacularly broken. It is going to be one of the lasting testaments to this unfair budget, one of its outstanding attributes—that is, the fact that some 280,000 veterans have had their living standards cut as a result of this budget. Labor will continue to fight to protect these
veterans and their families from these unfair cuts. We have already committed ourselves to reintroducing triple indexation for their pensions, to restore to them the living standards that were so savagely cut only a few months ago. It clear from the budget papers that the minister and the coalition do not care about the hardships they have inflicted on our veterans.

It is often said by both sides in this place that there is no greater responsibility for government than the defence of Australia and Australian interests, and of course that is true. And it is often said by both sides that with that comes the profound responsibility of caring for those who have offered the courage, the commitment and sometimes the sacrifice required to deliver that protection. That is why the Australian government is responsible for providing appropriate support and compensation to Australia's veterans and ex-service personnel. And it is universally true that the Australian community is very proud indeed of its veterans and its ex-service men and women. They have served proudly and in the finest tradition of the Australian Defence Force; they have protected our society and our country. They go where they are sent; they respond to their nation's call. And so with all of those important understandings in this place, the decision of government to defy its own rhetoric, to defy its own promises, to defy its own policy proclamations and to come in here and cut the living standards of our veterans community was a remarkable moment.

But we see that this was not an accident, it was not a moment in time: sadly, it is in fact part of a pattern. This bill also fails to remedy the government's most recent atrocity—that is, its cut to funding of the Australian War Memorial. As everyone here would well and truly understand, this is the Centenary of Anzac. Over the next four years, Australia and Australians will celebrate and commemorate World War I and Australia's extraordinary level of participation in that conflict—a conflict that cost more than 60,000 Australian lives, which saw more than 400,000 Australians put on a uniform and serve. We were a country, small as we were, that made a remarkable contribution to that war and suffered terrible burdens and terrible losses as a consequence. But one of the outstanding things of that conflict was the role it played in the formation of the Australian identity—and of course this is why the Centenary of Anzac is of such extraordinary importance to Australia and Australians, because of the fact that in the mud and gore and challenges and sacrifices of that conflict so much of the modern Australian identity was formed and our sense of nationhood was born.

That is why the Centenary of Anzac is such a vitally important thing and that is why the announcement yesterday that the Australian War Memorial would have to discontinue its travelling exhibitions because of this government's mean-spirited $800,000 cut to its budget came as such a shock. It came as such a shock because Dr Brendan Nelson, former Leader of the Opposition who is now doing an outstanding job there at the War Memorial, having won the universal respect of ex-service organisations and all those who rely on and value the War Memorial, was forced to come forward and announce that the travelling exhibitions of the Australian War Memorial would have to cease and would have to cease precipitously—within days. He was forced to make this announcement, he revealed, because more than $800,000 was cut from the Department of Veterans' Affairs. It is a cut the department is making in the context of its own budget cuts from the budget.

So what we see with this is that for some 17 years now the Australian War Memorial has been managing travelling exhibitions, taking the successful work of the Australian War Memorial outside of Canberra, bringing it into schools, bringing it into classrooms and taking
it to our regions as well as our capital cities. So what the travelling exhibitions have enabled over those 17 years is for a whole range of different audiences to be able to avail themselves of the work and those uniquely Australian stories. Incredibly, over those 17 years some four million Australians have seen those travelling exhibitions, which is testament to the fact that this is money well spent. These travelling exhibitions are very well received and are able to reach new audiences in our regions such as the aged and infirm. Never in all those 17 years has there been a more important year for these travelling exhibitions than this one. This and the next few years would see those travelling exhibitions, one would have thought, at the very zenith of their work and their importance to all of us because over the centenary of Anzac those travelling exhibitions were going to bring those Anzac stories to Australia and to Australians.

You can well and truly imagine our astonishment when we discovered that the mean spirited budget of this government will pull $800,000 out of the War Memorial, a remarkable thing. I remember when the previous government gave an additional $7 million of funding to the War Memorial to further boost its work, and the unctuous words uttered by the then opposition as they congratulated that investment. Of course, in office, we see that investment being rolled back and we see longstanding work, a 17-year program, brought to oblivion by the mean spirited cuts of this government.

Our sympathies certainly are with Dr Brendan Nelson and the team at the War Memorial. Obviously they are managing not just disappointment of the War Memorial's clients and fans but their own team and their own morale. In a radio interview on the ABC on Monday, Dr Brendan Nelson made it very plain that this sad decision was the direct result of budget cuts and made it plain that this budget cut came as a shock. We are going to see these travelling exhibitions stop and stop virtually immediately.

This $800,000 cut must be reversed. It is not reversed in this bill; it should be. It now presents us with the remarkable combination that we have some 280,000 veterans and their families out in the community whose living standards are under direct assault who month in, month out are going to receive less money from this government. We have seen a whole range of entitlements and benefits to disabled veterans and war orphans cut. And then to add insult to injury, an $800,000 cut to the War Memorial just as it begins the centenary of Anzac, an absolute disgrace. Our veterans, obviously, deserve better.

So while I am happy to support this bill essentially on the basis that it is implementing good Labor policy and continues the tradition of the Minister for Veterans Affairs of bringing Labor policy into this place because he has none of his own, it does not change the fact that this bill does nothing to remedy the grievous attacks on our veterans and the fact that, once again, the veterans community has been promised big things by a conservative opposition only to have its hopes and aspirations absolutely shattered once they came to office. As I said, this is not a new phenomenon but never before has it been done with such breath-taking speed and never before has it been done with such remarkable scope that 300,000 people would be so quickly disappointed in the immediate aftermath of the coalition victory.

But those opposite know this. The veterans' community is famous for a number of attributes and one of them is its memory. Every one of the electorate offices of those members opposite will be getting their visits from an inflamed and disappointed constituency, who have
served this country and who, in many cases, voted for the coalition in good faith because they believed them and their words. They will not believe them and their words again.

Debate adjourned.

International Tax Agreements Amendment Bill 2014

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.

Dr LEIGH (Fraser) (11:04): I move:

"whilst not declining to give the bill a second reading, the House condemns the Government's inaction on multinational tax avoidance that has seen tax breaks being given to multinationals, while households are slugged with higher taxes and cuts to essential services."

We have just had two of my colleagues stand up and point out that bills before the House were essentially Labor measures now being implemented by this government. This bill is little different. It amends the International Tax Agreements Act 1953 to give force to a double taxation treaty signed with Switzerland in Sydney on 30 July 2013 under the previous government. Once in force it will replace the agreement between Australia and Switzerland for the avoidance of double taxation with respect to taxes on income and protocol, which is the existing Swiss agreement which entered into force on 13 February 1981.

Labor welcomes the government's implementation of the Australia-Switzerland tax treaty which was negotiated by us and was the result of the hard work of the previous Treasury team. I pay tribute to former Treasurer Wayne Swan and former Assistant Treasurer David Bradbury in bringing that work home. This revised Australia-Swiss tax treaty will enhance the already strong economic relationship between Australia and Switzerland by better aligning the bilateral tax agreements more closely with Australian and current international tax treaty policy settings. It will also strengthen administrative assistance between Australia and Swiss revenue authorities, in particular by permitting them to exchange taxpayer information including information held by banks and other financial institutions to address tax evasion. That reflects Australia's commitments to a fair tax system and is consistent with the ongoing international efforts, including within the G20 to improve tax system integrity. We welcome the government's move to give effect to the treaty through the legislation.

While this government is implementing Labor's tax treaty agreement with Switzerland, it has dropped the ball on multinational profit shifting. Multinational profit shifting is a complicated area. It has given rise to arrangements such as the 'double Irish-Dutch sandwich'. It is not quite as tasty as it sounds. In fact, it is a complex tax avoidance arrangement used by many multinational companies, involving Irish holding companies as the bread with a Dutch subsidiary wedged between them as filling. It sounds delicious. In fact, it is a hit to tax revenue that means regular firms need to pay more.

For those unfamiliar with the areas, one way of thinking about multinational profit shifting is to imagine the following scenario: a company wants to shift $1 million from its Australian arm to its Bermuda arm. One way it might think about doing that is by arranging for the Bermuda arm to sell the Australian arm a paperclip at the cost of $1 million. That gives the Australian arm a $1 million tax deduction and, effectively, shifts the money offshore. Now,
thankfully, that particular loophole has been closed, but an analogous trick can be played with debt. If the Bermuda subsidiary makes a multimillion-dollar loan to the Australian arm, $1 million a year can be shifted out of Australia in the form of interest payments—which are a tax deduction in Australia—and that effectively moves the profit to a low tax jurisdiction. It is a thimble-and-pea trick, but the eventual result is that the rest of us have to pay more.

The government talks a big talk on multinational profit shifting. The Prime Minister spoke in Davos about the G20 agenda in Brisbane. He said:

…the G20 will continue to tackle business artificially generating profits to chase tax opportunities…

It is good to see that the government is now enthusiastic about the G20 meeting in Brisbane, just as it has a newfound enthusiasm for Australia having a seat on the United Nations Security Council, but I would appreciate the government making the most of that opportunity. In fact, since the election we have seen nothing but backsliding from the government on the issue of multinational profit shifting.

Under Wayne Swan and David Bradbury, Labor put in place a $4 billion package to tackle multinational profit shifting. Since coming to office this government has turned a $4 billion package into a $3 billion package. They have given $1 billion back to multinational firms as a result of not going hard on multinational profit shifting. Now, they are re-presenting that package to the Australian people and saying, ‘We’re getting tough on multinational profit shifting.’ This is like a family that gets a box of chocolates for Christmas and decides to eat a quarter of the chocolates, then, next Christmas, rewraps the package and tries to give it as a present to someone else. The reality is that $1 billion has been lost from government coffers as a result of this government not going hard on multinational firms. That is about the cost of a new hospital. It also means that sole-trader hairdressers and suburban plumbers, who cannot engage in multinational profit shifting, end up paying more in their taxes.

To be specific, these measures are comprised of $180 million which the government will not proceed with on reforms to the offshore banking unit regime; $113 million that the government will not proceed with on legislative elements of the measures to improve tax compliance through third-party reporting and data matching; $140 million that the government will not proceed with on changes that would have applied to multiple-entry consolidated groups; $600 million for the abolition of section 25-90; and $100 million in offshore banking unit reforms. Overall, there are more than $1 billion worth of multinational profit-shifting measures that have been reversed by this government.

This is a government that claims—certainly, on some days of the week!—that it has a budget emergency, yet it has given $1 billion back to some of the wealthiest corporations on the planet. In March this year, the tax office announced that it was investigating 86 major international firms for allegedly shifting profits offshore. Commissioner of Taxation Chris Jordan estimated that the combined cost of those schemes could be more than $1 billion a year in lost tax revenue. Yet we have a government that is going soft on multinational profit shifting. This is a government that is willing to go hard on pensioners, on war orphans and on single parents, but it goes soft on some of the strongest organisations on the planet—multinational firms.

The government is going soft not just on tax measures but also on transparency. On 4 January 2014, former Assistant Treasurer Sinodinos told the Australian Financial Review that he was considering abandoning measures that required 200 of Australia's largest firms to
disclose their total income, taxable income and tax paid. There has been outrage amongst many Australians—and, indeed, amongst multinational firms themselves—upon particular reports of the tax paid by large multinational firms. Many taxpayers have said that they are outraged at reports that these multinational firms are paying a particularly small share of their profits in tax, and many of the firms named have said that these reports do not accurately capture the picture.

The way to deal with both of these concerns is to have formal annual reports by the Australian Taxation Office on the top 200 firms, setting out clearly an official report of their total income, taxable income and tax paid—allowing all Australians to see the accurate state of the books. Again, this is a measure that the government is threatening to walk away from. As said by Justice Brandeis—not to be confused with QC Brandis in the other place—sunlight is the best disinfectant. This government is trying to keep the sunlight from shining a light on multinational profit shifting.

This budget is amongst the most regressive budgets brought down in Australian history. Independent NATSEM analysis shows that families in the bottom fifth of the income distribution lose 6.6 per cent of their disposable income as a result of the budget. They lose more than one dollar in 20. Those poorest single parents are losing more than a tenth of their income—one dollar in 10 is being taken from their wallet. So it is no wonder the government is not just backtracking on transparency when it comes to multinational firms but also ripping the Family Impact Statement—first put into the budget by Peter Costello—out of the budget so Australians cannot see how regressive this budget is.

This is a budget which demands that the most vulnerable Australians have a slug on them which greatly exceeds the hit on high income earners. There is only one temporary measure in this budget and that is the measure that hits high-income Australians. But the cuts to the pension, the cuts to health and education spending, the significant cuts to legal aid—those are permanent cuts. This comes after a generation in which Australia has seen rising inequality. Inequality did not rise during the last Labor government but this government seems to be doing its darnedest to put us back on a path towards rising inequality. After a generation in which earnings have risen three times faster for the top tenth than the bottom tenth, this government wants to give more to the top tenth and take more from the bottom tenth. We have seen the top tenth get giveaways such as the reversal of the measure where those with more than $2 million in their superannuation account pay a slightly higher rate of tax. This is a budget which finds the resources to raise the non-concessional superannuation cap from $150,000 to $180,000. That is a measure that benefits the top one per cent.

It is a budget which hits the most vulnerable Australians. That is why we have seen hits to business and consumer confidence as a result of the budget—because those at the top of the distribution tend to save about a quarter of their incomes, whereas those in the bottom fifth of the distribution tend to spend all their incomes. Just suppose you took $10 billion away from the bottom quintile and gave it to the top quintile. You are not only doing something that is unfair, you are also doing something which hits spending. You effectively take $2½ billion out of the economy. That is why we have seen the past hits on retail trade and consumer confidence.

In response to critiques that this budget is deeply unfair—that it not only breaks promises but breaks the fundamental fair go—we have seen a government that is engaged in tying itself
in knots. Over the past five weeks we have seen budget rhetoric ranging from that of the member for New England, who has said that Australia is dealing with a cancer on the budget, to the Minister for Finance, Senator Cormann, who says we are simply talking about the froth on the cappuccino—the last one per cent.

This is a government which is at war with itself. We have a Treasurer who is blaming everyone but himself. He thinks it is the fault of the media, or maybe it is the fault of the opposition. Maybe it is the fault of the independents, or maybe it is the fault of his own back bench for briefing against him.

This is a government which has gone out of its way to offend ordinary Australians. The problem is not the sales job, it is the very product itself. This government seems to be doing its best to put the cross back into crossbenchers. It is no wonder that the back bench is outraged when we look at the impact of this budget on rural and regional Australia. Rural and regional Australia suffers a significant hit as a result of so many measures in this budget. Rural and regional Australians cannot afford to pay a higher fuel tax. They cannot afford to suffer the cuts to benefits that come as a result of this budget. They are being told they have to pay more to drive, are being told they will not get investment in public transport because this is a government that does not believe in cost benefit analyses for infrastructure projects. No—this is a government that believes we need to go back to the old pork-barrel days when we only had roads spending. We have, on the right of Australian politics, the Liberal and National parties who say there should only be roads and no rail; and on the left we have the Greens who say that it should only be rail and no roads. It is only Labor who take the sensible, centrist approach and say we should invest in both roads and rail, and that we should do so based on cost benefit analyses.

Now we have the Prime Minister and the Treasurer, over the weekend, threatening new taxes on ordinary Australians. Because they will not go hard on multinational firms—they have lost $1 billion of revenue from Australian multinationals—they are now threatening to slug Australian families and small businesses with new taxes. Of course, they would not be the first new taxes this government has imposed. After all, this is a government which is slugging low-wage workers earning less than $37,000 with new superannuation taxes. It is slugging Australians a new tax to go to the GP. It is slugging Australian drivers with a new tax to drive. And they are threatening that that is just the tip of the iceberg—that if Australia does not pass every repressive measure in this budget, then the economy will get it. This is a Treasurer who has not made the transition into government and an economic team that is keenly feeling the loss of its Assistant Treasurer.

We have now been without an Assistant Treasurer for many months. I am, I am afraid to say, a shadow without a body to shadow. It has fallen to—

Mr Frydenberg: Come up with some new lines!

Dr Leigh: the Minister for Finance to be the Assistant Treasurer, and you can see the stress beginning to show. We have the member for Kooyong who has been running a stalking horse campaign to be the next Assistant Treasurer, popping up on every opinion page that can be seen—standing up at every opportunity and backgrounding that he would be the captain's pick for Assistant Treasurer. But the lack of an Assistant Treasurer—

The Deputy Speaker (Mr Vasta): Order!
Dr LEIGH: Oh, he is going to make his campaign from the dispatch box!

Mr Frydenberg: Mr Deputy Speaker, I rise on a point of order. It would be worthwhile for the shadow Assistant Treasurer to stick to the topic without making baseless accusations. The fact is he has failed in his job and he has been sidelined by his own party because he supports the Medicare co-payment. He supports the deregulation of university fees. This is just the politics of the best distraction.

The DEPUTY SPEAKER: I thank the honourable parliamentary secretary. The honourable member for Fraser has the call.

Dr LEIGH: Naturally, to respond to some of the baseless accusations made by the member for Kooyong, I would point out that, as Keynes said, when the facts change I change my mind—what do you do? Over the course of the decade since I wrote an opinion piece in The Sydney Morning Herald, the Prime Minister has changed his view on emissions trading, on parental leave and, indeed, on co-payments, which he once, quite correctly, referred to as being a madcap idea.

To return to the issue of multinational profit shifting, the problem with this government is that it is not willing to do the hard work of tax reform. Labor in government worked up a $4 billion package to tackle multinational profit shifting, an issue which will only increase in importance in years to come because, as we increasingly move from being an agriculture and manufacturing economy to being a service based economy, it becomes more straightforward for firms to move the location of production. In that environment, we need smart tax laws that tackle multinational profit shifting. If we do not have those laws to tackle multinational profit shifting, it will end up being the most vulnerable Australians who need to pay more.

The reality is that Australia has an economy which is the envy of many in the world but which is being jeopardised by a government that wants to trash-talk the economy and bring down measures which hurt the most vulnerable Australians. We have worrying signs in unemployment, which is rising markedly and is now higher than the unemployment rate in the United States, and a government that, despite this, seems to think that it is all right to tell a young job seeker in Devonport that they have to go six months without government assistance simply because they have the misfortune to live in a high-unemployment area. Because the government does not get the fundamentals, and because it does not understand even what a progressive tax is, it has to resort to the sorts of cheap tactics that we have seen over the last five weeks.

The government should rethink its stance on multinational profit shifting. When government members stand up and say, 'What should we do instead of slugging low-income Australians?' the answer is to rethink their approach on multinational profit shifting. This dual-tax agreement with Switzerland is a good start, but the government needs to go further, have a holistic approach to multinational profit shifting and make sure that the tax base is fair, not made more unfair as this government's budget has done.

The DEPUTY SPEAKER (Mr Vasta): Is the amendment seconded?

Mr Ripoll: I second the amendment and reserve my right to speak.

Debate adjourned.
Mr RUDDOCK (Berowra—Chief Government Whip) (11:25): I declare that the following bills are referred to the Federation Chamber for further consideration: Competition and Consumer Amendment (Industry Code Penalties) Bill 2014, Military Rehabilitation and Compensation Amendment Bill 2014 and International Tax Agreements Amendment Bill 2014.

Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr RIPOLL (Oxley) (11:26): I always appreciate the opportunity to speak about the Future of Financial Advice more broadly, and I particularly appreciate the opportunity to speak on this particular amendment, the so-called Corporations Amendment (Streamlining of the Future of Financial Advice) Bill of 2014. What this bill will, unfortunately, do is significantly weaken the Future of Financial Advice reforms, which were put in place by the former Labor government. They were significant and important reforms that dealt directly with restoring a culture of faith and trust in the financial services sector, consumer confidence and consumer protection. They were a very important stepping stone and building block for what can be for Australia part of a financial services hub in the Asia-Pacific and part of a very important and growing services based industry and jobs creator in the country.

But, unfortunately, this bill is just another example of how unfair and out of touch this Liberal government is. It is the Liberal government that has created uncertainty, unfairness and fear, for both consumers and the financial services sector, and for small businesses that operate within it. This bill destroys a range of consumer protection measures in financial advice and is very much retrograde.

There has been a long process around the introduction of this bill, not because of careful consideration or consultation or stakeholder involvement but just because it has been shambolic. The government have lost or sidelined ministers in relation to this bill. They have not been able to manage themselves or manage the process of changes to FoFA. They have struggled with maintaining a consistent position. They have struggled for a comprehensible and even understandable position in the Senate. They have cut deals left, right and centre just to get something through the Senate and are now bringing this complex and already out-of-date bill into this House.

The fact that fewer than 10 members opposite want to actually speak on this bill shows the level of concern in the community around what the government is doing. It also shows the concern of the rest of the coalition—apart from the 10 who plan to speak—about being associated with these changes. I can assure the parliament and people listening that there is a great deal of community concern, for very good reason, about weakening consumer protection.
in this area. Very unfortunately—and very much lagging behind the FoFA reforms that Labor put in—we continue to see the exposure of bad behaviour. So, before we examine the specific changes in this bill, I think it is important to go through and remind the House of what is actually being changed by this amendment.

Labor’s FoFA reforms were introduced in the wake of significant collapses. To name a few—let’s say for argument’s sake the straw that broke the camel’s back—there were the collapses of Storm Financial and others. Storm alone was 14½ thousand clients who either lost all of their life savings with no opportunity to regain those life savings or lost most of their life savings and superannuation. There were many others in the subsequent parliamentary inquiry into financial advice products and services that ensued and the really good bipartisan report, which led to the opening. That was the first step in saying there is a real problem out there in the community. It has certainly been identified by Labor, the Liberal National party, people in the House and Senate, and the community. It was incumbent on the government of the day—a Labor government—to do something about this, and we did.

Labor’s FoFA reforms were introduced and were the most significant reforms in financial services for a generation. They included several measures designed specifically to protect investors and consumers, help the industry professionals and help the industry lift a standard which they themselves desperately want, need and should have the opportunity to do. Even though there will be some resistance and change is always difficult—I understand change is difficult—Labor went through a thorough, inclusive process with the community and with stakeholders. Over a five-year period it delayed a hard start to some of the more significant and technically difficult or challenging parts of future of financial advice reforms and allowed for a soft start for 12 months. I think we demonstrated in government our willingness to work with the sector to understand what the sector needed, wanted and deserved. We worked very hard and made many compromises but made sure that the key elements—the core of what FoFA was about—were protected.

It revolved very much around a client’s best interests. One of the important elements around that was the opt-in provision. The term may have been demonised by some, particularly in the Liberal Party, who took the opportunity to take the voices of a minor few and demonise what opt-in means, but for any ordinary person opt-in requires an adviser to get your permission for them to continue to take money out of your account for advice they are providing into the future. That is a normal part of life and an expectation we all have as consumers. If somebody is going to take money out of my account, I would like at least the option every once in a while to be reminded of it and agree—opt in—that I want to continue that relationship with my adviser because they are actually communicating with me in some particular way. Once every two years is not a big ask for somebody to opt back in and say, ‘I really like what you’re doing for me and I think that, yes, you can continue to take money out of my account.’

What is not fair and what consumers do not want is somebody to take money out of their account for a service they are not providing. None of us want that. If the Liberal Party want that then they are living in a very parallel universe. Annual disclosure was the subject of FSR reforms and a whole range of other things that have gone through this House in the past, and disclosure is absolutely important and essential, but let’s not misunderstand or misrepresent disclosure, because it is not the solution to quality advice. Often what has happened in the
most recent past is that disclosure has become a problem in itself. You can disclose so much and provide documents that are so lengthy that what happens in practice is no-one reads them. As we know from the sector and from everyone involved, it is a trust relationship. You trust your adviser. If your adviser says all these complex things and then tells you what you ought to do in the end, what most people do is say, 'Okay; if you say so.' Then they sign the 80-page documents and go through the rest of it. No-one reads it. It is unfortunate, but that is life. So proper annual disclosure of what you get for what you pay for and what it actually contains is an important part of that and really in the end is no more burden on small business or the financial services sector than what they already do—the disclosure they already provide. It is about continuing the importance of that relationship between a client and adviser.

At the top of that pile—best interests, obligations and a range of things—was the conflict of remuneration. There is no question that commission based selling of products—not advice—played an enormous role in the destructive, poor behaviour of some in the financial services sector, which led to a whole range of collapses and losses. There were catastrophic impacts on people's life savings. You have to remember what we are talking about here. I know there will be some Liberals who will want to shout at me and accuse all sorts of things, but you have to remember who we are talking about. We are talking about mostly ordinary Australians—mums and dads—who have worked their whole lives, saved judiciously and come to a point of retirement. When they are most vulnerable, to have a catastrophic event in your life which means you lose your life savings means you cannot rebuild. That is something this parliament always ought to be concerned about and always ought to be doing something about to protect those innocent people. If we do not do it, there is nobody else.

They end up on a big heap of people who come to our offices—and I am sure ministers on the other side now and when they were in opposition have sat in many meetings with real people crying real tears of devastation for their family because they have lost their life savings not because they made a mistake, not because they were greedy, not because they wanted more than they were entitled to but simply because someone took advantage of them. Somebody sold them a product or products which they should not have been in and placed them in a financial position so devastating that they cannot rebuild. They cannot be compensated. There is nothing that is left for us as parliamentarians to do to help them other than to have a modest safety net called the aged pension system. While I think that is a great system and one of the best in the world, it is not a solution to these problems. But FOFA is. It is not 'the' solution; I do not know that you can ever completely carve out all bad behaviour, but I think you can go a long way to doing it. I think there is lots of evidence. In fact, there are insurmountable mountains of evidence that demonstrate what the course of action should be, how it should apply and what in the end will be of great benefit to the financial services sector itself, to small business and to the way that we receive quality advice rather than being flogged a product. I think all of these things are really at the core.

I am happy to listen to criticisms from the other side and all sorts of accusations, shouting and the usual stuff that is designed to deflect away from the real, central point of what this is all about: that ordinary Australian couple and their most vulnerable years at retirement, when they are at their riskiest point in life, let alone if they are in their 40s or 50s.

During the reform process, over many years, there was extensive and very intensive industry and public consultation clearly identifying a path to achieve growth, protect
consumers and restore trust. To some extent that was already achieved by FoFA. Changing the culture over the past 20 years is not easy, but you can work toward that. I understand changing culture and behaviour is really difficult. It is almost impossible to write it down in a way that makes sense, but certainly FoFA did a lot to go down that path of lifting standards and professionalising.

I know something really clearly: there has been a change in the financial services sector. The average age of financial advisers is coming down; their qualifications are going up; and their ethical and moral outlooks toward relationships with their clients are improving, and continue to do so. In large part, the financial services sector is filled with really good, honest, hard-working people who actually deliver appropriate quality advice. I would say that they still deliver that advice for too high a price, but we are working on pricing and cost issues, acting in the client's best interests and a range of things. And I think that is getting much, much better.

I raise the cost and pricing issue because we all understand, and the financial services sector understands, that only 23 per cent of Australians actually pay for financial advice. In a utopian world I would like that to be 50 per cent. That would significantly grow employment and provide much needed professional good-quality advice for consumers, for older people and for everyone who should be getting it. In fact, rather than the average age being 50-plus before people engage with their super, their financial circumstances and independence in retirement, it would be great if people started when they are 20 or when they started work, and realised that the little steps that they take early on can make an enormous difference.

Labor very firmly believes that the overwhelming majority of financial advisers are responsible and that they do the right thing by their clients. Unfortunately, as you might expect in this industry where there are billions of dollars of fees available to be gouged out of people's accounts, and quick and easy money to be made, there are going to be a few bad apples, and they are the ones that we need to target. We need to have really strong, effective regulation and consumer protection to ensure that their clients do not bear the burden. That is what this parliament does not have the guts to do. That is what we need to do in here. We need to be courageous and to make sure that we pull those people in, and not fear the financial services sector. We should not fear the outcomes of this, because it is about protecting consumers and their best interests.

The government's changes that have already gone through the Senate—in a shambolic process and with a fear about actually bringing it to the House and having a public debate—are removing the essential catch-all and best-interest provisions, which adds loopholes for some advisers. Believe me, the first thing that those who want to do the wrong thing will do is look for the out. In anything that is regulated, some will look for the out. They will think: 'Where are the loopholes? Where are the holes? How can we get around this?'

It is always hard for any government—whether it us or the Liberals in government—because there will always be those who will try to deliberately navigate their way around good policy, good laws and good regulation, and we have to be very careful. But scrapping the opt-in provision will allow advisers to continue to charge fees—that is the reality—sometimes without having done anything and without having actively worked on a client's file, in some cases for many, many years. Some will not even know they are drawing fees—it
is so automated. Fees are moving between accounts and unfortunately the poor old consumers bear the cost but receive nothing in exchange for enduring that cost.

The annual disclosure provision will be amended so that advisers only have to provide annual disclosures to clients who commenced after 1 July last year—the start date of FoFA. What about all the others? If it is fair for one group, why is it not fair for another? This is an arbitrary start date, where we will only give this stuff that we all acknowledge is really important to people who start a new contract from this point on. Then, of course, the real gaming of this is that nobody will ever start a new contract because the way that you get around it is to make sure that the contract is always ongoing and linked to previous advice. In effect, unless you are a 20-year-old seeking advice for the very first time in your life—which is highly unlikely—you are not caught by this at all.

Lifting the ban on conflicted remuneration has got to be completely nonsensical. The ban on conflicted remuneration will only apply to commissions on general advice. Other forms of conflicted remuneration will be allowed and included as part of a balanced scorecard approach for both general and personal advice. It reintroduces banned commissions on both the general and personal. Again, you can see that the door has been not just opened a little bit but smashed open. This will be the new business model. This will be the new operation for those in the sector who wish to do the wrong thing, or those who look at how they can make more money out of people's accounts.

All the government's language in terms of the FoFA changes is about certainty for the sector. That is all the government has been talking about. I have barely ever heard them mention the consumer. I have barely ever heard them acknowledging the fact that there is a lot of difficult and complex work that needs to be done in this area. The changes that are before us are not about some sort of minor or technical reforms as have often been referred to. They are a complete unwinding of FoFA. It will be FoFA in name only. When you strip away the core of all the elements you do not have anything left. The government—the Liberals—always talk about supporting the principles of FoFA but they do not accept any of the hard work that goes with those reforms.

The lowering of standards and the delay towards professionalising is just a massive step backwards for the entire sector, particularly for consumers. It is a net-net loss for consumers because unfortunately we will see—I hope not—more issues being exposed and perhaps new bad behaviour that we have not yet seen. And that is sad. But that bad behaviour will be as a result of these changes, because these changes will allow that to happen. I am almost certain there would be at least someone out there already contemplating how they might be able to make best use of the new government's changes.

The best-interest duty was, and should remain, a key element of the original FoFA reforms aimed at improving the quality of the financial advice. It provided that an adviser must act in the best interests of their clients. It is hard to imagine that the law did not provide this; that an adviser could act in their own best interests ahead of their client's best interests. So, as the client, you would pay them but they were entitled, quite legitimately under law, to not act in your best interests—and not even tell you—and act in their own best interests. We did not think that was suitable. We did not think that was appropriate. I do not think anyone would. So, we made those changes. Unfortunately, with the way the changes have now been brought forward, some of that will come back in. That is unfortunate and sad.
During evidence given to the Senate inquiry to this bill, Mr Paul Drum of CPA Australia said the best interests duty is the cornerstone of the FoFA reforms, with the ability to drive a cultural change within the financial services industry.

The government through this bill is seeking to remove paragraph (g) in section 961B(2) of the safe harbour provisions—provisions that were put in place to actually provide a safe place for advisers more than consumers—known as the catch-all of the best interests duty as well as section 961E; gone. This government has decided none of that is necessary: just do whatever you like.

There have also been significant community concerns about the removal of the catch-all provision, particularly from the Council on the Ageing who said:
If this last step were to be removed the other six steps become a 'tick a box' checklist and weaken the requirement for advisors to reflect in an overall sense on the advice they are giving and whether it would as a whole be considered in the client's best interest. The inclusion of paragraph (g) provides an extra degree of security for consumers that the advisor is acting for them.

Anyone who carefully reads the FoFA laws as they stood would understand this is exactly what those provisions did and to unwind them in some clever little deal that the Liberal government has worked out, I think, is just an absolute shame.

The best interest duty is driving cultural change without a doubt in the industry, and the removal of 961B(g) and 961E will reduce compliance perhaps—albeit, I am not sure exactly how, because I have looked very closely at this and how that whole process works. What it does do with absolute certainty is reduce best interest duty to a mere tick a box. You turn up with a sheet of paper. You tick the box. You sign it, and it is done, regardless of what actually took place. That again is the tragedy. This is nothing to do with removing red tape or some regulatory burden; it is to do more with the government just doing the bidding of some sectional interest within the financial services, and that is sad.

The key objective of the original FoFA reforms was to facilitate access for retail clients to financial product advice, including scaled advice—I think that is important. I think we ought to have the ability to scale advice up: start small and, as your circumstances in life change and move upwards—that is, personal advice as limited in scope—but that should not be a mechanism for abuse or to introduce some sort of sinister system where that becomes the method by which all advice is provided or to get out of doing the right thing. So Labor agrees with the potential of scaled advice to increase quality and reduce costs—no doubt about that—but what the bill does in its changes is allow the provision of advice that does not fully take into account the relevant circumstances of the client and, in the end, is not in the client's best interests. It is not that everyone will do this but, unfortunately, it leaves the door open for this to happen. This cannot be good public policy. This cannot be good for consumers, because there will be some who abuse that system where the door is left open.

An ASIC shadow shopping survey showed that in several instances particular topics were excluded from the scope of the advice to the potential benefit or convenience of the adviser and to the significant detriment of the client—that is the regulator saying that on some really good research they have done. In effect, this means that the relationship between the adviser who, as the professional, should know everything they are doing and talking about and the client who potentially knows nothing in that area can be abused. The adviser can say, 'Well, we'll just do it this way,' minimising their responsibility or their best interest duties. All this
bill does is exacerbate that problem. It does not improve it—that is for certain. There is no question about that. If you were to stand on the middle line and say, 'Which way will I fall?', do this bill and the changes contained in it help or hinder? They absolutely hinder—there is no question about that.

Industry Super Australia said:
... this mechanism would be able to be used by a client and adviser to agree that only the products of a particular provider would be considered in the advice.

It is not hard to see how this insidious change would then have the potential to be more about flogging a product—selling you something, making you pay for it—rather than actually providing any good advice.

The banning of conflicted remuneration, as I said earlier, was a very important step in improving consumer protection. With some minor exemptions from general advice and personal advice, it was a significant factor in reforming the culture and public perception—that faith-trust perception—in financial advice. This bill, unfortunately, seeks to lift that ban. It is going to allow conflicted remuneration—it is not called conflicted remuneration for nothing—in prescribed circumstances for general advice and redefines what is to be considered conflicted remuneration for personal advice. So not only does it re-allow it but, where it would have been banned or continued to be banned, you redefine it—basically, you allow it anywhere you like, because you do it through a new mechanism, a new business model. Again, you do not have to be an expert in this area to read through this quite quickly.

If I tendered some evidence and said a whole range of people say a whole range of things, you need only look at this gentlemen in particular: Alan Jones, not noted for his support of the Labor Party in any circumstances right, wrong or otherwise, in March this year simply blurted it out and said it as he saw it:
I am not happy with what is being proposed here by the Abbott government. There are some times when we are dealing with people's money that certain protections are needed.

He goes on to say:
I am no fan of the Labor Party—
big surprise there—
but I think on this issue, their regulation is correct.

I reckon if we can get Alan Jones across the line, there ain't too many left that we should not get across the line on this issue in particular. Just simply looking at it, after five years of extensive work on this, I think we have got it close to right. I would not be so arrogant as to say that we got it right—perhaps the Liberals might want to say that when they get up to speak on these matters—but I think we got pretty close.

These concerns have been echoed time and time again by groups such as the Council on the Ageing, National Seniors, Choice, Industry Super Australia and many, many others. Again, this is not just the Labor Party saying these things. Changing conflicted remuneration will rip billions of dollars away from ordinary investors and straight back into the pockets—to be blunt—of the big banks who, with more vertical integration models and the provision of financial advice, stand to make a lot of money. I do not object to banks making good healthy profits—and I would not even go down the path as to suggest what they might be. That is a good thing. It shows a lot of confidence in our economy, in Australia and that our banking
system is sound. But I also think that we should not let them get away with gouging money from ordinary people's accounts or them unfairly or unduly in some particular way profiteering from ordinary people's life savings. Whether it is fees and charges, commissions or other things, it is the responsibility of this parliament to actually provide that proper regulation. I am still keen to hear the yells and screams from the Liberal Party about regulation—"Regulation! It's all bad!" This ludicrous, simplistic, idiotic, nonsensical diatribe that we constantly hear from the Liberals about red tape and regulation. 'Airworthiness certificates? Who needs them? Just more red tape!'

Mr Frydenberg: Oh, come on!

Mr RIPOLL: To put it into context so my learned friend over here may understand something, of the 22,000 so-called new regulations—additional or new—

Mr Frydenberg interjecting—

Mr RIPOLL: He doesn't even know what the number is. I am quoting back the Liberals.

Mr Frydenberg interjecting—

Mr RIPOLL: Deputy Speaker Vasta, if he would be so kind as to be so rude and continually interrupting me. I am a much more generous to him than he is to me. Out of those so-called new regulations that the Liberal Party continually trot out—and I have many scripts—3,400 of those so-called pesky business burdens were airworthiness certificates! My point being made. Many—more than 4,000—were actually asked by small business or were about tax concessions or range of other things which were beneficial to small business. I am sure anyone who flies—many of us in this place; all of us, in fact—would very much appreciate that the government continues to put in those regulatory 'burdens'—which would be the same under the Liberal Party in government, by the way, because they do not have any choice either on those.

To get back to the point rather than being interrupted: the billions of dollars in new fees and commissions. There has been some really good work done on this which actually shows the scope of this. They are not coming out of no-one's pockets; they are actually coming out of consumers' pockets. Again, that is the blaring, glaring reality. If you had a spotlight in your eyes and said, 'What is the blaring reality here?' Well, this is what it is: billions of dollars coming out of ordinary people's accounts. Research from Rice Warner on the direct cost to consumers of the changes, including the return of conflicted rem., shows that on an annual basis it would cost almost half a billion dollars, almost three times the estimated business savings. It is completely irresponsible of this government to continue with this change.

This is a government that took the opportunity—took the advantage, if you like—in opposition, as oppositions may do from time to time. It took that advantage, kicking the hell out of the government. But, unfortunately, they just kicked the hell out of the government on the wrong stuff. FoFA is about protecting people. Does the Liberal Party and the Liberal government really want to be the ones responsible for the next big collapse? Responsible for the next group of people who come through and have been duded with the perpetrators getting away with it in a legal sense because of the soft, weakened, jelly-backed amendments to really good, strong protections for consumers? Because that is exactly what will happen and that is exactly what will take place.
I do not think it is missed on consumers or superannuants—people saving for their retirement or investing their life savings—people who get caught up in manage investment schemes and SMSFs. When there is a particular loss that occurs people obviously do look for blame. This is one of the areas of blame they will be able to squarely look to. They will look in the eye of this mob across there and they will ask, ‘How can they get away with this? Weren't there protections in place?’ Yes, there were. Unfortunately, they are just not there anymore. I think that is the really sad part.

Unfortunately, regardless of the evidence, regardless of the good debate, regardless of the time that has been taken to do the right thing by industry, by small business, by everyone in the financial services sector, by lifting that standard, by changing the culture, by looking to professionalise and raise all of those things—but, most importantly to protect consumers—I think it is a great, great day of shame that it will be this Liberal government that actually destroys all of that.

Mr LAMING (Bowman) (11:56): Far from being a day of shame, today really is a day to recognise the thousands of financial planners around Australia who do an extraordinary job protecting and growing the investments of Australians and the millions, obviously, of Australian clients of financial planners, all of whom are satisfied with the services they receive. If you listened to the debate in this chamber you would really get a sense, if you were listening to this majoring in the minors by the previous speaker, the member for Oxley—who never really saw a parliamentary speaking slot that he didn't fill—in essence what he delivered could well have been done in three minutes rather than 30.

I recognise that the member for Oxley spent a lot of time while in government working very, very hard in an inquiry examining this matter. The Storm Financial collapse and other similar stories are of enormous concern to everyone. But for professional groups, who are often given trust and reliance by citizens, we do need to make sure that the services that are provided are exemplary. We live in a nation where we can expect that. But we also need to be mindful of the limits of government intervention. To give you a well-worn analogy, when an eye surgeon is sitting there talking to a patient, precisely how many pieces of paper being filled out and signed will protect a patient from an adverse outcome? In the end, we are reliant on expertise, on goodwill and loyalty to our customers. In the end we know that in 99 per cent of those arrangements that exists. So the final question we can consider here is: what do we do in the one per cent where we see a straying from that trusting and productive relationship? Never do we want to sully the other 99 per cent of relationships when we as governments stumble into the tiny financial planning practices around the station and tell people how to do their job. That is right. We tell people how to do their job. There is a reasonable balance there between ensuring a high level of service provision and still being able to ensure that we can provide low-cost advice to people who need it most.

We are not in this debate considering sophisticated investors who earn over quarter of $1 million a year and are able to indulge in some very, very elaborate and sophisticated financial instruments and schemes; we are talking about allowing more low-income people—people, for instance, in small micro businesses who do not have anyone paying them any superannuation whatsoever—to contemplate an appropriate asset mix for their future. What we are trying to do is open the door to those people so they get some, not no, financial advice. I know that the focus, post Storm, has been on irresponsible giving of advice, but, as I have
said before, it is really incumbent upon us here in this chamber to understand just how complex our governmental interference can be in that relationship.

In the end, government cannot be sitting in every practice. Government cannot be holding the hand of every consumer. Government must give citizenry an opportunity to complain and protest, and to access information and have it transparently provided, and all of that rests within this legislation.

The changes that we are making here basically look at reducing compliance costs and the regulatory burden that, in the end, makes almost no difference to the information that is provided to customers and almost no material difference to their decision-making around financial advice. That is the core issue. It is not how many forms you can fill out. It is not how many times you can make a financial planner send out letters to their customers. In that relationship of trust, government's power, in the end, is quite limited. It is a matter of us understanding the limits of that power and what interventions are actually likely to be effective.

I thought that a very good analogy was this. Say you have a problem with the door on your house and you call someone to fix the door; the question is: should that person have to do a mandatory structural assessment of your entire dwelling before they can fix your door? While that is somewhat of an exaggeration, it points to exactly what we are asking of financial planners—how much they have to do; how much is mandated in their practice before they can offer quite simple, targeted advice, often to low-income earners who are not putting a great deal of money on the table to be managed.

Obviously, coming from a very different professional background, to understand this field there was nothing I could do that would be more effective than going to spend a day with a financial planner. So Mike Smith from Anchor National Financial Planning in Springwood invited me to his office, and I spent basically a six-hour day learning a little more about how a financial planner's office works. For all of the descriptive analysis from the member for Oxley about how all of this additional burden should be simply carried by the profession, it would be good for him, as a Labor MP, to simply sit down in the office of a financial planner. I was there on the day that they were sending out the letters to their clients saying, 'Under Labor's FoFA reforms, we can no longer provide you with any advice whatsoever, and we are terminating that client advice relationship,' because there was, simply, under the new rules, no cost-effective means of continuing the relationship. They were sending out a number of those letters to their clients. That outcome cannot be tolerated, because low-income people need to be able to gain that advice without it being too costly to provide.

That is why we are here in this building: we are here in this building to, where we can, as government, secure the financial future of those who vote us into this place. If FoFA goes too far and has that impact, then of course we must do something.

You can see, as I said at the start of this contribution, that we can argue over relatively small elements. But let us, on both sides of this chamber, never mix up the difference between an association between filling out more forms and a causative reduction in risks like Storm capital. Simply piling up the paperwork ain't going to get you there. Certainly you can associate more paperwork with greater scrutiny, but we have to be very careful with what we legislate to ensure that it achieves the objectives without the unintended consequences.
So the underlying objective of these very important changes, which are widely supported by smaller financial planners who are not linked to Labor-backed industry funds, is that we need to continue to build trust and confidence without any more government interference than is needed. Both sides of this chamber agree with the policy intent of FoFA—let us be honest. It is just about how we get there.

So what we intend to do is to unwind any regulatory overreach, as I have already described, and that has really been created by the current legislation because of, effectively, an overreaction and a belief in the kind of curious professional wars that Labor engaged in. I never quite understood how the Rudd-Gillard government did it, but one day we woke up and eye surgeons—that is right: ophthalmic surgeons—were the enemy. If I can just detain the House for a minute, at some point, someone somewhere decided that we had to take on Australia's eye surgeons and halve the cataract rebate because the world would be a better place. There was absolutely no understanding of the implication that that would have for the private sector and private health insurance contributions for people gaining private eye surgery, the increase in out-of-pocket costs created, and then the fall-away in people who need eye surgery actually getting it. We just had this perverse battle between then health minister Nicola Roxon and the entire eye surgery sector, until, in early 2010, when it was all going pear-shaped for the then Prime Minister, Kevin Rudd, we saw Nicola Roxon airlifted out of the red zone; white flags went up; and it was backtracking by the Labor government. It is to that sort of weird professional war that Labor, in government, wakes up and decides to embark upon that this is somewhat analogous: suddenly, financial planners were, in some way, the enemy.

I can understand the sensitivities and concerns around the tragedy of Storm Financial, but to sully the entire financial planning sector is the problem that we witnessed under Labor. So I am happy that the essential provisions of FoFA stay—and there is absolutely no doubt about that—and I will detail those in a minute.

We know that advisers will not be able to receive commissions when either general or personal advice is provided and that they will still be required to act in the best interests of their clients, and there are six clearly-stipulated criteria in the legislation to ensure that that occurs. They will be providing a warning to their clients if there is any incomplete or inaccurate information, and of course they prioritise their clients' interests ahead of their own, despite what you have heard from a previous speaker. We have supported all of those outcomes from the outset. We have also announced additional improvements to FoFA that have been agreed with some of the crossbench senators, and these improvements will, among other things, ensure that the essential protections of FoFA are front-of-mind for clients, as they will be explicitly listed on the statement of advice so that clients can see them.

I have to confess that I have not always read the statements of advice in detail, and 99 per cent of people going into these arrangements probably do not. So please let us never forget the limitations of government intervention in these areas. Just because it is written down does not mean the client reads it. Just because the client signed it does not mean that the client read it. We have an enormous challenge trying to raise the financial literacy of many of the customers and those that visit financial planners. But, in the end, we are placing an enormous amount of scrutiny on financial planners in this legislation without the overreach. So, advice continues to be in the best interest, the advice must be appropriate, the adviser will be warning.
where there is incomplete or inaccurate information and the prioritisation remains—that is important.

We have also made an election commitment to amend the law to enable incentive payments which do not conflict with advice that is providing general versions of advice. Many have been critical, saying that this would lead to a return to commissions and to conflicted remuneration. We have to be absolutely clear: we are only removing the overreach and the unintended consequences of FoFA as it currently stands, and it never has been or will be the intention to allow the payment of commissions or conflicted remuneration. The rationale for these changes was that individuals who only provide or receive general advice—for example, employees designing websites or providing general information seminars—were at risk under the current legislation and at risk of being affected. Of course, this pushes up significantly the compliance costs that I have already described for small to medium businesses like the one that I visited earlier this year.

During the stakeholder consultation, which has been vital on the draft legislation, there were also concerns that the amendments proposed would allow advisers to go back to charging commissions. Those concerns have been listened to and we have developed better targeted advice provision. As such, the final wording of the legislation balances those needs—the needs of the industry with the government's desire to see that we clearly indicate that commissions will not be reintroduced, and there are a number of elements within the legislation to ensure that occurs.

Both upfront and trail commissions are explicitly banned in relation to general advice. The personal advice provisions are already, obviously, ensuring that commissions are not permitted. That is on top of the already existing requirements that the person providing the general advice has to be an employee of the financial product provider and be transparently operating under the name, the trademark and the business name of that provider; that the person did not provide any personal advice other than in relation to a basic banking product, general insurance or consumer credit products to any retail client over the last 12-month period; and that the general advice can only be provided in relation to products issued or sold by the provider or under the name, trademark or business name of that provider.

To put beyond any doubt how absolutely serious we are about not permitting commissions, there will be in place regulation-making powers that I alluded to earlier that may prescribe circumstances in which all or part of a benefit is to be treated as conflicted remuneration. Therefore, if, contrary to our clear expectations as a government and our intention not to bring back conflicted remuneration, there are developments in the market that warrant our intervention, that can easily be done and very quickly through regulations—although it is very unlikely that that will be necessary.

Are we likely to see a return to commissions paid in relation to general advice? Quite clearly, these amendments indicate that benefits paid on general advice cannot be a commission. That is in the legislation, and this includes both recurring payments—the trailing commissions—and upfront. Is there is risk then that businesses will shift or transition across to only giving general advice simply as a means to push their products? This is also discouraged in the legislation. The provision first of all only applies to employees, so it limits the applicability. And an employee cannot utilise the provision if they provided any form of personal advice in the last 12 months to a retail client. Given the significant upfront and
ongoing training costs that advisers incur to skill themselves to provide personal as opposed to general advice, it is really unlikely that an adviser is simply going to step away from that kind of work of providing targeted personal advice and return to a more general advice-only model.

Why is the obligation to act in the client's best interest being changed? The layperson and a small number of groups have had concern about the changes to this best-interest test. To be clear, six of these provisions remain and they must be articulated today. They effectively prescribe that to act in the best interests of a client this is what an adviser has to do: they have to identify the subject matter of the advice sought; they have to identify the objectives, the financial situation and the needs of the client that would reasonably be considered as being relevant to the advice sought on a subject matter— (Time expired)

Dr LEIGH (Fraser) (12:12): In 2009, Cecily and Robin Herd had their life savings destroyed in the collapse of Storm Financial, a Townsville based financial adviser. The Herds, both in their 70s, had borrowed against their home to invest in Storm's equity products, thinking it was a safe investment in their future. After the Commonwealth Bank forced Storm into administration, Robin said:

... we sold our house and everything else to pay back our margin loan.

The couple now live, according to a report in The Australian Financial Review, in a flat in Caboolture. Robin said:

We only wanted a comfortable retirement. We had no idea about the size of commissions and risk to everything we had. The nightmare is still with us.

In February 2008, Tracey Richards went to see her Storm Financial planner. Instead of withdrawing money to buy a motorhome, she was persuaded to borrow another $200,000 and invest more deeply in the share market. She was a receptionist in Brisbane and this was her third big margin loan investment through Storm. The first investment in 2001 was her life savings of $250,000, with another $400,000 added from the sale of her home. All of it is gone and in its place was a debt of $300,000 that Tracy could not repay. She is a mother of three and wondered how, on a salary of $45,000, she received a $1.5 million margin loan from Macquarie Bank with an annual interest bill of $115,000.

In 2006, Eileen Miller and her daughter visited a financial adviser hoping to invest the nest egg left by her husband who died of cancer in 2005. Having left her the house, two-thirds of a boat and $300,000 in cash, Eileen's daughter made it clear: the house was not to be put at risk under any circumstances. Documents were put in front of Eileen to sign and she remembers receiving no explanation of what she was signing. As a result, she ended up borrowing $750,000 secured against the house. Most of this went to a margin loan with Macquarie Bank, with the financial adviser paid an unknown portion of the commission. When the global financial crisis struck, the adviser called Eileen and her daughter in for a meeting. He told them: 'The stock market has gone down. I thought it would come back, but everything's gone.' The cash was gone, the boat was gone, and Eileen was in danger of losing the last substantial thing she owned, a comfortable but modest weatherboard cottage.

Noel Stevens, a scaffolder, had a long-term life insurance policy with Westpac which was always guaranteed to pay him out if he ever got sick. He also had a bank account with the Commonwealth Bank, and he was convinced to switch to CBA life insurance after being called up by a teller and advised by a CBA financial planner that he would be better off. Mr
Stevens did not know that the teller and the planner earned a kickback if he switched his life insurance policy to the Commonwealth Bank. A year later, he was diagnosed with terminal cancer, and the bank refused to pay him. Noel Stevens spent his final months battling the Commonwealth Bank in court. He won the case three days before he died, and the Commonwealth Bank appealed. Mr Stevens's daughter took on the fight and eventually won the appeal in December of last year.

These stories must weigh deeply upon the shoulders of all members of this House when we vote on a bill to weaken financial protections. For those of us on this side of the House, we sit in the proud history of reforms to protect consumers. It was a Labor government that introduced the Trade Practices Act in 1974, the National Competition Policy in 1995 and the superannuation guarantee in 1992. It was a Labor government that recognised that regulation must help the most vulnerable, not assist the most powerful.

As a result of the Storm Financial collapse, many lost their entire life savings, but other collapses were worse still. With Trio, many lost their homes. With Timbercorp, people not only lost their assets but were left with debts afterwards. Modelling that was commissioned by Industry Super has estimated that the government's proposed changes, winding back consumer protections, will hurt consumers to the tune of around half a billion dollars a year, with some $313 million a year of that being due to the removal of the opt-in provisions and the extension of grandfathering for existing commission arrangements. That modelling by Industry Super indicates very clearly which powerful groups in society this government is interested in protecting. This is a reform which is good for bankers and bad for pensioners. Maybe we should not be so surprised after a budget that has been brought down that is worse for pensioners than any other budget in the past generation.

This government is hitting some of the most vulnerable Australians by taking away financial protections. As Alan Kohler has pointed out:

All the big financial operations that have collapsed over the years, costing Australians billions of dollars, were based on commissions paid to financial planners. Westpoint, Timbercorp and Great Southern paid 10 per cent upfront commissions, Storm paid 6-7 per cent upfront plus a trailing commission, Opes Prime paid a trail of 0.75 per cent, Trio paid 4 per cent upfront and 1.1 per cent trail.

As he argues, the government ought to be sending a message to financial planners that they are not salespeople; they are pure advisers.

I agree with others in this debate who have pointed out that there are many good financial planners in Australia who work hard in the best interests of their clients. We do want more Australians to be seeking financial advice, but we do not want them, as a consequence of doing that, to be paying large hidden commissions.

There have been a plethora of Australians who have spoken out against the government's attempts to water down financial advice protections. The government claims that at no point has it sought to introduce commissions or conflicted remuneration, but page 28 of the explanatory memorandum proves that reintroducing conflicted remuneration is exactly what the government has sought to do.

A partner at Slater & Gordon was quoted in The Age as saying that the government's changes to financial advice protections would precipitate a new generation of scams and legal claims. The Age report went on:
Others say they will bring back the "boiler rooms". Hidden commissions remunerations will flourish like never before.

The potential losses that the Industry Super Australia modelling points to come off the back of very real losses which Australians have endured. Bianca Hall has written of Industry Super's reference to the potential for:

… financial collapses similar to those that occurred in 2006-10, which wiped $6 billion in savings from more than 120,000 investors …

That number of investors exceeds the population of a single federal electorate in this place. That is one in 150 Australian adults that have suffered a loss as a result of financial collapses. This government is pushing through a weakening of financial protections off the back of crises that have cost consumers $6 billion and in the face of modelling that shows that such a weakening will cost Australians half a billion dollars a year.

The Council on the Ageing are among the many groups that have argued against these changes, Ms Josephine Root arguing:

We believe the cumulative effect of these changes is to seriously weaken the reforms, giving less consumer protections and ultimately undermining confidence in the financial advice sector.

Christopher Joye in the Financial Review has argued cogently that ‘permitting sales based compensation when individuals are offered independent financial advice will almost certainly lead to serious conflicts’. He has also made the point that ‘few contest the conclusion that institutions, not consumers, stand to be the main beneficiaries’.

When asked about these changes on ABC Lateline on 18 March 2014, the chair of the Financial Planning Association, Matthew Rowe, was asked by Emma Alberici:

Reintroducing the ability for planners to accept commissions, is that in consumers’ best interests? We've talked about the interests of you and businesses like yours, is that change in the best interests of consumers?

Matthew Rowe responded:

I don't believe it's in the best interests of consumers. I think it's a retrograde step.

So the head of the Financial Planning Association believes that the government's attempts are 'a retrograde step'. He is quoted as having said:

The FPA has written formally to the government voicing its strong opposition to commissions being paid under what is being called the ‘general advice’ exemption. We do not believe this proposed change is in the public interest.

Peter Collins, a former Liberal Treasurer, described to The Australian Financial Review's Jennifer Hewett that the government's weakening of financial advice protections is:

… fundamentally "bad policy" which will leave millions of Australian's vulnerable to financial losses and unscrupulous practices.

This is not tweaking or removing a bit of red tape. This is about fundamental and deleterious change which the government will come to regret.

It is a leap backwards into a murky past where there have been casualties before and will again if this proceeds.

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CHAMBER
To suggest there is sufficient financial literacy is fantasy land. This is a warning from a former state Liberal Treasurer that, if these changes go ahead, then the losses from the next financial collapse will be on the shoulders of Liberal and National members in this House. KPMG Chairman, Peter Nash, has added his voice to concerns that the federal government has gone too far. He said:

Good elements of FOFA are at risk if the government pushes too hard in winding back. The Australian Shareholders' Association have called on the government not make any rushed or inappropriate changes to existing legislation. Their Chairman, Ian Curry, has called on the coalition:

… to delay any changes to the FOFA reforms until after the completion of the financial systems inquiry.

An anonymous industry insider observed to Sally Patten in *The Australian Financial Review*:

There is strong incentive to reward people for selling more stuff. It is fanciful to think you can conquer it.

John Collett, writing in *The Sydney Morning Herald*, said:

The Coalition government's proposed amendments to the former Labor government's laws governing financial advice will result in less protection for investors.

Matt Levey, director of campaigns at consumer group Choice, said:

It is a sales pitch driven by a commission with no relevance to the person's financial circumstances.

Peter Martin, writing in *The Sydney Morning Herald*, has pointed out that the removal of a requirement for anyone paying an ongoing fee to opt in every two years is an arrangement that people in many industries would love because the simple requirement to opt in to pay commissions will be gone. Writing in the Fairfax press, renowned economics commentator, Ross Gittins, has summed the reforms up as:

The financial fat cats live to rip us off another day.

It is pretty clear, from those who are cheering these reforms, who will be the beneficiaries of these changes. Peter Johnston from the Association of Independently Owned Financial Professionals has been quoted as saying:

How can institutions say they are acting in the best interests of clients if they are only selling their own products?

Roy Morgan has estimated that 2.2 million superannuation fund members pay commissions or ongoing fees for financial advice they do not receive. As a result of the opt-in provisions superannuation savings will not be eroded by paying ongoing fees without a person's consent.

Frankly, these changes are no different from what we expect when we deal with other professionals. The member for Bowman spoke about his experiences as an ophthalmologist, but an ophthalmologist would not sneak in a fee without explaining what that fee was for. They would clearly state the fees at the outset of the consultation. That is what is reasonable to ask of financial planners by getting consent through a person's signature and by clearly explaining what you will get and what you will pay for it.

The sneakiness that has surrounded the government's attempt to repeal financial protections ought also give us an indication of who they are trying to help. If the government were proud of these changes, they would not have been pushing them through via regulation. They would
not have been attempting to sneak through these changes. They would not have been encouraging ASIC not to enforce the existing law before their changes came in. These are retrograde changes, and I greatly fear that they will exacerbate the next financial collapse in Australia and hurt the most vulnerable while benefiting the most affluent.

Mr WYATT (Hasluck) (12:27): Listening to the member for Fraser I certainly got a sense of a strong case for financial literacy to be taught in secondary schools in the final two years. If there were that level of understanding then the informed consent choices that people make when they become adults would part of their lifestyle choices and it would be a pathway that they would choose in questioning some of the information given by financial advisers under any regime.

Today I rise to support the amendments to the Corporations Amendment (Streamlining of Future Financial Advice) Bill 2014. The future of financial advice reforms—more commonly known as FoFA reforms—introduced by the former government were a gross regulatory overreach that increased the costs of providing important services to Australians across the country. When the former government introduced the legislation in 2012, I spoke against this bill. It is of great satisfaction to me now to rise to speak on this issue in support of government amendments that will reduce regulatory costs, place downward pressure on the cost of financial advice to consumers and provide certainty to the financial services industry—a key commitment of this government at the election last year.

This bill will amend the statement of advice requirements, amend the definition of a basic banking product, extend the time for fee disclosure statements from 30 to 60 days after the client's anniversary date, provide a more targeted execution only provision, provide a more targeted general advice provision and include enhanced regulation making powers that permit regulations to prescribe when a benefit is or is not conflicted remuneration. By doing all of this, this bill will clean up the mess left by the former government. I remember when the former government introduced the FoFA legislation. I met with financial planners within my own electorate and spent countless time with them asking them what the changes would mean in terms of their business and the way in which their relationship with their clients would be affected by the exercise of process that regulations brings with it.

After the bill was passed and became an act, there were voluminous amounts of paper that planners were required to have in order to meet the regulatory requirements of the act. On one occasion, one financial planner pulled out a document and said to me, 'This is what I now have to fill in compared to what I had previously, and my advice to my clients has not changed. The quality and confidence that I have in getting the best possible outcome for them is still there, because I have kept my client base for years.' I found that with most of the financial planners within my electorate that I met and spoke with—that there was a high degree of trust and integrity and they made their best endeavours to make sure that the financial advice that they gave would give them the return that they were looking for. But we also have to factor in the fact that there are many external factors that come into play in financial investments, because there are other greater forces—both at a national and international level—that also impact on the return that you get for investments.

I was inundated with correspondence from financial planners and financial service providers concerned with the overreach and regulatory burden imposed on them by the federal government. As I said, to gain a greater insight into the issue, I did spend quality time
with financial planners in my electorate. I said to a gentleman in Guildford, 'Just treat me as a new client and take me through the process.' It was interesting going through the process, because it gave me a better sense of what it was that I was expecting to ask him. But I do understand that many of us do not have the levels of financial literacy when we are given or gifted benefits that enable us to make a financial investment and so you solely rely on the advice that you get. In that sense, this bill will still protect people, but it cannot protect them from every possibility that might occur within a financial context.

I honestly could not believe the level of regulatory burden imposed by the government at the time. The difference between now and then is significant. As I said, there were pages and pages of unnecessary and repetitive regulation. At the time, I assured those providers in Hasluck that I would be raising this issue at every opportunity I had. We worked with constituents who raised these issues with me and liaised with Senator Mathias Cormann in his role to ensure that their concerns were passed through, so that when we gave consideration to any amendments in the act, their considerations would be part of the thinking of the minister and those who frame the amendments. That is why it is so pleasing to see the result of this today—a coalition government keeping its commitment to reduce red tape and make the regulatory system easier to use and to navigate.

When I spoke about this issue in 2012, I made the point that the financial services industry needs regulation—and I do not reconcile from that, because there is an obligation for governments to ensure that Australians are protected within the framework that operates. These amendments will have positive impacts for the financial services sector and consumers across Australia. Those opposite will and have been arguing that these changes dilute the need for a financial adviser to act in the best interest of his or her client. This is not true. The best interests duty is enshrined in subsection 961B(1) of the Corporations Act and that remains in place, unchanged. There is no amendment to this. The opposition overreached in the original FoFA legislation and now they are overreaching in the claims about this government's amendments.

When the government introduced the legislation in March this year, the Senate referred it to the Senate Economics Legislation Committee. On 16 June 2014, the committee released its report and the government agreed with the two recommendations: (1) That the explanatory memorandum include a paragraph to clarify the best interest obligations and the level of consumer protection they provide, and whether any further strengthening is required to ensure that these obligations cannot be circumvented; and (2) That the government consider redrafting the conflicted remuneration provisions to ensure greater clarity. The amendments to the bill and explanatory memorandum address the recommendations.

Unlike the former government—that all too often provided a knee-jerk reaction to policy issues—we have taken the time to properly consider and consult on these changes. Even though we have been receiving feedback since the FoFA legislation introduction in 2012, we undertook a public consultation on the exposure draft of this bill in January this year. On the additional amendments, we have once again undertaken targeted consultation. This is a considered approach to policy development and a stark contrast to the policy on the run approach embraced by the opposition.

I must take a moment to credit the Minister for Finance, Senator the Hon. Mathias Cormann, with much of the approach adopted by the government. I know the time that the
minister has put into consulting and considering the FoFA legislation since its introduction in 2012, and now the amendments introduced to the House. Being from Western Australia myself, I have witnessed first-hand the interest and time he has given to this issue. I also know that he has met and discussed the FOFA legislation extensively with stakeholders in Western Australia, including many in my electorate—and I thank him for that. I want to extend my thanks to him for not only taking the time but also listening and acting on the concerns of those who raised them with him.

I want to take a moment to reflect on the changes to the statement of advice requirements that this bill further improves. These changes ensure that the following existing requirements are explicitly listed in the state of advice provided by financial advisers to their clients: that the adviser is required to act in the best interest of their client and prioritise their client's interests ahead of their own; that any fees be disclosed and that the adviser will provide a fee disclosure statement annually, if the client enters into, or has entered into, an ongoing fee arrangement after 1 July 2013; that a client has the right to return financial products under a 14-day cooling-off period in accordance with the requirements currently provided under division 5 or part 7.9 of the Corporations Act 2001; and that the client has the right to change his or her instructions to their adviser, if for example they experience a change in their circumstance.

Further, any instructions to alter or review instructions must be in writing, signed by the client and acknowledged by the adviser. And, that the financial adviser provide an explicit statement that he or she genuinely believes that the advice provided to their client is in the client's best interests, given the client's relevant circumstances. Additionally, there will also be specific requirements enacted by these changes so that the statement of advice is signed by both the adviser and the client. As evidenced, these changes will not only reduce regulatory burden and costs but also further strengthen and improve financial advice laws for the benefit of the provider and the consumer. This government is delivering upon its election commitment to unwind the regulatory overreach created by FoFA and to provide certainty to the financial services industry.

Mr CONROY (Charlton) (12:38): This debate is symbolic of the divide in this House and the divide in Australian politics. On this side we stand firmly for consumer protection, for supporting Australians in having a decent and dignified retirement. Those on the other side stand for the support of the big banks, the financial advisers and the wealthy.

It was interesting to listen to the last few contributions from the coalition. Coalition MPs, including the member for Hasluck, were very upfront in talking about the consultations they had had with the members of the financial services industry, with the advisers. That is fair enough; you should be talking to that. But not once did they mention talking a meeting with the victims of the financial scandals—the victims, the savers, the consumers, who have lost their life savings because of dodgy financial advice. That is really what this divide is about. Those on the other side are trying to protect an industry that all too often has done the wrong thing. Whereas, the people on our side are trying to protect the victims. Those who have been exposed, have lost their life savings and have come to some very difficult circumstances.

The other response from the coalition MPs has been to call for greater financial education for consumers. That is absolutely right. We should be doing our best to educate consumers about financial matters, but that is no excuse to allow financial advisers to be excused from
acting in the best interests of their clients and that is what they are saying. They are basically putting all the onus onto the consumers and onto the public to protect themselves against some of the more irresponsible financial advisers out there. Again it does acknowledge huge issues in this industry, such as asymmetry of information and other matters.

We are having this debate because at the moment Australians have over $1.8 trillion in savings. We have one of the most advanced retirement savings industries in the world. But at the same time we have seen a series of collapses which have lost the life savings of hundreds of thousands of Australians. Between 2006 and 2010 we saw the collapse of Storm Financial, Opes Prime, Trio Capital and Westpoint Property Group. This has resulted in more than $6 billion in losses and has involved more than 120,000 people losing their life savings. The member for Fraser detailed some of the personal experiences of those. I have had people come to me in my electorate talking about similar circumstances where they have lost their entire life savings. It is tragic. I can certainly empathise with them because I, myself, have seen faulty financial advice, which was nowhere near as tragic as what was involved in these particular corporate collapses. But I remember as a young 20-year-old, having entered the workforce, and coming from a family that emphasised savings for your retirement, I went off and saw a financial advisor. That financial adviser spent a sum total of 10 minutes with me. He put a brochure in front of me for a particular bank's products and said, 'This is a goer and if you invest in this regularly, you'll be well looked after.' Being a young 20-year-old, probably not having spent as much time on it as I should have—so some of the responsibility certainly bears with me—I invested in that product. Thankfully, that product did well despite the 10 minutes the financial adviser spent with me. But he never disclosed to me that he was reaping two per cent of the regular contributions I put into that product. For the eight years I invested in that product, and for the 10 minutes work that gentleman did in providing me with a pamphlet, he received two per cent of every dollar I put in. As I said I came off lucky, but that is symptomatic of an industry in serious need of reform.

That led the last Labor government to introduce a series of very significant reforms that were supported by consumer groups and the more responsible members of the financial services industry. I recognise that not all advisers are shonks. Most financial advisers are deeply responsible people committed to the clients' best interests. But there is a minority who have done the wrong thing and it has had a very dramatic impact on our society.

It is interesting to quote from an ASIC survey that Peter Martin in the Fairfax papers highlighted a few weeks ago. In this survey by ASIC, it was found that 86 per cent of Australian consumers surveyed said that they had received good quality advice, 81 per cent said that they trusted their advice a lot. But when ASIC examined that advice, they found that only three per cent of that advise could be classified as 'good', 58 per cent was classified as 'adequate' and 39 per cent as 'poor'. This survey demonstrated two important foundations for Labor's reforms: first, that there is an asymmetry of information and that the Australian public like financial education, and second, when you apply an evidence-based assessment, then a lot of financial advice could be classified as 'poor'—40 per cent of financial advice being classified as 'poor'. This survey by ASIC also found that advisers who renounced commissions were most likely to provide good advice. ASIC concluded that unsurprisingly where advice fees was contingent on a product recommendation, then there were numerous examples where
the advice appeared to be structured towards recommending or selling financial products. So this is the evidence of ASIC that, quite frankly, is consistent with a lot of other conclusions.

On Labor's package, Choice said consumers had more reason to have confidence in financial advice they received with the successful passage of those reforms. To quote Choices' chair:

This is a big win for consumers because advisers are now obliged to put the interests of their clients ahead of their own when providing financial advice.

CPA Australia and the Institute of Chartered Accountants Australia encapsulated the positive reception these reforms received, in the responsible elements of the financial services industry, by saying: 'The passage of the FoFA reforms was the result of extensive, widespread consultation over many years.' This is in contradiction with the claims over the other side that FoFA was some fly-by-night gut reaction to a specific collapse. Nothing could be further from the truth. The industry's own practitioners acknowledged that the passage of the reforms was the result of extensive, widespread consultation over many years. To continue with the quote:

Its introduction marked a milestone opportunity for the sector to take a greater responsibility and refocus its efforts on providing and promoting quality financial advice in the best interests of the client, free from conflict and in a transparent manner.

Someone who is not renowned for being a friend of Labor, especially the last Labor government, is Alan Jones—not you, the member for New England, but he is someone almost as opposed to Labor as you. He said: 'I'm no fan of the Labor Party'—evidently very true—'but I think on this issue their legislation is correct'. I would submit that to get praise from Alan Jones for a Labor Party reform means it must have passed a very high bar indeed!

The key parts of these reforms were around the 'best interests duty', a legislative requirement to ensure that the processes and motivation of financial advisers are focused on what is best for their clients. These include: requiring financial advisers with an ongoing fee arrangement with a retailer client to obtain their client's agreement at least every two years, to continue that ongoing fee arrangement; annual disclosure with fee-disclosure statements providing customers with a single statement that shows, for the previous 12 months, the fees paid by the client, the services the client received and services the client was entitled to receive; and a ban on conflicted remuneration, banning the licensee and their representatives from receiving remuneration that could reasonably be expected to influence the financial-product advice given to retail clients.

We have a situation where FoFA had been barely implemented; in fact, the new government was doing everything it could to avoid implementation of these very important reforms. At this stage, the new government decided to water them down. This was in response to the pleadings and bleatings of the big banks and the more irresponsible elements the financial services industry, who came and saw them. As the member for Hasluck said, he saw plenty of financial advisers but not a single client or victim of the corporate collapse.

The government's changes remove vital protections. They remove the essential catch-all provision 'in best interest'. This adds a loophole for advisers that means best interest will become ineffective. We will hear plenty from the other side about these six other tests that financial advisers must tick. The truth is, without the important catch-all provision that requires financial advisers in all other circumstances to act in the best interests of their client,
these other six tests are meaningless. Dr Paul O'Shea from National Seniors Australia argued that this amendment 'would reduce the advisers' responsibility to act in the best interests of clients and allow advisers to hide behind a tick-box exercise on a limited list of actions'.

Secondly, the government's changes scrapped opt-in, allowing advisers to continue to charge fees—sometimes without having actively worked on a client's file—indeinitely, without receiving consent from the client. This is a really important and dramatic change. The truth is, two-thirds of financial-planning clients are passive. They receive no continuing service from their advisers. In fact, under the arrangements the coalition government is seeking to enact, advisers would be getting a fee for no further service, not a fee for service. That is a dramatic weakening of the provisions.

Thirdly, they amend the annual-disclosure requirement so that advisers only have to provide annual disclosure to clients who commenced with them after 1 July 2013. This is dramatic. Why is it okay to have transparency for advice post-2013 but not for clients pre-2013? Perhaps the worst change in this legislation is lifting the ban on conflicted remuneration so that the ban on conflicted remuneration will only apply to commissions on general advice. This will open the door for a sales-push culture of products rather than focus on the provision of quality personal advice. Clearly, it is not in the personal interest.

CPA Australia was of the view that the trouble with commissions was the potential to create real and perceived conflict of interest:

CPA Australia has said consistently that the changes the Government is seeking to make to FoFA tip the balance too far the wrong way and erode important and hard won consumer protections.

The important thing is the coalition government will say they have abandoned it, but they have left so many loopholes that you could drive a truck through it. Banks are allowed to send their advisers and other representatives on trips overseas as rewards, commissions of up to 10 per cent, volume-selling commissions, are still available.

Quite literally, they have lifted the ban on conflicted remuneration, and this will lead—without any doubt—to more financial collapses. It is, without doubt, a factor that drove the collapses we saw previously that led to $6 billion in losses and 120,000 people losing their life savings. The government lifting the ban on conflicted remuneration will open the door to more corporate collapses and will be on the heads of the coalition government and the members who vote in favour of these changes when these collapses come.

The truth is that the compromise with the Palmer United Party does not solve any of these issues. The changes were purely superficial and do not to anything of substance. I quote some of the responses from expert groups. CHOICE CEO Alan Kirkland said today when the Senate passed this compromise:

Today, the Senate has failed the best interests of consumers, and failed to learn the lessons of repeated financial advice scandals and collapses, where Australians have lost their life savings.

Economic correspondent Peter Martin, of the Fairfax papers, said:

Clive Palmer has been conned. In the most exquisite of ironies he has allowed the Coalition to water down financial advice rules without first seeking advice.

And:
The regulations Palmer has agreed to will allow banks to continue to reward advisers for shifting their products. Payments or in-kind payments not linked to the sale of a particular product are fair game. They are generous loopholes. They would have been illegal had Palmer not caved.

The further response from the government, when people voice their opposition to these changes, is to attack these voices and say they are vested interests with political motivations—people like National Seniors, the CPA and Industry Super Australia. Well I am proud to stand with the seniors of Australia in opposing these changes. These changes, according to modelling, will cost consumers $500 million per annum, a lot more than the supposed savings—and red tape—that these changes attest to, which are not credible.

I am proud to stand with the consumers of Australia. I am proud to stand with the seniors of Australia. I am proud to say that Labor introduced very significant consumer protections that were supported by the responsible members of industry—changes that would, in the future, help avoid collapses like Storm Financial. These changes are now being watered down through a dodgy deal between the coalition government and a minor party. These changes are at behest of the bankers, the spivs and the worst elements of the financial industry. It will be on the heads of those opposite when the next collapse comes through and it is demonstrated that it could have been avoided, or at least mitigated, by strong protections around acting in the best interests of consumers or conflicted remuneration. So I am proud to stand on this side. I am very confident the Labor will be on the right side of history on this debate, as we are on most things.

Mr VAN MANEN (Forde) (12:53): I would just like to make some brief comments in relation to the contribution from the member for Charlton. I would like to remind the member for Charlton that his closing comments were, to be kind, completely disingenuous, because these FoFA reforms will do nothing to stop investor losses in the event of another global financial crisis. In fact, if ASIC had actually done its job—it is a bit like the situation that we have recently seen with the CBA and Macquarie Group—we probably would not be discussing the Storm Financial issues.

The other issues around failures were in relation to a failure of product. I think it is worthwhile to enlighten those opposite about the process to get a product on an approved product list of an adviser. An adviser cannot just recommend any product out there in the marketplace. It needs to be researched by a research house. It then goes to the dealer group and to its investment committee for it to consider whether the product goes on the approved product list. Then, once it is on the approved product list, the adviser can recommend it to a client if it is appropriate. But in this whole situation all we have ever done is talk about the advisers. What about talking about the dealer groups or the research houses and the failure of their processes to pick up these products in the first place?

It is also instructive to note that, in the Cooper review, there were some 17 recommendations around trustee governance issues, of which the industry super funds are the primary culprits. Yet, those opposite, when they were in government, sought to do nothing in relation to fixing up trustee governance in the industry super funds. I wonder why that is, member for Charlton. You have not spoken on that, and the protection of the interests of members of industry super funds. Have a look at some of the stuff that they are doing to their clients in rolling over super funds without any consideration of their insurance requirements.
and other needs of those industry super fund members. So, member for Charlton, do not be too proud of what the former government did not do.

In reality, some of these changes with respect to FoFA, aided and abetted by those of the industry super funds, are purely a rent-seeking exercise. It is, at the end of the day, a battle between the industry super funds and the banks to gain control of a portion of the compulsory acquisition from Australian salaries of the SG charge. In particular, the union-managed industry super funds have lobbied hard and sought to dirty up advisers at every opportunity. They have sought to achieve a crackdown on avenues of financial advice outside the superannuation system. It is important to remember that the financial advice industry is not just about superannuation; it is about investments, wealth creation, debt reduction, life insurance and income protection. There is a whole suite of issues that professional financial advisers provide advice to clients on.

I am proud to stand up here and support the changes to the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014 that the government has sought to introduce to reduce the red-tape and regulatory burden on that industry and, by extension, to start to reduce some of the costs to clients who require that advice. The government's improvements are designed to deliver more affordable access to high-quality financial advice.

Those opposite have succeeded in spreading a wonderful misinformation campaign about the government's improvements to FoFA—thanks to the encouragement, as I said before, of the union-dominated industry super funds, who have been coordinating that very campaign. I want to reiterate—and this is critically important—that the government's FoFA improvements do not water down consumer protections, despite what those opposite continue to say. Consistent with our commitments before the last election, the statutory requirement for financial advisers to act in the best interests of their clients remains in place, as does the ban on conflicted remuneration, including in relation to general advice which would conflict that advice to drive product sales.

We took these changes to the last election. As we promised to do before the last election—in effect, we first announced this policy position back in March 2012—we have removed the requirement for an investor to keep re-signing contracts with their advisers on a regular basis. We have simplified and streamlined the additional annual fee disclosure requirements. We have sought to improve the operation of the best-interest duty and provide certainty around the provision and availability of scaled advice.

I think that the availability of scaled advice is a key issue, because there are people who go to advisers who want advice on a particular aspect of their circumstances. I know from talking to my local advisers that some 10 per cent of the people that come to see them will not proceed with advice because of the cost—somewhere, currently, between $2,500 and $4,000 for a full financial plan. So the availability of scaled advice is going to make it much cheaper for those people to go and see a professional adviser at a cost that is commensurate with what they can afford.

These measures are expected to reduce costs across the financial advice industry of approximately $190 million a year. That will flow through to savings benefits for clients, as I said earlier. We have also dealt with a number of mistakes and unintended consequences which were the result of sloppy drafting by the previous government. Now, to all of us in this place that is no surprise. Fixing Labor's grandfathering arrangements, which had an effect in
lessening competition by effectively forcing planners to stay with the existing licensees, is but one example of where we have had to make changes.

We do not resile from the fact that we need a robust and efficient regulatory system. But it must be competitively neutral so that people saving for their retirement, whether through an independent financial planner, through a financial planner with a major bank or through an industry super fund, have consistency of regulation and access to advice. We can manage those financial risks somewhat through life by receiving affordable, high-quality advice. But we need to remember—and I think this is critically important—that this is about the quality of the advice. But neither the adviser nor the dealer group can control the returns or the activities of the share market and global markets. There will always be risk in any advice that is given—product advice particularly.

Another important part of this is the strategic advice. We need to look at those two issues separately. We need quality, strategic advice to underpin any product advice that is then provided to a client. There is no way, through any legislation in this House or in any other place, that we can guarantee returns to clients and guarantee that there will never be any failures in the event of another global financial crisis. Those opposite, who claim that that could possibly be the case, are misleading Australian consumers.

To return to the substance of the bill: specifically, the government has agreed to make further improvements to our financial advice laws. We have made it very clear that the adviser is required to act in the best interests of their clients and to prioritise their clients' interests ahead of their own, consistent with the requirements in the Corporations Act under subsections 961B and 961J. Many good professional advisers have been doing that in their practices for many years. Many of these people have been in the industry for 20, 30 or 40 years.

The changes also clearly state that any fees are to be disclosed and that the adviser will provide a fee disclosure statement annually if the client enters into or has entered into an ongoing fee arrangement after 1 July 2013. We will also ensure that a client has the right to return financial products under a 14-day cooling off period in accordance with the requirements currently provided under division 5 of part 7.9 of the Corporations Act. Also, the client has the right to change his or her instructions to their adviser if, for example, they experience a change in their circumstances. Any instructions to alter or review it must be in writing signed by the client and acknowledged by the adviser. There will be a requirement in these regulations that on the statement of advice the financial adviser provides an explicit statement that he or she genuinely believes that the advice provided to the client is in the client's best interest, given the client's relevant circumstances. There will also a specific requirement enshrined in these regulations that the statement of advice is to be signed by both the adviser and the client. In my experience, most reputable financial advisers have been doing that for a long time. These changes will be implemented through regulation and as required in the amendments to actual legislation currently before the parliament.

This government has been working in consultation with relevant stakeholders throughout the industry to establish and enhance a public register of financial advisers, including employee advisers, which includes a record of each adviser's credentials and status in the industry.
In closing, I think it is worthwhile just to go through some of the claims being made by those opposite and to clarify those—to clear up the fact that what they are actually enunciating is incorrect. They make the claim, supported by the industry super funds, that this allows conflicted remuneration to be earned by staff giving general financial advice. This claim is wrong. Our improvements to FoFA do not bring back commissions or any other conflicted remuneration from product sales based on general advice. The exact opposite is in fact the case. Our regulations explicitly prohibit payment made solely for financial product of a class in relation to which general advice was given and which has been issued or sold to the client, and any recurring payment made because the person has been given general advice.

They also make the claim that commissions on execution services will be allowed. This claim is also wrong. Execution-only provisions do not reintroduce commissions. Anti-avoidance provisions work to prevent collusion between advisers trying to gain the provisions to obtain conflicted remunerations. They make the further claim that it will allow the banks to pay commissions on all basic banking products. Again, this claim is plain wrong. Basic banking products are already exempt under the FoFA laws introduced by the former Labor government. The government's amendments will simply include consumer credit insurance products, given that these products are also regarded as basic banking products.

They make the claim that it will allow banks to pay commission based bonuses to their planners by balanced scorecards. This claim is also wrong. The balance scorecard arrangements were envisaged under the FOFA laws introduced by the former Labor government, as per their second reading speech and explanatory memorandum. This government's proposed regulations simply provide clarity that these payments can be made. And, importantly, they make the claim about extending grandfathering so that commissions can be traded. The government's amendments make improvements to the FoFA grandfathering provisions to address unintended consequences and to facilitate competition in the financial advice industry. The former government had previously acknowledged several times that this needed to be done.

As I said at the outset, these changes to FOFA will make financial advice easier and simpler for advisers to provide to clients. They will clarify inconsistencies created by the former government in its desire to do the bidding of the industry super funds, and they will allow the professional financial planners in the industry to get on and do what they do best—that is, provide professional advice to Australian consumers.

Ms MacTIERNAN (Perth) (13:08): It has been most interesting listening to some of the contributions from the other side because it would appear that they think the legislation that is now being amended somehow or other arose in some sort of vacuum and was just a manifestation of a Labor government wanting to introduce a nanny state. There seems to have been a complete corporate white-out of the disastrous events that led to the various parliamentary inquiries, the recommendations that came out of those inquiries and the legislative measures that were put in place to try to reduce the prospect of some of the worst features of the collapse of Storm and Westpoint from happening again.

I agree with the previous speaker, the member for Forde, that no legislative change is ever going to absolutely guarantee that we will not have some problems. But when we have disastrous regimes in place—when we see literally thousands and thousands of investors losing their life savings, losing their superannuation—and we have a parliamentary inquiry
where very clear recommendations come out as to what we need to do to improve the system, then it is incumbent on us to reflect very deeply on the changes now being proposed that would water down those protections that were introduced.

These were not insignificant events. Westpoint was one that particularly affected Western Australians. We saw with Westpoint that in the end there was around $400 million of savings, of Australian savings and superannuation, that was lost by more than 4,000 small investors. Many hundreds of those, if not thousands of them, were Western Australians because this was a company that had its origins there. I was very surprised—or disappointed I guess—when I heard the member for Hasluck making references at the beginning of his speech to how, as adults, as part of growing up, we need to accept responsibility for the decisions that we make. I think he was very much reflecting on the decisions that were made by investors to invest in projects like Westpoint—projects which appeared to have been approved under a regulatory framework and which obviously collapsed.

The member for Hasluck spoke of gross regulatory overreach. Again, unfortunately, there is this complete failure of memory, complete disconnect, about what led us to introduce this legislation into the parliament in the first instance. It was in fact because we had regulation that failed. And it is important for us to understand when we are talking about caveat emptor—that is, the buyer should beware—that part of the problem is that we have a regulated industry, and people feel that if they are dealing with people who have been regulated they then feel they have a certain measure of protection and they feel a certain measure of confidence that we have a regulatory regime that is going to provide them a certain amount of protection. So while it cannot guarantee a particular interest rate, it certainly leads people to believe that they can have some sense of security because we have got a regulatory regime in place. So when that regulatory regime fails, as it did so spectacularly in the Westpoint case, leaving more than 4,000 people without their life savings and their superannuation, then we have to go in and ensure that we tighten that regulatory framework.

This is not regulatory overreach; it is what we need to do as a decent society to ensure that people going out there in the marketplace and investing their money have got a reasonable prospect that these funds will be secure. We know in the case of Westpoint that it is a very clear example of financial planners being enticed into these mezzanine schemes: the returns for them were incredibly good and they, by all accounts, appear to have put their own interest before that of their clients in making these very enthusiastic recommendations.

Indeed, I am looking at an article that appeared in The West Australian last year that pointed out the failures that we saw with ASIC. In the case of Westpoint it is very unfortunate that as early as April 2000, ASIC officers in Perth were concerned about the high-interest high-risk financing schemes that Mr Carey, the chief proponent of Westpoint, had been making. The ASIC officers in Perth had their concerns and the files were handed over to the ASIC officers in Melbourne. Those ASIC officers subsequently let Mr Carey's lawyers in Perth know that they had completed their review and did not have any plans for regulatory action. Neale Prior from The West Australian goes on to say this gave eager product floggers in financial planning firms across Australia a green light to connect big commissions for putting their clients into Westpoint schemes.

So quite clearly the regulatory regime failed. It was not that this company had not come to the attention of ASIC but the regulatory regime that we had in place allowed these financial
planners then to move and to take those very high commissions from the mezzanine financing outfit. It is quite a sorry story that goes on. The company and the financial planners continued to operate unabated and by the time any action was really taken in around 2005 already $250 million was owing to investors in seven different schemes. Indeed, by the time the whole thing collapsed, over $400 million had been lost by Australians.

We have seen precisely this same failure to accept. The failure that we saw, I have to say, all happened on the Howard government's watch. There were years and years of warning that this was happening, with no regulation and a failure to regulate. We saw exactly the same with the financial brokers in Western Australia in much the same way throughout the second half of the 1990s. We saw these schemes that involved finance brokers, valuers and real estate agents colluding and selling these very deceptive products to investors, and really targeting the elderly. As a result of that, again, hundreds of millions of dollars were lost by thousands of investors when we had been drawing the Liberal government's attention to this. But their desire not to engage in regulatory overreach led to absolutely the same inertia in relation to the financial planners. When Labor got into government we immediately commissioned inquiries and a royal commission to ensure that at least we changed the legislation and put in place the protections that were necessary to give greater security and greater control over people acting against the interests of their client.

I say to those members of the government that are presenting this series of amendments, as if this is a completely unwarranted case of regulatory overreach, to actually consider the circumstances, consider that this arose out of a gross regulatory failure that has left thousands and thousands of Australians in a perilous financial position. The principles in the original bill came out of a parliamentary inquiry and a very detailed investigation of what was needed to put this industry on a firmer path. I guess we are very concerned that once again the conservative government is playing into the hands of big business and is prepared to put the interests of big business before the interest of ordinary Australians.

Mr COLEMAN (Banks) (13:19): I am very pleased to speak on the Corporations Amendment (Streamlining of Future Financial Advice) Bill 2014. I think this whole area really is a good insight into the differing approaches on the differing sides of the House because there is a temptation to seek to regulate all conceivable scenarios in a particular industry so as to manage any situation that could come up. Of course, on the odd occasion things do go wrong and there is a natural tendency to ask: what can we do to minimise that issue? But there is also a risk that, in the process of trying to fix the evils that you perceive, you can really hurt an industry very substantially—so much so that you actually make things worse. I have some experience in this area. I served on the board of a company called Yellow Brick Road, a provider of financial advice, mortgage advice and various other products so I do have some understanding of this area. One of the things that I learned from that experience was that you need to be careful before you regulate too aggressively in this space. Again, we do not want to create a scenario where the only people who can afford financial advice are wealthy Australians. In fact, that is the exact opposite of what we want to occur. We want a situation where the average family is thinking about their future, thinking about their kids' education, thinking about superannuation, thinking about maybe buying an investment unit—all those things that millions of Australians think about. It is very important that there is
somewhere where those people can turn for advice and it is very important, frankly, that it
does not cost them an arm and a leg
to do so.

The problem with over-regulation is that you create such complexity for the provider of the
service that the only people who can provide the service are those who have jumped through a
hundred hoops and, consequently, are able to provide the service. But the price of jumping
through all of those hoops is a very high compliance burden. Who pays for that? It does not
matter what the industry is, and it does not matter what the source of the cost is, wherever the
cost comes from, the person who ultimately pays for it is the consumer. That is not what we
are about. We are about providing sensible regulation in the financial services space, but we
are also about ensuring that we have a viable financial advice industry—an industry that can
provide advice to people in the suburbs of my electorate and not just to people in the big end
of town. Ironically, the Labor so-called reforms in this area risk exactly that. They risk
promoting a situation where the only people who can get financial advice are those people
who can pay thousands and thousands of dollars for it, and that is just wrong.

There are a number of areas that the legislation touches on. One of the really important
areas is scaled advice. This is an important area to understand because it really goes to the
heart of the differing approaches. 'Scaled advice' sounds a bit like a technical term, but it is
really pretty simple. It means that if I go to a financial adviser and say, 'I want advice about
life insurance,' the adviser can simply focus on life insurance products. The adviser in that
circumstance does not have to boil the ocean, so to speak, thinking about every conceivable
investment product and every conceivable situation that may or may not occur in the future;
the adviser can simply say: 'All right, he wants life insurance. What are the right products for
somebody like him, in his age group, with his family profile and his income?'

This is really important, because under the existing reform by the previous government
there was a great deal of uncertainty about scaled advice. I have met with people in the
industry about this issue and there is a lot of concern. As a financial adviser, if I am asked to
solve problem x then that is fair enough; I will solve problem x. But I should not also be
expected to solve problems a, b, c, d, e, f and g. This is a really important point because of the
cost involved in providing that advice. The adviser knows that they are only expected to
provide the advice that they have been asked to provide.

In the context of providing scaled advice the adviser must act in the best interests of the
client. In the example of life insurance, the adviser would be in contravention of the act if
they did not, in a diligent and responsible fashion, look at the life insurance products that were
most appropriate for the client, but the adviser does not have to say, 'You've asked me about
life insurance; let me tell you about an index fund in Norway that might be good for you.' It
might be good for you, but it might not have anything at all to do with superannuation.

Another area that is very important to understand is around the best-interest test. It is in this
area where we have heard some of the more over-the-top, hysterical commentary from those
opposite. Of course, under the Corporations Act, it is an absolute requirement for a financial
adviser to act in the best interests of their client, and it continues to be. In fact, the act and
other legislation, go into some really quite specific provisions about the sorts of things you
have to do as a financial adviser. So if you are sitting in Hurstville in my electorate, providing
financial advice to a small business employing only one or two people, there is already a quite
significant burden—appropriately so, because it is important that these advisers act in the best

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interests of their clients. The adviser has got to base all judgements on the client's relevant circumstances, conduct a reasonable investigation into the appropriate financial products, ensure that the adviser has the relevant expertise and tell the client if you do not. The adviser has to make inquiries to get complete information, because a client might tell you a number of things about themselves but they might neglect to tell you about their other bank account or investment property. As an adviser, in order to address the best-interest test, you must make sure that the client gives you the full picture. The adviser also has to identify the objectives, financial situation and needs of the client. So, there is really a very extensive range of requirements in relation to this best-interest test.

The dispute arose in relation to another clause, in addition to all of those other clauses, that the previous government had inserted. Basically, the clause said that even after you have acted in the best interests of the client, even after you have done all of these other things and addressed all of these various specific requirements within the legislation, you then have to do anything else that might have been good for the client. Imagine a small business person with one or two employees, with a small turnover and not a lot of time to conduct academic research in the process of providing advice. That adviser has acted in the best interests of their client and checked off a significant list of items that they need to follow. They have been reasonable, have made sure that they have the expertise, have asked all the right questions and looked at different products. If they do all of that it is not enough because, under the previous government's legislation, this vague clause—it is infinite in its applications—says, basically, 'And do anything else that might be a good idea.' That is a provision that is so broad that it is not a practical thing to ask a financial adviser to do.

If you are sitting in a big office tower in the CBD of Sydney in a multimillion-dollar operation, and you have got 20 compliance officers working with you, it would still very difficult but it would be more within reach. But it is not fair to expect a small business adviser to go through that process and it is counterproductive to clients. Do you know why it is counterproductive to clients? It is counterproductive because for an adviser to be able to sign-off and say, 'I have done absolutely anything else that might have been appropriate,' you can imagine the additional cost and resources that are required.

The DEPUTY SPEAKER: Order! The debate is interrupted in accordance with standing order 43. The debate may be resumed at a later hour.

STATEMENTS BY MEMBERS

Richmond Electorate: Nimbin Fire

Mrs ELLIOT (Richmond) (13:30): I rise to speak about the devastating fire in the town of Nimbin in my electorate of Richmond in the early hours of Wednesday, August 13. The fire destroyed some very well-known buildings in town—the Rainbow Cafe, the Nimbin Museum, the Tribal Magic shop and part of the Bringabong shop in Cullen Street, the main street of this iconic town.

These buildings were so much more than just timber and tin. They housed a rich history of Nimbin and reflected its unique culture and lifestyle. I went to Nimbin recently and saw firsthand the damage caused by the fire. It was devastating to see so much history gone; so many of the locals and tourists were visibly upset at this huge loss.
The Rainbow Cafe was a very busy eatery and a popular tourist destination. It was one of the biggest employers in town with 20 employees. It has been run for the last 10 years by Jodee Tichborne who said: 'The Rainbow Cafe was the heart and soul of Nimbin.' She has indicated that rebuilding is on the cards.

The Nimbin Museum's founder and owner, Michael Balderstone, is also a well-known and respected figure in town. Michael spent three decades building and working on the museum. The museum depicted the rich, colourful history of the town, from telling the stories of the local Indigenous culture right through to those of the world-renowned Aquarius Festival which Nimbin is famous for. Michael Balderstone best summed up the feelings of many in saying Nimbin was a resilient community and would rebuild; but the museum is gone forever. Sadly, too, the buildings also featured murals, some of which dated back to the Aquarius Festival. Praise should go to the more than 30 firefighters who fought the fire and prevented what could have been a far worse outcome. (Time expired)

Hearing Awareness Week

Mrs PRENTICE (Ryan) (13:32): This week is Hearing Awareness Week and yesterday I attended the Power of Speech function, here at Parliament House, which showcased the remarkable listening and spoken skills of children who are deaf. Power of Speech was organised by First Voice, an alliance of six world-leading early childhood intervention centres across Australia and New Zealand which provide life-changing support for more than 1,000 children who are deaf or hearing impaired. This is the largest group of children receiving services for hearing impairment in the world. First Voice centres provide services to children with hearing loss from birth to five years. Some centres also support children on their journey through school and beyond.

Claudia Worland is an 11-year-old girl from Brisbane and the winner of this year's Power of Speech speaking competition. Claudia was born to parents who both have profound hearing loss. As a result of her cochlear implants and Hear and Say—a Brisbane member of First Voice—Claudia has been able to develop communication and listening skills that allow her to interact with her peers. Claudia loves that she can do everything her friends can do with one extra-special benefit—she can take her cochlear implants off at night and sleep in absolute silence.

I would like to take this opportunity to again commend the incredible work of Dimity Dornan and the Hear and Say centre in supporting children and their families in developing strong listening and spoken-language futures.

Anzac Centenary

Ms MacTIERNAN (Perth) (13:33): Western Australians, particularly residents of Albany, have been wholeheartedly embracing the Anzac Centenary events. But they have been increasingly disappointed by decisions made by the federal government and its agencies which diminish the capacity of Western Australia to join in commemorating the centenary.

First there was the decision by the DVA banning horses from participating in the troop march down York Street in Albany on 1 November—a premier event in WA's commemoration calendar. The Australian Light Horse Association National President, Phil Chalker, said it was a disgrace that the home city of the Desert Mounted Corps Memorial
would not have horses marching on 1 November. We ask the minister, Senator Ronaldson, to intervene to overturn this poor decision.

Secondly, federal funding cuts have led to the cancelling of a major WWI photo exhibition in Albany, Geraldton, Perth and Kalgoorlie. The minister should restore these funds and allow WA to participate fully. Western Australia, and Albany in particular, played an important part as the final departure place of troops headed for Gallipoli and the site of the first commemorative dawn services.

Western Australians suffer most from the cuts to travelling exhibitions, as we suffer most from the tyranny of distance. Do not make us want to secede yet again.

**Centenary of the Red Cross in Australia**

Mrs GRIGGS (Solomon) (13:34): The Red Cross is part of the fabric of Australian life, touching the lives of most people in some way. On 13 August, the Australian Red Cross turned 100 years old. My Territory parliamentary colleagues and the Palmerston teams—Minister Chandler, Lia Finocchiaro and Nathan Barrett—and I wanted to celebrate this milestone by doing something creative. Therefore, Palmerston’s Big Cake Bake Off was created.

We baked a wide range of cakes, muffins and biscuits to sell at a stall at the Palmerston shopping centre on Monday. Unfortunately I was not there, but I had a team of supporters that were able to represent me. Together, team Palmerston raised $1,183.70 for the Red Cross. The Palmerston community was so generous in their support of our Big Cake Bake Off and bought almost all of our stock by lunchtime.

Thanks to those who donated their time and their baking skills to assist us in reaching our fundraising target of $1,000. It is heart-warming to know that community spirit is still thriving in Darwin and Palmerston and that people are happy to put their hands in their pockets to give to those less fortunate than ourselves. I know the Red Cross will use the money wisely to continue their fantastic work helping those in need. *(Time expired)*

**Lalor Electorate: Student Representative Council Forum**

Ms RYAN (Lalor—Opposition Whip) (13:36): Today I rise to talk about the second SRC forum held in my electorate in the recess. The forum was attended by over 130 primary and secondary school students representing schools from across the electorate and followed on from the inaugural forum in April.

The April forum put forward a range of planned outcomes, from getting a deeper sense of our community to learning about consultation and listening. The follow-up forum in August showed me the students had made significant progress in these outcomes, with many going above and beyond their planned projects.

These SRC forums have proven to be an extremely worthwhile exercise for the students, for the teachers and, obviously, for me. Students harnessed this opportunity to learn from other schools about how they tackle common problems. Many students found a common problem they have is litter in the school grounds. This, of course, came as no surprise to me. Some schools tackle this with games and competitions, which provided ideas to other students on how they could deal with the issue. Teachers noted the leadership shown by their students and their contributions back at school over recent months.
For me, this experience has been extremely rewarding. I have learned from the students about the experience they have as individuals at school and about the challenges we all face as a collective community. The feedback from the students was very positive and their reflections on leadership and representation were thoughtful and insightful. Everyone in the electorate of Lalor can be very proud of their students' contributions. I look forward to the next forum. (Time expired)

Mallee Electorate: Employment

Mr BROAD (Mallee) (13:38): Today, I rise to talk about The Nationals' job strategy for the township of Mildura. You know, governments do not create jobs; it is industry and small business that create jobs. It is the pursuits of individuals that create wealth, and it is our job to create the economic climate for this to occur. In Mildura, we have increased the gas pipeline capacity for small business. We are now spending $120 million modernising the irrigation infrastructure and we have found that we are able to enhance that construction to make sure that that modernisation goes further. We, the National Party, are committed to standardising and upgrading the Mildura railway line, and it is disappointing that the state Labor opposition, in the lead-up to the election, has not committed to this very important infrastructure project so we can take the products that we produce to the port and to the market.

The Australian government has stitched up the Korea-Australia Free Trade Agreement, which will significantly assist the growers in my area. We anticipate table grapes will see additional exports of $40 million—and 75 per cent of table grapes are grown in the Mildura region, so that is an additional $30 million a year to our rural economy. Also, almonds, which have never had access into Korea, will now be exported there. This is all about the National Party delivering on its jobs growth strategy for Mildura, and I am very proud that, together with my state colleague Peter Crisp, we are able to deliver these good outcomes for this town.

Kingston Electorate: The Vines Evening VIEW Club

Ms RISHWORTH (Kingston) (13:39): We all know volunteers make a huge contribution to our community. Indeed, in the electorate of Kingston that is no different. There are thousands and thousands of volunteers contributing to our local community. I was very, very pleased to see a new volunteer group start up in my electorate—The Vines Evening VIEW Club. They had their inaugural function and I would like to congratulate all those who spearheaded this and have formed this group.

VIEW clubs around the country play an important role, with women coming together to help improve the lives of vulnerable Australian children. Whether it is helping local children to advance their literacy skills by volunteering to read to them, making library bags or organising fundraising activities, the work that VIEW clubs do makes a positive difference to so many young lives. By bringing women from all walks of life together, VIEW also plays an important role in connecting women with each other in their communities.

It is incredibly fortunate that, in addition to the VIEW clubs that already exist in the southern suburbs of Adelaide, we now have The Vines Evening VIEW Club. I look forward to continuing to work with The Vines Evening VIEW Club as they really build their contribution to our community. I once again congratulate everyone involved and wish them all the best for the future.
Book Week

Mr CRAIG KELLY (Hughes) (13:41): An important occasion passed last week with little fanfare, but it was one I feel is important. National Book Week commenced on 16 August, before concluding on the 22nd. In a time of video games and social media, Book Week reminds us how important it is that we do everything we can to encourage our children to read. In fact, a recent international study by the Australian National University and the University of California found that having books in the home had a greater effect on a child's educational attainment than other factors such as the education level of the child's parents, the country's GDP or the education system—and the more books you add, the greater the benefit.

While the coalition government is increasing spending on education—by eight per cent this year, eight per cent next year and eight per cent the year after—it is clear that one of the best investments we can make in education to help our kids get ahead is to get more books in the home. Therefore, in conjunction with national Book Week, I have been running the inaugural Hughes Book Drive, where I have been asking residents of the local suburbs to donate any of their preloved or outgrown books. So far, we have collected over 4,000 books, which is close to our target goal of 5,000. The books will be distributed to school-age children across my electorate. There are many interesting titles in the books collected thus far. Forget Paul Kelly's *Triumph and Demise*. The favourite one I have found was a book called *Adventures of the Red Tape Gang*. Some of the more interesting chapters include 'Organising the gang', 'A dangerous mistake', 'Something's going on'—(Time expired)

Wade, Mr Arthur, OAM

Ms CLAYDON (Newcastle) (13:42): Newcastle has lost one of its larger-than-life champions, Arthur Wade, OAM, who passed away peacefully aged 95 last Sunday. Arthur was a man of true Labor values and principles. Born and educated in Carrington, Arthur joined the Australian Labor Party in 1935 before serving the party as an alderman on Shortland County Council and Newcastle City Council from 1947 to 1968, including a year as deputy lord mayor in 1958.

He was elected to the New South Wales parliament in 1968, where he served as the state member for Newcastle for the next 20 years. Arthur was party whip under Neville Wran and also served as chair of the New South Wales parliamentary Labor Party. As state member, Arthur saw the introduction of electrified trains into the city of Newcastle and was a strong advocate for the rights of working men and women, ensuring that those most in need were never left behind. Arthur was a founding member of the Hunter Valley Cancer Appeal, a founder of the Australia Day Council and chair of the RSL district council for many years. Before serving his community of Newcastle, Arthur served his nation in the Second Australian Imperial Force during World War II. He was captured in 1941 and was a prisoner of war in Germany and Poland until the end of the war.

I offer my condolences to Arthur's wife, Heather, his children, Bill, Joanie and Barry, and his extended family. Arthur's contribution to Newcastle and the Australian Labor Party was immense. (Time expired)

Radel, Mr Gary

Mr PITT (Hinkler) (13:44): It is with great sadness that I rise to advise the House of the passing of Gary Radel on the weekend, at the age of 62, after a short battle with lung cancer.
Gary was well known and well respected in surf-lifesaving circles. He was a life member of the Moore Park Beach Surf Life Saving Club, a life member of the Wide Bay-Capricorn branch and a life member of Surf Life Saving Queensland.

I first met Gary in the mid-1980s when as a young teenager I joined the Bundaberg Surf Life Saving Club. Gary was already well into officialdom at that time. I was a young, hot-headed competitor. Gary being a very strict official, we often had some fairly robust discussions. But he was a gentleman I knew for almost three decades, and his passing is very unfortunate.

My deepest condolences go to his wife and family and to the surf lifesaving community in general. In recent reports, Surf Life Saving Queensland Wide Bay Capricorn regional operations manager Craig Holden said Mr Radel was a ‘true gentleman’ of the surf lifesaving movement:

He was respected by everyone involved as a fair and honest surf-sports’ official and also as someone who was passionate about the training of members for their awards and accreditations - in particular, as a trainer and assessor

To hold not one but three life memberships is a great achievement, and certainly there is a great loss to the surf lifesaving community in my electorate and in the community of the electorate of Flynn.

McCarthy, Dame Emma Maud, GBE, RRC

Mr PERRETT (Moreton) (13:45): I rise following some correspondence from Dr Michael Macklin about Maud McCarthy. He wrote saying that, despite the fact that Maud McCarthy was born in Australia, we have not honoured this outstanding woman. Perhaps it is time during the centenary commemorations to rectify this omission. I wrote to the Hon. Michael Ronaldson, and we are working to acknowledge this incredible woman. She was noted for her role in the South African War, the establishment of Queen Alexandra's Imperial Military Nursing Service and her work as matron-in-chief of the British Expeditionary Force in France and Flanders during the First World War. She has an entry in the Australian Dictionary of Biography. Her story has been put on the ABC Life Matters program. There is actually a portrait of her in the Imperial War Museum in the United Kingdom.

Dame Maud McCarthy is not from my electorate. Her connections with Australia are actually with the electorate of the member for Wentworth. After I approached Minister Ronaldson, I realised it might be more of a project to take place from the electorate of the member for Wentworth; so, hopefully, between Dr Macklin and me, we can make sure this woman is recognised here in Australia, as she is in the United Kingdom, for the great work that she did 100 years ago. I do this as both an amateur historian and the son of a nurse. I know how important it is to recognise this great service, and I look forward to working with the member for Wentworth when appropriate to do so.

Reid Electorate: Ferragosto

Mr LAUNDY (Reid) (13:47): Ferragosto, or Assumption Day, is an Italian national holiday celebrated on 15 August, and I was thrilled to join my many Italian friends in Five Dock on Sunday, 17 August, when the main street came alive with the tastes and sounds of Italy. Despite the poor weather—and it did pour—rain failed to dampen the wonderful Italian-Australian spirit at one of the most iconic and best loved festivals in Sydney.
The event attracts more than 50,000 visitors each year, and the many thousands of people who attend the event from right across my electorate and beyond enjoyed delicious Italian food, with over 160 food, wine—which I was keen on!—and merchandise stalls. Meanwhile, magnificent local performers thrilled audiences with activities on four different stages. I am biased and a proud father, but my daughter Analise and her dance crew from Elevate were by far the best.

I would like to congratulate and thank the organisers and sponsors of the festival, which year after year continues to be a highlight on the events calendar of the inner west of Sydney. The organisers, the council and everyone locally worked so hard to bring this together, and it really is an outstanding day for families one and all. I encourage all members in the House and around Australia to come to Five Dock next year and enjoy some magnificent Italian-Australian hospitality.

Indi Electorate: Carevan Wangaratta

Ms McGOWAN (Indi) (13:48): Community care is alive and well in Indi, and I was fortunate enough on Tuesday, 29 July to see it firsthand. Carevan Wangaratta has been operating for more than three years and visits Yarrunga, West End and Central Monday to Wednesday at each venue. The Carevan team of Maureen O'Keefe, Peter Vaughan, Patti Stafford, Amandah Glasser and Carol Pinner showed how they are a really well oiled machine. They did not waste any time putting me to work—straight to the sink and washing up!

Tuesday night almost 40 adults and 18 kids were at the rotunda barbecue area, and I was really pleased to be able to join in singing a happy birthday for Carol Henry, who had just turned 70. Carevan Wangaratta's manager, Peter Vaughan, said the initiative has helped create great social interaction. Carevan relies on donations and financial assistance from Wangaratta and King Valley businesses, in-kind support from VCAL students, 85 volunteers and the Wangaratta Council and Rotary Club. Their assistance is greatly appreciated.

Just one example of the community input at the rotunda is young Connor, who drew a plan for the playground when he was six. The plan finally came to fruition last year, and the area was getting a real workout on Tuesday night.

I was delighted to help in the Carevan; it couldn't have a better name.

Lyons Electorate: Infrastructure

Mr HUTCHINSON (Lyons) (13:50): A couple of weeks ago I had the pleasure of visiting one of the most beautiful parts of my electorate, which is the stunning Tasman Peninsula at the very southern tip of Tasmania, to join with Mayor Jan Barwick to open what will be the beginning of a walkway between the commercial hub of the Tasman Peninsula in Nubeena and the residential community at White Beach. Over 50 people attended what has been a wonderful community initiative over many years, a project that really epitomises community persistence and determination to see this funded. The federal government contributed $250,000 towards the walkway, and I was very pleased to be part of that.

With this sort of infrastructure one of the challenges is to encourage tourists. The most visited attraction on the Tasman Peninsula is, of course, the historic site of Port Arthur. The challenge is to get those tourists to spend an extra night on the beautiful Tasman Peninsula. It
is this sort of infrastructure that we truly believe will provide an opportunity for those visitors, both local and from elsewhere, to enjoy the many offerings on the Tasman Peninsula.

I would like to acknowledge the councillors who were there—Roseanne Heyward, Allan Hull and Joan Fazackerley—the school principal Ted Barrance, the tree planters, Jen Milne from the NRM office and the council and— (Time expired)

Budget

Ms BRODTMANN (Canberra) (13:51): On Tuesday we heard the dreadful news that the Australian War Memorial has been forced to close its program of travelling exhibitions—shameful news—after the government withdrew $800,000 in annual funding effective immediately. Memorial Director Dr Brendan Nelson confirmed that the 17-year-old program of sending exhibits to regional museums and galleries is no more. I want to echo the comments of my colleague the member for Batman, in condemning this decision, and I want to call on the government to immediately reinstate funding for this important program.

As all members will be aware, we have just entered the centenary of Anzac. This centenary is a unique opportunity for our country to commemorate the First World War, to remember the very great sacrifices made by so many, and to reflect on the importance and the significance that this conflict had for our young nation. This heartless cut will mean hundreds of thousands of Australians will, throughout the centenary, no longer have access to important history about Australia’s involvement in the First World War.

I am lucky: my constituents have direct access to the wonderful War Memorial here in Canberra. Unfortunately, millions of Australians in regional Australia do not have that access and rely on these travelling exhibitions. Since its inception, the travelling exhibitions program has seen 40 exhibits travel to venues in every state and territory of Australia and many international venues. The program has touched over 3.8 million lives. This decision is an absolute outrage, particularly as we embark on the Anzac centenary. I call for its immediate reversal. (Time expired)

Rawson, Mr Neil, OAM

Mr WHITELEY (Braddon) (13:53): The north-west coast of Tasmania has lost one of its greats. Mr Neil Rawson OAM, passed away on 12 August at the age of 81. He was the founding president of the Northern Tasmanian Football League. He was a left-footed half forward who played only 12 games of seniors football with Ulverstone before a knee injury ended his promising career. Despite this injury, his spirit was not broken and he remained heavily involved in football, going on to establish himself as the leading football administrator in Tasmania. His service and devotion to the game earned him not only a merit certificate from the Australian National Football Council but also induction into both the Tasmania Football Hall of Fame and the NTFL Hall of Fame.

Football was not his only passion. The accountant by trade dedicated himself to a number of community groups: life member at the Ulverstone Tennis Club, the Ulverstone Show Society, Ulverstone Lions Club and not forgetting the Ulverstone Football Club. In 2005, Neil was deservedly recognised with the Order of Australia medal for his for service to the community. Perhaps an even greater reward for Mr Rawson was having the Ulverstone Football Club chosen to be inducted into the Tasmanian Hall of Fame in 2015.
He was a gentleman of our community—a gentleman that everyone loved. I would like to pass on the sympathies of a grateful electorate to Neil’s wife, Marleen, his children, Leigh, Christine and Dianne, together with his six grandchildren and the wider Ulverstone community. (Time expired)

Drought Assistance

Mr FITZGIBBON (Hunter) (13:54): We just heard from two Tasmanian members, neither of whom made one mention of struggling Tasmanian farmers. You know as well as anyone in this place, farmers around the country are struggling. They are inflicted by drought, and many are burdened by significant debt. Today, I ask the government to do just three things: firstly, to acknowledge that its drought response is not working and is not serving the needs of farming families; secondly, to commit to restoring the $40 million that was not spent before 30 June under their drought package—I want them to carry that over to the next financial year; and thirdly, to give back to Tasmanians, South Australians and Western Australians the tens of millions of dollars the government took out of the Farm Finance Concessional Loans Scheme in those places.

The concessional loan scheme was not a drought package per se, although many farmers are burdened by debt because of drought. It was a debt relief package. Tasmanian farmers are suffering a burden of debt but Joe Hockey and Minister Joyce have told them that they are less worthy of these loans than other people in other states. It is about time that the member for Lyons, the member for Braddon and indeed the member for Bass—who is not here at the moment—stood up for Tasmanian farmers and demanded that Barnaby Joyce, Joe Hockey and the Prime Minister restore the money they have stolen from Tasmanian farmers (Time expired)

Power of Speech Awards

Mr IRONS (Swan) (13:56): I would like to bring to the attention of the chamber the Power of Speech Awards that took place as a part of Hearing Awareness Week yesterday in the theatre in Parliament House. I know a number of my colleagues, including the Prime Minister, were able to attend, and I think I speak for all of them when I say that it was a truly inspiring event.

The Power of Speech event allowed 12 young people from across Australia and New Zealand, all of whom have cochlear implants, to deliver speeches about the challenges they have faced as a result of being deaf, and how they have worked to overcome them.

I would particularly like to congratulate the two participants from my electorate of Swan, sisters Sophie and Hailey Ardagh, for their contributions. And special congratulations to Sophie, who was also the recipient of the courage award. Both girls attend the Telethon Speech & Hearing Centre WA, an independent not-for-profit body that was established in 1966 with the aim of assisting those born with speech and hearing impediments to participate independently in society through the acquisition of good spoken language. To Sophie, Hailey and all the participants yesterday, thank you for highlighting, to a group of people who—I think it is fair to say—think they know a thing or two about speaking, just how powerful the gift of speech really is. Congratulations, also, to their parents, Damien and Jo, for guiding these young girls through life.
Also, as it is Hearing Awareness Week, I would like to mention that I had the privilege of meeting Jack Besley from Melbourne, who is the world deaf champion golfer for 2014. *(Time expired)*

**Lifestart Cooperative Ltd**

Mr THISTLETHWAITE (Kingsford Smith) (13:58): I wish to congratulate the board, staff and supporters of Lifestart disability services, who recently launched their online inclusion—or Oi—platform for people living with disabilities. On 28 July, I was pleased to join the Minister for Communications, who launched the new resource at the Sydney Opera House. The emcee of the event was my good friend, Paul Nunnari, a former Paralympian and great disability advocate in Australia. We heard from disability advocates, from families and friends and from the wonderful Nordoff-Robbins Music Therapy choir, who performed a number of great Australian hits.

Oi is a structured online support platform for people living with disability, their families, carers and support teams. The aim is to provide a disability information hub for everyone to access, with information, resources, support links and fact sheets, and, importantly, online group sessions and conversations for service providers.

The resource is also a wonderful educational tool for people living with disabilities, particularly those in rural and regional communities who cannot easily access educational services. I congratulate Bruce Corlett and the board of Lifestart; the wonderful Sue Becker and her staff, who do a tremendous job at Lifestart; and their wonderful supporters—in particular, Perpetual Trustees, who provided the seed funding for this great disability resource.

**MINISTERIAL ARRANGEMENTS**

Mr ABBOTT (Warringah—Prime Minister) (14:00): I inform the House that the Minister for Trade and Investment will be absent from question time today and for the remainder of the week. He is in Burma where he will participate in the East Asia Summit and ASEAN related trade ministers meetings and the Minister for Foreign Affairs will answer questions on his behalf.

**CONDOLENCES**

**Ukraine Air Disaster**

**Report from Federation Chamber**

Order of the day returned from Federation Chamber for further consideration; certified copy of the motion presented.

Debate resumed on the motion.

That this House:

(1) express its outrage and condemnation at the downing of Malaysia Airlines Flight MH17 over Eastern Ukraine on 18th July 2014 AEST;

(2) extend its deepest and heartfelt sympathy to the families, friends and loved ones of the 38 men, women and children aboard MH17 who called Australia home;
(3) offer its condolences to the family and friends of all those lost on Flight MH17, which also included citizens from the Netherlands, Malaysia, Indonesia, the United Kingdom, Germany, Belgium, the Philippines, the United States, Canada, New Zealand and South Africa;

(4) condemn the perpetrators of this terrible crime;

(5) note the Australian government has committed to work with the international community in accordance with United Nations Security Council resolution 2166 to ensure a full, thorough and independent international investigation into the crash, to identify the cause of the crash and those responsible, and

(6) support the Australian government's cooperation with other countries in bringing the perpetrators of this barbaric crime to justice.

The SPEAKER (14:01): The question is that the motion be agreed to. I ask all honourable members to signify their approval by rising in their places.

Question agreed to, honourable members standing in their places.

QUESTIONS WITHOUT NOTICE

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:01): My question is to the Treasurer: Treasurer, how is it strongly arguable that pensioners are going to be better off under this budget?

Mr HOCKEY (North Sydney—The Treasurer) (14:02): The starting point is that the coalition has abolished the carbon tax, and pensioners keep all the compensation associated with the carbon tax. We have delivered and, what is more, it is the Labor Party who wants to reintroduce the carbon tax, which represents $550 per household each year after tax money for pensioners. The starting point is: we are supporting the pensioners of Australia and we are doing so by getting rid of the carbon tax, by ensuring they keep the compensation and by ensuring that the age pension is sustainable.

The age pension represents nearly 10 per cent of the Australian government's budget, and we want to make sure that the age pension continues to increase every six months. And it will continue to increase every six months, but you can only do that if you have a government that lives within its means. This will come as a rude shock to the Labor Party—a government that lives within its means? Shock, horror! Why would the Labor Party ever believe a government could live within its means? I know it is a great benchmark. I know it is something you will never achieve, but the bottom line is: the only way the age pension system can be affordable, sustainable and generous into the future is if you have a government that lives within its means.

National Security

Mrs SUDMALIS (Gilmore) (14:04): My question is to the Prime Minister. Will the Prime Minister update the House on how the government is ensuring that Australia's national security agencies receive the resources they need to keep Australia safe?

Mr ABBOTT (Warringah—Prime Minister) (14:04): I thank the member for Gilmore for her question and I can reassure her and all members of the Australian community that the safety of our nation is the first priority of government. It is the first priority of this government. It was the first priority of the former government. It has been the first priority of every Australian government as it should be. But, regrettably, at least 60 Australians are
known to have gone overseas to fight with terrorist groups in Syria and northern Iraq, including with the ISIL movement, and about 100 Australians are known to have been supporting or facilitating these terrorist groups.

We know what these people can do. We have seen it on our screens and we must make sure that it never happens here in this country of ours. We need the capacity to deal with people, preferably to stop them from going overseas to join terrorist groups in the first place but, certainly, to stop them, should they seek to return to this country.

The government has recently announced a further $630 million in new funding for the Australian Federal Police, for the Australian Security Intelligence Organisation, for the Australian Secret Intelligence Service, for the Office of National Assessments and for the Customs and Border Protection Service. I am pleased to remind the House that soon there will be biometric screening at all our international airports.

I want to stress that extremism is our enemy, not religion, and that it is terrorism that is being targeted, not the members of any particular community.

I make a further announcement today that late last week the Customs and Border Protection Service began operating counter-terrorism units at Sydney and Melbourne international airports, and similar units will shortly be established at all international airports in Australia. There will be an additional 80 Border Force officers stationed at international airports to monitor the movements of people on our national security watchlists. I am advised that these new units have already intercepted at least one person of interest. I do want to assure the House that this government will do—I am sure this parliament will do—everything that is reasonably necessary to keep our country safe.

**Budget**

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:07): My question is to the Treasurer. How much will be cut from the age pension by 2024 because of this budget?

Mr HOCKEY (North Sydney—The Treasurer) (14:07): The pension continues to rise every six months. It rises at the moment according to CPI—the inflation data—because the inflation data is higher than total male average weekly earnings increases. What we are proposing is that after the next election it continues to rise with the cost of living. If we do this on a sustainable basis, the average annual increase in the age pension to 2024-25 will be around 5.1 per cent per annum. It was going to be six per cent per annum under the old arrangements.

Having said that, I would ask the Leader of the Opposition not to cry crocodile tears over this issue, because the Leader of the Opposition used to believe in surpluses. In fact, he even announced that Labor had delivered a surplus. He actually announced that Labor had delivered a surplus. Labor never delivered a surplus. Labor never lived within its means. Labor never could live within its means. The best evidence of that is the fact that, as of today, Labor still has not committed to delivering a surplus. Labor still will not stand at the dispatch box over there and commit to ensure that the government lives within its means. It opposes everything. But it is going down into a budgetary cul-de-sac at a high speed. Why? Because sooner or later, whether it is the Labor Party in government—

The SPEAKER: The Treasurer will resume his seat. The Leader of the Opposition on a point of order?
Government members interjecting—

The SPEAKER: Those on my right will desist also!

Mr Shorten: Don't panic over there yet.

The SPEAKER: That is not a point of order!

Mr Shorten: My point of order is relevance. I asked the Treasurer specifically, 'How much will the age pension reduce?' If he doesn't know, it is on page 16—

The SPEAKER: The member will resume his seat! The Treasurer has the call.

Mr HOCKEY: The Leader of the Opposition is just a dead wrong: The pension keeps increasing. The Leader of the Opposition is trying to spin a line that the age pension, which continues to increase every six months, is going to fall. Is that what you are actually saying? Do you know what you are saying, Bill? Hello? Earth to Bill: are you there, son? Do know what is going on?

National Security

WYATT ROY (Longman) (14:10): My question is to the Minister for Foreign Affairs. Will the minister outline to the House how the government is working with countries in our region to fight the spread of extremism and terrorism?

Ms JULIE BISHOP (Curtin—Minister for Foreign Affairs) (14:11): I thank the member for Longman for his question. The threat posed by the rise of extremism, as exemplified by the brutality of the ISIL group, represents the most serious challenge to Australian national security for many years. It is not confined to our shores; it is a global and regional threat to international security and to the domestic security of many nations around the world, including our near neighbours.

Of the 150 or so Australians involved in the conflict in one way or another in Syria and Iraq, we believe that 15 Australians have already been killed fighting in these conflicts and that two Australian suicide bombers have also been killed. Foreign fighters from Europe, North America and Arab states have been joined by extremists from Indonesia, Malaysia, Thailand, Bangladesh, indeed China and others. History reminds us that extremists from the region who fought in Afghanistan were responsible for some of the most shocking attacks in South-East Asia, including the Bali bombings in 2002, when 88 Australians were killed; again, Bali bombings in 2005; the bombing of the Australian embassy in Jakarta in 2004; and the bombing of the Marriott and Ritz-Carlton hotels in 2009.

Through the measures that the Australian government has announced recently, we are building on a network of regional and bilateral counter-terrorism agreements. We have 17 in total; 13 of these are with countries in our region. At the recent East Asia Summit Foreign Ministers Meeting in Nay Pyi Taw, I met with many foreign ministers of countries in our region to discuss expanding counter-terrorism cooperation through increased intelligence sharing, supporting border and transport security, and increasing law enforcement cooperation. With the terrorist threat so prominent on our national security agenda, it is fitting that this evening I travel to Indonesia to sign a joint understanding with Foreign Minister Marty Natalegawa. This will lay the groundwork for even greater cooperation in the area of intelligence sharing. Indeed, our intelligence agencies will be coordinating at a higher level than ever before, including in relation to the issue of foreign fighters.
Terrorism and the threat posed by it does not respect international borders, nor does it resilience from ruthlessly targeting civilians, as we have seen in the most graphic and barbaric way in the conflicts in Syria and Iraq. The Australian government is determined to work with our partners in the region to keep our people safe.

**Budget**

**Mr SHORTEN** (Maribyrnong—Leader of the Opposition) (14:14): My question is to the Treasurer. In light of his previous answers, how can this Treasurer possibly claim that pensioners are better off when the Parliamentary Budget Office has exposed a $23-billion cut to the aged pension payments over the next decade?

**Mr HOCKEY** (North Sydney—The Treasurer) (14:14): I am actually advised that over the next decade the pension is going to increase by 5.1 per cent on an annualised basis and in 2024-25, according to the Parliamentary Budget Office, instead of being $74.8 billion a year it is $67.9 billion a year. The aged pension represents around 10 per cent of the total national budget.

*Mr Brendan O'Connor interjecting—*

*Mr Albanese interjecting—*

**The SPEAKER:** No, it is not. The member for Gorton and the member for Grayndler will desist.

**Mr HOCKEY:** It is important that we ensure the aged pension is sustainable. It is hugely important that we ensure the aged pension remains affordable. It is vitally important that we ensure the aged pension continues to increase by inflation at least every six months. That is hugely important. The only way you can do that is if you ensure the total budget—the total budget—lives within its means.

**Ms Owens:** Making them worse off for their own goods!

**The SPEAKER:** The member for Parramatta will desist.

**Mr HOCKEY:** The fact is, the Labor Party left us with expenditure as a percentage of GDP well above the long-term average. In doing so, the only way you can fix the budget is to reduce expenditure, to reduce expenditure the way Bob Hawke urged us to do at the beginning of this year and Paul Keating urged us to do at the beginning of this year—and Dr Martin Parkinson has urged us to do, and the governor of the Reserve Bank has urged us to do and Angel Gurría, the secretary-general of the OECD, has urged us to do, and Moody's and Standard & Poor's have urged us to do and every major business leader in Australia has urged us to do and, in fact, the Labor Party, before the last election, urged us to do. And that is to get the budget back to surplus. Either you have to reduce expenditure or you have to increase taxes.

No wonder the Labor Party says, 'We've got $21 billion of savings!' Under the Labor Party regime, savings were tax increases, that is what they were. They do not understand that tax increases are a greater burden on everyday Australians. Of course, under the Labor Party, the tax increases they say will fix the budget include reintroducing the carbon tax and reintroducing—

**Mr Burke:** Have you got savings on the GP tax?

**The SPEAKER:** The member for Watson!
Mr HOCKEY: The fundamental problem is, it is the pensioners of Australia that have the pay the carbon tax. We got rid of the carbon tax, and they kept all the compensation.

Research and Development

Mr WILKIE (Denison) (14:17): My question is to the Minister for Education. Minister, Australia has been an international exporter of forestry knowledge and innovation for decades, but with the finalisation of forestry CRCs and the imminent end of the National Centre for Future Forest Industries at the University of Tasmania Australia's research and development capacity is fast disappearing. Minister, what is the government doing to arrest this decline and retain forestry expertise in Australia?

Mr PYNE (Sturt—Leader of the House and Minister for Education) (14:18): I thank the member for Denison for his question without notice. I have to tell him, in answer to his question, that the decision with respect to the forestry research grants to which he refers—that would have gone to the national centre for forestry CRC—was made by the previous government, before 30 June last year, and was not as a consequence of any decision this government has made.

On the broader issue of forestry research, let me tell him that I think the future for forestry research is very bright in Australia. Over the last four years, $13.7 million has been spent on forestry research. The CSIRO still maintains a large forest-sciences division, which they intend to continue to support.

Mr Fitzgibbon interjecting—

The SPEAKER: The member for Hunter!

Mr PYNE: I thank the member for Denison for his question without notice. I have to tell him, in answer to his question, that the decision with respect to the forestry research grants to which he refers—that would have gone to the national centre for forestry CRC—was made by the previous government, before 30 June last year, and was not as a consequence of any decision this government has made.

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Mr Fitzgibbon interjecting—

The SPEAKER: The member for Hunter!

Mr PYNE: I would note that industry has reduced its contribution to the CSIRO's forestry sciences division over the last few years, which has not happened in other aspects of CSIRO's work—whether it is manufacturing or agriculture et cetera—so I would urge industry to reinvest in forestry science. I should also tell him that three of our universities in Australia have the highest rating possible, internationally, for their forest sciences courses and research. One of them is the University of Tasmania. Another is Southern Cross University, where I visited recently with the member for Page, and the other one is the University of Western Sydney. Given where the University of Western Sydney resides, it is an interesting success story for them. Those three universities have category 5 ratings, internationally, which is the best they can get, and three other institutions have at-world-standard forest sciences in their universities. So forestry science is well represented at the university level.

At a broader level, we are spending $11 billion on research over the next four years in our university institutions. It is an increase on what was being spent before, because the Prime Minister has a particular commitment to research, not just medical research but also research in our institutions, especially research that can be commercialised. I might just say, given the reform bill is being introduced tomorrow into higher education, one aspect of that is an increase in expenditure on research under the National Collaborative Research Infrastructure scheme, a scheme that was coming to a funding cliff under Labor, and in a commitment to future fellows, 100 future fellows ever year for the next four years—another funding cliff left to us by Labor.

I thank the member for Denison for his question. I can tell him that other research grants were made in forest sciences to other institutions, not to the one that he refers. The
government did put $24 million into UTAS recently, for the Antarctic Gateway, and I hope he will ask me more questions about education in the future.

Ms MacTiernan interjecting—

The SPEAKER: The member for Perth will remove herself under 94(a).

The member for Perth then left the chamber.

Budget

Ms PRICE (Durack) (14:21): My question is to the Minister for Immigration and Border Protection. Will the minister update the House on the savings to the budget achieved as a result of the government's successful border-protection policies? How have savings been achieved in relation to the onshore immigration and detention network?

Mr MORRISON (Cook—Minister for Immigration and Border Protection) (14:21): I thank the member for Durack for her question. The savings to the budget this year, the budget that this Treasurer and this government have introduced, is to do one simple thing: to clean up the fiscal mess left behind by those on that side of the House. The saving, as a result of the success we have had on border protection, is $2.5 billion. The success of Operation Sovereign Borders continues because, since 19 December last year, there has been one successful venture where people have been transferred to immigration authorities, and all 157 of those went to Nauru within the course of one week. But I ask the House if they are aware of how many vessels and ventures turned up over the similar period under the previous government. It certainly was not one. But I am sure the member for Durack will remember one of them— the one that cruised into Geraldton harbour that day. But it was not one; it was not 10; it was not 50; it was not 100; it was not 200; it was not 250. There were 275!

The success of the border protection measures of this government is not only delivering savings to the budget in the form of reduced arrivals but delivering it in savings on the onshore detention network. $283 million is being saved in addition to that $2.5 billion by closing the detention centres that the Labor Party opened because of their border failures.

We have read in the extracts from Paul Kelly's book about the Oceanic Viking debacle, but we have also read in that piece in The Australian today about the other thing that happened—and that was the opening of the Curtin Detention Centre, we understand, almost at the point of tears by the immigration minister at the time when there were over 2,200 people crammed into Christmas Island, and they finally had to admit that the surge had begun and the chaos had begun. The first thing they did was to open the Curtin Detention Centre. I can tell the House that, this week, the last of the 115 people in the Curtin Detention Centre are leaving that centre, and that centre will be closed this year. I remember at the time, when that centre was opened by the former government, I said, 'I look forward to the day that, when our successful policies are in place, we can close that centre.' And that is now happening because this government's border protection policies are working and are delivering dividends in every respect, whether it is in humanitarian terms from the loss of life that is being avoided or whether it is in humanitarian terms for getting children out of detention. But it is also fiscally in terms of the budget, with savings of over $2.5 billion.
We are doing what we said we would do, and we are getting the results we said we could get. And that is why the Australian people trust this party—this government—to protect our borders.

**Paid Parental Leave**

Ms MACKLIN (Jagajaga) (14:25): My question is to the Treasurer. What is the estimated annual rate of growth in spending for the Prime Minister's Paid Parental Leave scheme over the next 10 years?

Mr Fletcher: You can't just scrape by on charisma, Jenny!

The SPEAKER: Who was that? Who was that on the government side? I will give the call to the Treasurer.

Mr Hockey: It was over there!

The SPEAKER: Whoever made that comment will desist. We will have silence, thank you!

Mr Hockey: I am a human shield here, Madam Speaker—or more of a sight screen, I think.

An opposition member: That's what Tony thinks about you!

The SPEAKER: We will have silence and we will hear from the Treasurer.

Mr HOCKEY (North Sydney—The Treasurer) (14:26): I thank the honourable member for her question.

Mr Dreyfus: What was the question?

Mr HOCKEY: It is a good question: what was the question? But I will answer it at any rate. I will mention that the honourable member for Jagajaga knows that we have to increase workforce participation. If we could increase workforce participation, particularly by women—

Ms Kate Ellis interjecting—

The SPEAKER: The member for Adelaide will desist!

Mr HOCKEY: aged between the ages of 25 and 54, it would be terrific for the economy, because if we could get to workforce participation levels that are the equivalent of Canada, our economy would be between $25 billion and $40 billion larger—simply if we had the same number of women aged 25 to 54 in the workforce participating as that of Canada. In fact, New Zealand has a higher workforce participation rate. So we need to increase workforce participation. And the Paid Parental Leave scheme, together with further investment in child care, is going to help deliver the—

Ms Kate Ellis interjecting—

The SPEAKER: The member for Adelaide will desist!

Mr HOCKEY: What have you got against working women? I do not understand it. I do not understand what they have against working women and workforce participation.
The SPEAKER: There will be silence! The Treasurer will resume his seat. The member for Jagajaga on a point of order.

Mr Bowen: Help him out, Jenny, and give him a minute to find the answer.

Ms Macklin: I rise on a point of order. Just to give him a little bit of time to find the answer—

The SPEAKER: That is not a point of order.

Ms Macklin: Relevance! Have a look in the Parliamentary Budget Office—

The SPEAKER: The member will resume her seat. The Treasurer has the call.

Mr HOCKEY: The reason why we are introducing a Paid Parental Leave scheme at replacement wages is because we believe it is going to help to increase the workforce participation levels of women aged between 25 and 54. Now, the important point is this: the Labor Party knows that we have an ageing population. We should celebrate the fact that Australians are living longer, but it is hugely important that those people of working age participate more in work. The way to do that is to have sensible reforms—

Mr Husic interjecting—

The SPEAKER: The member for Chifley will desist.

Mr HOCKEY: reforms such as Paid Parental Leave at replacement wages, such as that offered in the Public Service, such as that provided to members of the Labor Party and such as that advocated at worksites by the industrial arm of the Labor Party. It is hugely important that we have appropriate, affordable and accessible child care, and it is hugely important that we ensure that the government continues to invest in the productive infrastructure that builds the economy. Paid Parental Leave is part of the equation. It is not the total solution but it is part of the equation. Not only is the Paid Parental Leave scheme that we are introducing financially responsible—

Ms Owens interjecting—

The SPEAKER: The member for Parramatta will desist.

Mr HOCKEY: because it is fully funded by the largest companies in Australia and not only is it improving the budget, but it is actually going to improve the productivity in the economy.

National Security

Mr VAN MANEN (Forde) (14:29): My question is to the Minister for Justice. Will the minister update the House on how the government is supporting the law enforcement agencies in our efforts to counter growing threats of violent extremism and radicalisation here in Australia?

Mr KEENAN (Stirling—Minister for Justice) (14:29): I thank the member for Forde for that question. As the chair of the Parliamentary Joint Committee for Law Enforcement, he understands the important work that our law enforcement agencies need to do to secure Australia from this threat.

We know that between 1990 and 2010, 30 Australians participated in the conflict in Afghanistan, either fighting or training with extremist groups. Of those 30, 25 returned to Australia and 19 of them were subsequently involved in terrorist activities. Currently, we
have upwards of 150 Australians who are assessed to be involved in or supporting conflicts both here and overseas, particularly in Iraq and Syria. So the scale of the threat has increased.

As the foreign minister has pointed out, it is not a threat that is unique to Australia and we need to work closely with our regional partners to tackle it. Last week I was pleased to join with Indonesian officials in Semarang to mark the 10th anniversary of the jointly-run Jakarta Centre for Law Enforcement Cooperation. JCLEC was born from the increased cooperation between the Australian Federal Police and the Indonesian National Police in the wake of the first Bali bombings in 2002, that killed 88 Australians. Ten years on from the opening of that centre we know that the threat from extremists remains and that it is important that Australia responds by giving our law enforcement agencies the resources that they need to deal with it.

That is why the Abbott government is spending $64 million to enhance the ability of federal law enforcement to respond to the challenge. Almost $13½ million dollars will go to community engagement, to make sure that people do not go down the wrong path, and we will work with communities to make sure they are well informed and well equipped to deal with this challenge. Over half that money will go to allowing the AFP to lead a national disruption group, which will harness all of the resources at the disposal of the federal government to disrupt extremist activities and will go to establish two dedicated additional investigative teams.

Over $6 million will go to the AFP for diversion and monitoring to manage radicals if they do return to Australia and almost $12 million will go to the AFP to enhance its ability to work with its international partners, particularly by establishing posts in countries close to the conflict zones, such as Turkey and Jordan.

The threat posed by Australians participating in foreign conflicts in Iraq and Syria is very real, and it is larger in scale than we have faced before in Australia. We need to make sure that we equip our law enforcement and intelligence community with the resources and the powers that they need to continue to keep the Australian people safe.

**Budget**

Mr BOWEN (McMahon) (14:32): My question is to the Treasurer. Treasurer, is it not the case that the Parliamentary Budget Office has confirmed that the Prime Minister's signature Paid Parental Leave scheme will cost $62 billion over the next 10 years? And, that this is equivalent to the government's $23 billion cut to the pension and the $40 billion cut to family payments?

Mr HOCKEY (North Sydney—The Treasurer) (14:33): I do not accept the premise of the question. If you want to ensure that we continue to have the revenues to be able to pay pensions, Medicare, PBS and so on, we need to lift workforce participation. We need to lift the productivity of the Australian economy. And the Paid Parental Leave scheme does exactly that. It helps to lift workforce participation and it helps to lift productivity.

I know this is very difficult for the Labor Party to understand, because once upon a time they, too, believed in improving productivity. Once upon a time there was a Labor Party that believed in economic reform. And only through reform can we earn economic growth. And only through economic growth can we get the revenue to help to pay for sustainable pension systems, for sustainable Medicare systems, for sustainable pharmaceutical systems, for the sustainable defence of our nation, for the sustainability of our scientific research and for the...
sustainability of our education. Where is this magic pudding that the Labor Party believes in? Where is it? Where is that golden goose that lays all the eggs? I do not know—

Opposition members interjecting—

Mr HOCKEY: I am not inviting speculation over there!

I only say to the Labor Party: you left Australia with a deficit-and-debt mess. You sure did—$123 billion of deficits over just four years; $667 billion of debt over 10 years! We are currently paying $1 billion a month in interest alone on the debt that Labor has left and 70 per cent of that goes directly overseas because that is repayment to the people who we borrowed the money from. And if nothing happens on the budget, if nothing is done—if the Labor Party policy of 'she'll be right; don't worry about that' continues—we are going to end up with a debt of $667 billion in 10 years' time, the equivalent of $25,000 for every man, woman and child in Australia. And we will be playing $3 billion a month in interest alone—interest alone! Three billion dollars a month just to finance the mess that was left by an incredibly bad Labor government.

Budget

Mr LAMING (Bowman) (14:36): I have a question for the Treasurer. Will the Treasurer update the House on the state of the budget, and what will the budget look like in a decade if we do not take action now?

Mr HOCKEY (North Sydney—The Treasurer) (14:36): I thank the honourable member for his question. The member for Bowman knows, as every other responsible member in this place knows, that if we expect Australians to live within their means so too must a government live within its means. The legacy of Labor is $667 billion of debt in 10 years' time if nothing is done. And the Labor Party are determined to not only stop us from fixing the mess that they created but also stop us from adopting some of their own measures to fix the mess that they created. They are opposing $5 billion of savings that they announced at the last budget. They took these to the Australian people for endorsement at the last election and now they are opposing their own savings.

But do not worry, they have other savings. One of their savings is to reintroduce the carbon tax, because the Labor Party believes that increasing taxes is a saving. Well it is not a saving for everyday Australians, of course, but the Labor Party never see that as any cause for concern. The bottom line is the Labor Party—

Mr Perrett interjecting—

The SPEAKER: The member for Moreton will desist.

Mr HOCKEY: says, 'Don't worry, we'll reintroduce the carbon tax and that'll help to redress part of the problem.' But that is $550 on every household each year; it is a lot of money.

The other one the Labor Party has, which it claims is going to fix the budget, is keeping the mining tax. The mining tax is lesson 1 in how not to frame a tax. Swannie was proud of the mining tax, the member for Lilley was very proud of the mining tax. One of his great achievements was to introduce a tax that raises one per cent of what he forecast. Last quarter that mining tax raised $600,000. You know that is one per cent of what they thought it would do? And they said they would spread the benefits of the mining tax. That is 2½c for every
Australian: that is spreading the benefits! The problem is the Labor Party committed $17 billion of expenditure against the mining tax that raises 2½c for every Australian. If the Labor Party thinks it can keep the mining tax to pay for $17 billion of expenditure, then by my calculation the mining tax would need to be in place for 7,083 years to raise the revenue just to pay for the Labor Party's expenditure against the mining tax over the next four years. Seven thousand years of mining tax! I tell you what: only the Labor Party could do it. It was incompetent in government; it is even more incompetent in opposition.

**Budget**

Ms KING (Ballarat) (14:39): Madam Speaker, my question is to the Treasurer. I refer to the Treasurer's answer during question time yesterday that the budget papers show people with a chronic illness will not pay the GP tax. I again ask the Treasurer: will Australians with chronic illness pay the GP tax?

Mr HOCKEY (North Sydney—The Treasurer) (14:40): The honourable member is totally misrepresenting my answer from yesterday.

Mr HOCKEY: What a surprise!

The SPEAKER: There will be silence on my left! The member for Ballarat has asked a question, now listen to the answer.

Mr HOCKEY: The reason why we are asking Australians to contribute to the cost of Medicare is in order to ensure that Medicare is sustainable into the future. That is what we are doing. Paul Keating believed that. Paul Keating in fact actually said it. I stand by all my words in relation to chronic illnesses, including those on Q&A, which is what she is getting at, and why so? Because we are absolutely committed to ensuring that we have universal healthcare that delivers the sort of coverage that Australians need, expect and, most importantly, can afford.

Ms King: Madam Speaker, I raise a point of order.

The SPEAKER: The member for Ballarat on a point of order?

Ms King: Yes, Madam Speaker, on relevance.

Mr HOCKEY: I've finished.

The SPEAKER: Has the minister finished his answer?

Mr HOCKEY: Yes.

Ms King: Will they pay the tax or not?

The SPEAKER: The member will resume her seat. The Treasurer has completed his answer.

**Road Infrastructure**

Ms LANDRY (Capricornia) (14:41): Madam Speaker, my question is to the Deputy Prime Minister and the Minister for Infrastructure and Regional Development. Will the Deputy Prime Minister outline the measures the government is taking to support the upgrade and maintenance of Australia's local road network? Are there any alternatives to the government's plans?

Mr TRUSS (Wide Bay—Deputy Prime Minister and Minister for Infrastructure and Regional Development) (14:41): I thank the member for Capricornia for her continuing
interest in the importance of upgrading Australia's road system and, in particular, the roads in her electorate. She would be well aware of the $50 billion commitment that this government has made to upgrade our nation's road and rail network, which includes some important projects in the electorate of Capricornia as well as some of the really big ticket items that we have been talking about for our capital cities and major provincial centres.

But it also includes very important commitments for the local roads, to make sure that local roads and local streets are properly looked after. For instance, our $565 million commitment to getting rid of black spots on roads. That involves an extra $100 million in both 2015-16 and 2016-17. That will make a real difference to getting rid of black spots on our roads and streets. There is also the $300 million for the new bridges program, to get rid of and replace some of those ageing bridge assets around the countryside, and $243 million to continue the Black Spot Program.

Mr Albanese interjecting—

The SPEAKER: The member for Grayndler will desist.

Mr TRUSS: The most significant of all of the road programs to support the road network at the local level is the Roads to Recovery Program. We have made a $2.1 billion commitment over the next five years towards this program, including a double payment in 2015-16, so that will make a real difference again at the local level in dealing with the road projects that are so important—like the $255,000 that has been spent on Kent Street in Rockhampton, to repair and get the project underway under this particular program.

However, as the House will know, this particular program expired under the legislation of the previous government on 30 June 2014. The bill is now before the Senate and it will be a matter for the Senate to determine now whether or not this $2.1 billion can be paid to local government on schedule. Now Labor and the Greens opposed this legislation in the House of Representatives. They voted against it, and now the challenge to Labor and the Greens in the Senate will be to make sure they support the legislation so—

The SPEAKER: The minister will resume his seat.

Mr Albanese: Madam Speaker, I raise a point of order—

The SPEAKER: No props!

Mr Albanese: If he wants to support Roads to Recovery, he can just support this legislation.

The SPEAKER: That is not a point of order and the member knows it.

Mr Albanese: He can vote for it. He voted against it yesterday!

The SPEAKER: The member will resume his seat!

Mr Truss: Madam Speaker, in response to the interjection: if Labor believes in this program, vote for it in the Senate. You have got legislation in the Senate. Vote for it and do not try to prevent this money flowing through to local councils.

Australian Hearing

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (14:45): My question is to the Treasurer. Yesterday I met Jacob Floyd. He is a marvellous nine-year-old boy, from Bendigo, with profound hearing loss. Jacob's parents have done a wonderful job raising him and their
other children. Jacob's parents are worried what the government's privatisation of Australian Hearing services means for families in the regions of Australia. Why is the Treasurer asking children like Jacob to get by with less support once they sell and privatise Australian Hearing?

Mr HOCKEY (North Sydney—The Treasurer) (14:45): That is just complete, unmitigated rubbish—

Opposition members interjecting—

The SPEAKER: There will be silence on my left.

Mr HOCKEY: and you should be above that. I will tell you why. The Leader of the Opposition should be above that. When the coalition was last in government and I was the minister—

Opposition members interjecting—

The SPEAKER: This is an extraordinary sensitive and important question and there will be silence for the answer.

Mr HOCKEY: When we were last in government and I was the Minister for Human Services I had responsibility for Australian Hearing. I know it does an outstanding job, in particular in relation to research. It was the coalition government that significantly increased funding for Australian Hearing. So I can tell you that there is no doubt that we have been more supportive of hearing-impaired Australians than almost any other government at any time. And for the Leader of the Opposition to come in here and use that family, which is obviously doing it incredibly tough, as some sort of points scoring, competition fodder, is just a disgrace.

Dr Chalmers interjecting—

Mr Brendan O'Connor interjecting—

The SPEAKER: The member for Rankin will desist and the member for Gorton will desist.

Mr HOCKEY: Australian Hearing competes with a range of other private sector providers. It competes in the private market. Is the Leader of the Opposition suggesting that those other providers do not provide appropriate services?

Mr Brendan O'Connor interjecting—

The SPEAKER: The member for Gorton is warned!

Mr HOCKEY: Is that what he is suggesting? Is he actually suggesting that Australian Hearing is the only provider of hearing services to Australians? Is that right?

Opposition members interjecting—

Mr Dreyfus: Madam Speaker, I rise on a point of order. The Treasurer was asked: 'Why is the government selling Australian Hearing?'

The SPEAKER: The member will resume his seat. A point of order is not repeating the question and it is time he knew that. The Treasurer has the call.

Mr HOCKEY: I always thought the Leader of the Opposition aspired to go back to yesterday; I never knew he wanted to go back 30 years. Because in that time the Labor Party
were simply opposing the sale of assets for the sake of opposing the sale of assets but then there was a reforming Labor Party, a reforming Labor Party that actually understood—

Mr Brendan O'Connor interjecting—

The SPEAKER: The member for Gorton will remove himself under 94(a).

The member for Gorton then left the chamber.

Mr Hockey: that if there were a government entity competing in the provision of services with others in the marketplace, then that government should not be involved in those enterprises. That is why the Labor Party sold Qantas, that is why the Labor Party started selling the Commonwealth Bank and that is when the Labor Party had principles—when it actually believed in something. But now, 25 years later, we have a Labor leader standing up before us, trying to run a scare campaign against the most vulnerable in the community on the basis of total misinformation. And all it does is illustrate that the Leader of the Opposition is a complete hypocrite.

Mr Shorten interjecting—

The SPEAKER: The Leader of the Opposition will desist and the Manager of Opposition Business on a point of order.

Mr Burke: Madam Speaker, an unparliamentary term was used and should be withdrawn.

The SPEAKER: By whom?

Mr Burke: The Treasurer.

The SPEAKER: 'Hypocrite' is unparliamentary.

Mr Hockey: Madam Speaker, I withdraw—he contradicted himself.

Broadband

Mr Coleman (Banks) (14:49): My question is to the Minister for Communications. Will the minister update the House on the findings of the NBN cost-benefit analysis?

Mr Turnbull (Wentworth—Minister for Communications) (14:50): I thank the honourable member for his question. Today the government released the cost-benefit analysis into the NBN, completed by the independent panel, chaired by Dr Mike Vertigan, and comprising Henry Ergas, Tony Shaw and Alison Deans.

Opposition members interjecting—

The SPEAKER: There will be silence on my left.

Mr Turnbull: The panel estimates total economic benefits and social benefits over the period 2015 to 2040—

Mr Albanese interjecting—

The SPEAKER: If the member for Grayndler wishes to leave, he will make another interjection.

Mr Turnbull: from increasing broadband speeds from current levels to 25 megabits per second or more will exceed $40 billion in today's dollars. That of course is just the total benefit. However, when you take the cost of Labor's approach to the NBN into account, it provides less than $2 billion in nett value to the economy. Whereas the approach now being taken by the company, with the multitechnology model, has nett benefits of $18 billion. That
is to say, there is nine times as much economic benefit from the approach taken by the government compared to the approach that was taken by the Labor Party.

The Labor Party, mostly in the form of the member for Grayndler, is currently talking about cost-benefit analyses and calling for them to be conducted on every road project. Yet for this project, the biggest project in the country’s history, the then Labor government resolutely opposed any cost-benefit analysis. Indeed, former finance minister Lindsay Tanner, in an outburst of candour, said there was no point doing a cost-benefit analysis because ’We were determined to build it, come hell or high water,’ absolutely rejecting any possible rational economic approach to this project. You would think that, at some point, the Labor Party would get off that Conrovian drip, get away from that crazy ideological approach they had and take a rational approach. How many reports, how much analysis and how much common sense do you need before the light breaks through?

We are thinking of launching a social media campaign #freejason. The member for Blaxland has got to be freed from the grip of Conrovianism. He is a latter-day Fay Wray being clutched—hung onto—by Senator Conroy as King Kong. There he is. He cannot escape.

Who will rescue the member for Blaxland? Will it be the Leader of the Opposition? He has no heart. He does not care about the tens of billions of dollars wasted. He does not care about the tragic position of this silenced shadow minister who never emerges from the shadow. We say: ’Free Jason! Free Jason!’ That is the meme of the moment.

The SPEAKER: I think that was almost pearls before swine. I call the honourable member for Ballarat.

Budget

Ms KING (Ballarat) (14:53): My question is, again, to the Treasurer. Can the Treasurer advise how many GP visits Australians will avoid because of his GP tax?

Mr HOCKEY (North Sydney—The Treasurer) (14:53): I am advised about one per cent in year one.

Ms King interjecting—

Mr HOCKEY: One per cent in year one. The bottom line is, yes, we are asking Australians to contribute to the costs of Medicare to go to the doctor—absolutely. As Paul Keating said, in this place, at this dispatch box, when he was the Treasurer and when the Labor Party bumped up the contribution in relation to the pharmaceutical benefits scheme, the fundamental fact is that if we want to make sure that these things are sustainable, we have to make a contribution.

Ms Owens: You can do what you like!

The SPEAKER: The member for Parramatta is warned.

Ms King: I didn't say anything.
The SPEAKER: Then keep saying nothing. The Treasurer has the call. If it was the member for Franklin, she will desist.

Mr HOCKEY: The great irony in relation to the Labor Party's concern about asking pensioners, for example, to contribute when they go and see the doctor is that the Labor Party had a system in place. When pensioners went to get a prescription they had to pay up to $360 for the first 60 prescriptions. So they paid $360 for the prescriptions, but nothing to go and visit the doctor. What we are saying is that we are asking pensioners to pay $70 if they go 10 times to see the doctor—$70. But, no, Labor is outraged about $70; but they were not outraged about asking pensioners to pay $360 for prescriptions.

What hypocrisy! What abject hypocrisy! They were never outraged about asking pensioners to pay for the first $360 of prescriptions, but they are outraged to ask pensioners to pay $70 for the first 10 visits to the doctor. And it was the Labor Party that came up with the whole concept of paying to visit the doctor. They legislated it in this place under the Hawke and Keating governments—they legislated it! Of course, the shadow Assistant Treasurer is a great advocate for it. Even in his book—which I am going to get to in a moment—the member for Lilley said that the shadow Assistant Treasurer is not being properly listened to.

Opposition members interjecting—

Mr HOCKEY: Well, let's give him a chance.

Dr Leigh: I rise on a point of order—standing order 68. The Treasurer knows he is misleading the House. He knows this is not correct.

The SPEAKER: The member will resume his seat. On a number of occasions this point has been raised. I have ruled on it previously. I uphold the previous rulings. The member has now lost his opportunity to, at the end of the day, make a personal explanation. The Treasurer has the call.

Mr HOCKEY: He has just given me a chance to find the quote: There's a better way of operating a health system, and the change should hardly hurt at all. As economists have shown, the ideal model involves a small co-payment.

And in his book, the member for Lilley says: The logic and economics put forward by Joseph Stiglitz and Thomas Piketty and, in Australia, by people such as Andrew Leigh, are ignored.

Workplace Relations

Mr PORTER (Pearce) (14:57): My question is to the Minister for Education representing the Minister for Employment. Will the minister explain how the government is supporting the rights of both employers and employees in the workplace? Who can workers rely on to stand by them in uncertain times?

Opposition members interjecting—

The SPEAKER: We will have some silence!

Mr PYNE (Sturt—Leader of the House and Minister for Education) (14:57): I can tell the member for Pearce that today the House of Representatives passed—

Mr Conroy interjecting—

The SPEAKER: The member for Charlton is warned.
Mr PYNE: the latest changes to the Fair Work Act, which will rebalance the power relationship in the workplace back to the worker and the employer and away from the union bosses, who have been using the Fair Work Act to intimidate and control, in particular, on greenfields developments. So today we passed that legislation. It will now go to the Senate. It is part of a suite of reforms that the government has introduced over the last 12 months, and will introduce into the future, to protect the rights of workers and also the rights of employers. Whether it is the Registered Organisations Commission, the royal commission into union corporation and thuggery or bringing back a tough cop on the industrial beat for the Australian Building and Construction Commission, all of these changes are designed to build jobs, strengthen the economy and protect the rights of workers and employers. Honest union bosses are in favour of the changes that we are making, because they recognise that we need strong businesses in order to create jobs and build a strong economy. We need a strong economy to protect Australia in uncertain times. So in these uncertain times workers can trust the coalition to deliver protection for their rights, jobs and growth.

I am asked by the member for Pearce about who workers can trust. I can tell you, they cannot trust the Leader of the Opposition. The Leader of the Opposition, when he was the minister for industrial relations in the previous government, was the one who opened the door to the union bosses to come back in and start trying to control businesses. But people knew that they could not trust the Leader of the Opposition. Unfortunately in Paul Kelly's book yesterday, which I have had the chance to read, it was revealed on page 465 that the distrust between Rudd and Shorten was: '… intense and enduring. The Gillard camp was contemptuous of Shorten, considering him 'weak and duplicitous'. So there was obviously a bright spark in the Gillard camp.'

Opposition members interjecting—

The SPEAKER: The member for Chifley will desist.

Mr PYNE: In an otherwise dark pit of ignorance, there was a bright spark, a bright moment—one brief, shining moment for the Gillard camp. They recognised that the Leader of the Opposition was weak and duplicitous. Kelly went on to say: Neither side trusted him and neither side revised its view.

So if his own side does not trust him—if the Rudd and Gillard camps could not trust him; if his own caucus did not trust him—why should the Australian people trust him? Why should the Australian people trust a man who is not trusted by his own mates in the caucus?

Budget

Mr SHORTEN (Maribyrnong—Leader of the Opposition) (15:00): My question is to the Prime Minister. Is the only reason the Prime Minister is holding on to this hopeless and incompetent Treasurer to make him a human shield for this unfair budget? Isn't it time for the Prime Minister to either dump his Treasurer or dump the budget?

Mr Pyne: Madam Speaker, I would—

Opposition members interjecting—

The SPEAKER: There will be silence! The member for Charlton has been warned. He will remove himself under standing order 94(a).

The member for Charlton then left the chamber.
Mr Pyne: Madam Speaker, I would respectfully put it to you that question was not seeking any information whatsoever. It was simply a rhetorical statement to the House and should not be regarded as a question seeking information.

The SPEAKER: It is technically, I think, out of order but if anyone wishes to address it they may; otherwise I will simply rule it out of order and we will move on. I will call the honourable member for Flynn.

Honourable members interjecting—

The SPEAKER: The fact of the matter is there have been some questions asked during the course of the last two days which have been very close to the wind in terms of being out of order. I have allowed them to stand. On this occasion the Leader of the House has raised a point of order and explained why he believes the question to be out of order, and I have accepted that argument. I will now call the member for Flynn.

Mr Snowdon interjecting—

The SPEAKER: The member for Lingiari had better watch his p's and q's, too.

Live Animal Exports

Mr O’DOWD (Flynn) (15:01): I think some mad cow disease has crept into the House. My question is to the Minister for Agriculture. Will the minister inform the House of the importance of live animal export to Australian agriculture and the national economy?

Mr Albanese: What was it? We won’t understand the question or the answer!

The SPEAKER: The member for Grayndler is warned.

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (15:02): I welcome the question from the member for Flynn because the member for Flynn would know a lot about the cattle industry. From the Fitzroy basin, in his 133,000 square kilometre seat, come around 2.4 million head of cattle. It is not just his seat that benefits from the live cattle trade; it is a whole range of seats, as I am happy to explain to him.

Since we have been in government we have moved about $1.1 billion worth of live animals and about 2 million head of live sheep. This is real money that goes back through the farm gate to increase the lives and the welfare of people who live on the land. Even in Darwin this week, it is about 195c per kilogram for 270-350 kilogram feet-on steers. I know that the member for Solomon and the member for Lingiari should be very interested in this. I also note it is about $1.75 per kilogram for live cattle in Townsville. This would be very interesting for the member for Dawson and the member for Herbert. We note that the pressure this has put on cattle prices, forcing them up, has brought about a 30c per kilogram increase in South East Queensland, which is about another $100 a head—which I know the member for Wright will be very interested in. We have seen that even grown steers and bullocks have gone up 20c per kilogram today in Toowoomba which I know the member for Groom will be very interested in.

All in all we see that through Darwin, since we have been in government, there has been an approximately 50 per cent increase in numbers through Darwin; a 4,696 per cent increase in numbers through Townsville; a 33 per cent increase in numbers through Fremantle; a 36 per cent increase in numbers through Portland; a 56 per cent increase in numbers through Broome; a 41 per cent increase in numbers through the port of Adelaide—and they do not get
much support from that seat; a 133 per cent increase through Wyndham; and 195 per cent through Geraldton. These are the numbers that our government is putting on the table. These are the numbers, and we are improving them.

_Ann opposition member interjecting_—

_The SPEAKER:_ The member for Hunter.

_Mr JOYCE:_ If you just want to go through the actual cattle for the markets, there was a 59 per cent increase in sales to China; 130 per cent increase in sales to Indonesia; 119 per cent increase in sales to Kazakhstan; a 44 per cent increase in sales to Malaysia; and a 1,518 per cent increase in sales to the UAE. In sheep, our sales to China have increased by 12,770 per cent. These are the numbers that you put on the table when you are here to do business. These are the numbers that you put on the table when a government is here to do business and that is why you get letters like this:

Dear Barney, I am writing to you to let you know how successful your efforts have been with regards to the live sheep trade. Last year we sold 1,144 five-year-old wethers for an average of $47. This year they have gone up to over $111 a head.

_Opposition members interjecting_—

_The SPEAKER:_ The member for Wakefield and the member for Moreton will desist!

_Mr JOYCE:_ That is because we do the business and we make a difference.

**National Security**

_Ms PLIBERSEK_ (Sydney—Deputy Leader of the Opposition) (15:06): My question is to the Minister for Foreign Affairs. On ABC Radio today, the minister denied that Australia had been asked to supply weapons to support the Peshmerga in their struggle against IS in Iraq. This letter, sent to the minister on 11 August by Kurdish representatives in Australia, shows that Australia was asked for ‘military support including equipment and ammunitions.’ Why did the minister provide false information to Australians about such important matters of national security?

_Ms JULIE BISHOP_ (Curtin—Minister for Foreign Affairs) (15:06): As I said on Sky News about midday today, I did investigate. A letter was sent from the Kurdish representative in Canberra which was received by my office on 18 August. I was, in fact, in Singapore and because it did not come from an accredited diplomat or a nation-state it was sent to the lawyers to consider the status of the letter. I was not aware of the letter this morning, but I was aware of the request that had been considered by our National Security Committee. So the subject of the letter has been considered by our National Security Committee, but the existence of the letter was indeed sent to our lawyers to determine its status because it is not from a sovereign government, nor from an accredited diplomat in Canberra.

_The SPEAKER:_ I call the member for Wright.

_Mr Fitzgibbon:_ Madam Speaker—

_The SPEAKER:_ I thought you were on a point of order.

**Medicare Locals**

_Mr BUCHHOLZ_ (Wright—Government Whip) (15:07): My question is to the Minister for Health. I refer the minister to this article in The Australian on 29 July, referring to
Australian taxpayers' funds being used to pay parking fines by Medicare Locals. Minister, what is the government doing to tidy up the waste that we inherited from the other side?

Mr DUTTON (Dickson—Minister for Health and Minister for Sport) (15:08): I thank the honourable member for his question. There are lots of messes that Labor left the government and we are in the process of cleaning up each and every one of them.

Mr Husic interjecting—

The SPEAKER: The member for Chifley will desist!

Mr DUTTON: The Health portfolio, I am sorry to say, was no exception by any stretch of the imagination. People who live in New South Wales or Queensland in particular know that Labor wreck the health system. They put money into bureaucracies—they take it away from patients and doctors and front-line services and they put it into health bureaucracies. That is what Labor do, and why do they do it? They do it because that is what pleases the union bosses. The union bosses are pleased with that sort of activity because it houses all sorts of former secretaries and workers within the union otherwise. That is why patients suffer.

Opposition members interjecting—

Mr DUTTON: All of the declarations of indignation do not go anywhere. They protected the Health Services Union. They funnelled money into these dodgy causes and they took money away from the front line. They are shameful when it comes to the waste of taxpayers' money, and in the health space it is no different. When we came into government—

Ms Plibersek interjecting—

Mr DUTTON: In relation to Medicare Locals, they created a great, big, new health bureaucracy within Medicare Locals and they distracted money away from doctors and nurses that should have been spent on patients and they put it into these bureaucratic structures.

We have said that we will cut from 61 the number of Medicare Locals down to a number less than 30, and we will get more money back to doctors and nurses so that patients can be seen, not just in primary-care settings but within public hospital settings as well. We are determined to make sure that we can reduce Labor's health bureaucracy, because they trash the health system at a state level. They trashed it at a federal level over the course of the last
six years. And it is our job to clean up Labor's mess. We are getting more money to front-line services. Why? Because we have an ageing population and because we are determined to beef up the response at a primary-care level. We will clean up Labor's mess and we will make sure that more money gets back to the front-line health services in this country.

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

COMMITTEES
Selection Committee

The SPEAKER (15:11): I present report No. 12 of the Selection Committee, relating to the consideration of committee and delegation reports and private members' business on Monday, 1 September 2014. 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 August 2014.
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 September 2014, as follows:

DOCUMENTS

Presentation

Mr PYNE (Sturt—Leader of the House and Minister for Education) (15:12): 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.

COMMITTEES

Joint Select Committee on Northern Australia

Appointment

Mr PYNE (Sturt—Leader of the House and Minister for Education) (15:13): I ask leave of the House to amend the notice relating to the proposed amendment of the resolution of appointment to the Joint Select Committee on Northern Australia in the terms as circulated to honourable members in the chamber.

Leave granted.

Mr PYNE: I thank the Manager of Opposition Business for granting leave. I move:

That:

(1) the resolution of appointment of the Joint Select Committee on Northern Australia be amended, as follows, by amending paragraph (4) and inserting paragraph (4A):

(4) the committee deliver its final report and recommendations to the Parliament on or before 4 September 2014;

(4A) following presentation of its report, the committee:
(a) monitor issues relevant to the development and implementation of the government's white paper;
(b) consider any related issues as may be referred to it by either House of the Parliament or a Minister;
(c) report from time to time; and
(d) continue this work until the House of Representatives is dissolved or expires by effluxion of time; and

(2) a message be sent to the Senate acquainting it of this resolution and seeking its concurrence in this resolution.

I simply explain to the House that the motion extends the reporting date for the report in order to allow the committee to complete its deliberations.

Question agreed to.

QUESTIONS TO THE SPEAKER

Questions in Writing

Ms CLAYDON (Newcastle) (15:14): Madam Speaker, I have two questions. In accordance with standing order 105(b), I ask that you write to the Minister for Communications seeking reasons for the delay in answering a question in writing. The relevant question appears as No. 180 on the Notice Paper. My second question is: again in accordance with standing order 105(b), I ask that you write to the Minister for Communications seeking reasons for the delay in answering a question in writing. The relevant question appears as No. 181 on the Notice Paper.

The SPEAKER (15:14): I thank the member.

MATTERS OF PUBLIC IMPORTANCE

Medicare

The SPEAKER (15:14): I have received a letter from the honourable member for Ballarat proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government hurting Australians with its increased cost of medicines and unfair GP tax.

I call upon those members who approve of the proposed discussion to rise in their places.

More than the number of members required by the standing orders having risen in their places—

Ms KING (Ballarat) (15:15): It is a very important matter of public importance to talk about what is happening with our health system and what this government is doing to punish patients across the country. The Abbott government's GP tax and the hike in the costs of essential medicines is bad for patients, bad for doctors and bad for the overall health of our nation. Hitting people with a tax when they are sick and then hitting them again for the tests that they need and again for the medicines they need is a massive assault on those least able to afford to pay: the sick, the weak, middle- and low-income families trying to get access to the health care that they need for their children and for their ageing relatives.

What sort of government is it that introduces as its almost sole health policy a policy that is designed to stop people going to the doctor when they are sick? We finally heard from the
Treasurer today an admission of what we already knew from Senate estimates: it is a million visits to the doctor a year that this government wants to stop. Which one of those million visits is this government prepared to say is unnecessary? Is it the person who thinks they have a persistent headache and finally thinks, 'Maybe I'd better go and get this checked out' and finds out it is something much more serious? Is it the mother or father who is worried about the cold that their kids have and suddenly realises that it actually may be something a little bit more serious; maybe his child has asthma? That is a million visits forgone each year.

What sort of government thinks that as its health policy it is good to stop people going to the doctor and stop people filling out their prescriptions? It is policy designed to stop them seeing the very people who are best able to judge what treatment they need to cure them or to prevent whatever problems they have becoming worse and leading them to even graver health—and budget—outcomes in the future.

A recent campaign in Australian Doctor magazine calling on the Abbott government to rethink its GP tax was supported by 2½ thousand doctors and 500 other health professionals. It is an astonishing piece from a profession not generally known for its militancy. But these are not just names on a petition; they are frontline GPs who will be directly impacted by this policy and know exactly how disastrous policy is for their patients and for the health policy of our nation. There is Mary Barson from Bellbrae in Victoria:

A $7 co-payment will make regular visits for some patients unaffordable. I genuinely fear that they will refuse visits, fail to have proper management of their heart failure/diabetes/chronic lung disease/urinary tract infections/etc and will end up in hospital at huge expense and inconvenience.

I am furious at the short sighted nature of these proposed reforms.

Dr Richard Walukl tells the story of the 66-year-old pensioner who first sought assurances that the GP tax had commenced before visiting his surgery to check out his persistent headache. He was rushed to hospital, where he collapsed in emergency and had a haemorrhage. The GP writes:

I am 100% sure that if co-payment was already applicable he would have gone home and died.

That is a GP in our community saying, 'Do not introduce this GP tax.' That is the true cost of this unfair, regressive and downright disastrous attempt to prevent patients seeing a GP.

Already surgeries across the country are reporting that patients are missing appointments because they fear that the tax is already in place and that they cannot afford it. As the Consumer Health Forum of Australia told the Senate inquiry into out-of-pocket costs, some would have to choose between paying for food, paying for heating or paying for their health care. Seven dollars may not seem much to some in this place; but, when you are on a fixed or very limited income and every dollar of your pay packet is accounted for, the GP tax and higher medicine prices will mean often something will have to give in those budgets, and what will give is the visit to the doctor or the follow-up prescription. The consequences of that could be disastrous.

In fact, this entire policy is premised on the hope that people will stop going to see the doctor. That is the only way this minister can actually say that is where the sustainability is in this argument. We know not a single dollar from the GP tax or the hikes to medicine is going back into Medicare or the PBS, so the only way this government's argument about
sustainability can stack up is that they want a million fewer visits to the GP and they want to see a reduction in the number of scripts filled. What sort of health policy is that?

The alternative for patients who cannot afford the GP tax is, of course, to head to the already overcrowded emergency departments, further blowing out waiting times. But the Abbott government has two answers to this. First is to rip $50 billion out of the public hospitals, putting at risk the huge work that has been done to improve emergency department waiting times through the national emergency access target and the great commitment from clinicians to actually improving those. Then it also says: 'A really good idea would be if state governments then slap a tax on you when you take your sick kid to emergency as well. That would be a really good idea as well.'

This GP tax and this medicine price hike are bad for patients, bad for doctors and bad for our nation's health system. We are not supporting and will not support the unfair GP tax and we will not support the unfair hike on the cost of essential medicines. Labor will never support this government's deceitful and disastrous bid to destroy Medicare. And we are not alone in this. The Australian public do not want your GP tax and your medicine price hike, Prime Minister. The health professionals do not want it either. What you face in your own party room is your own MPs telling you that people in communities across the country are not accepting this blatant broken promise on health.

This is a Prime Minister who promised no cuts to health but then ripped more than $50 billion out of public hospitals. This is a Prime Minister who promised before the election no new taxes and then turned every GP and chemist in the country into an army of tax collectors, taking money for the government out of the pockets of people trying to access the health care that they need.

The Treasurer says, 'No, it's not a tax,' but he thinks North Sydney has a high rate of bulk billing and that a traffic gridlock means there must be a millionaires' convention in town. Well, Joe, your own budget papers show that, combined, your GP tax and the medicines hike is a $5 billion hit to family budgets over the next four years alone. That is not just a tax, Treasurer, that is a monster tax.

The Prime Minister told the Australian people, 'It has always been my position that if you go to an election saying something, you should keep that commitment.' Members opposite cannot be trusted. Their words mean absolutely nothing when it comes to the health care of this nation. They could not have been clearer: no new taxes and not cuts to health. Then in their very first budget, they ripped more than $50 billion out of hospitals and whacked all Australians with a big new tax on health.

We must protect Medicare. It is always up to Labor to defend Medicare from this mob opposite. Australian families should not be paying for the Prime Minister's broken promises. It is worth going through, in a little bit of detail, precisely what this government wants to do to health care in the budget. The budget imposes a $7 GP tax on every consultation, with $5 of this replacing the fee paid to doctors and $2 going to the doctor. The health minister keeps dismissively saying that it is up to the GP whether they charge that fee or not and that GPs can still bulk bill. What he never goes on to say—and I hope that he does now—is that if they do, the fee paid to GPs drops $5 and then, on top of that, they lose the bulk-billing incentive. The combined effect of this is that any GP who does continue to bulk bill patients will
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potentially—depending on where they are—lose up to $14 per consultation. In Australian Doctor, Dr Anthony Hodge from Tasmania said:

In Tasmania—the state with one of the highest unemployment levels and most disadvantaged populations—if I don't charge the co-payment I will lose $14 a consult for 85% of my patients. Who can afford this …

Does the government want to stop us visiting the elderly and infirm?
Clearly, it does. They want to see a million GP visits forgone.

This is not just about budget savings; this is about the Liberal Party's fundamental opposition to Medicare. The Prime Minister and the Treasurer plan to make it harder for Australians to see their doctor, and that will only put more pressure on the health system in the long term. These changes will end up costing more, and putting Australians at risk. It is lazy policy; it is bad health policy to deter people from seeking early care and treatment. It will lead to complications and it will lead to further health problems for people in our community. The price of this policy is bad health outcomes—(Time expired)

Mr DUTTON (Dickson—Minister for Health and Minister for Sport) (15:25): I am very happy to contribute to this debate. The government is absolutely determined to make sure that Medicare has a bright future and that we can afford a world-class health system—

Mr Champion interjecting—

The SPEAKER: The member for Wakefield!

Mr DUTTON: and by Labor's approach it is evident to all Australians that they have no grasp of reality whatsoever. They were a shocking government. They were the worst government since Federation and they are demonstrating at the moment in opposition that they have no opportunity to turn that around. These people have no comprehension of how to pay, how to manage money or how to provide services to people on a sustainable basis, because they rack debt up every time they get into government. Then, of course, it is our job to come in and clean up Labor's mess. It is known to people at a state level and it is known to people now at a federal level. It happened after the Hawke-Keating years and it happened after the Rudd-Gillard disastrous years.

I am not going to stand by and watch Medicare collapse under its own weight in this country. I want to make sure that we can provide the changes for today so that, with an ageing population and with the demands that a modern society like ours has on the introduction of expensive medical technologies, we can be the first adopters of things like robotic surgeries. All of that comes with huge expense—and people want us to pay for that. People want us to pay for genetic testing, which is just around the corner for the Australian population, which maps the DNA of the body to indicate what predisposition people may have for particular diseases. DNA testing indicates to people the cancers they may be likely to have later in life; it says to people that they may have a predisposition for a particular disease and, if they have children with a carrier of the same gene, there is a greater likelihood that that that gene may be carried to their own children.

These medical technologies will have to be paid for, not just next year but over the coming decade and beyond. If the Labor Party want to pretend to the Australian public that we can have four out of five services for free when people see a GP in this country, they are kidding themselves. I do not think the Australian people will fall for it.
What is it that we propose that is so offensive to the Labor Party? We say that we want Australians who have the capacity to pay the $7 co-payment to make that contribution and we will retain bulk-billing for those who cannot. I want bulk-billing to be about providing for those who cannot afford the $7. As the Treasurer said in question time today, there is a second safety net so that if, within a calendar year, a concession card holder or a child under the age of 16 goes to the doctor, has a blood test or an X-ray—

Opposition members interjecting—

The SPEAKER: The running commentary by the member at the table is not required.

Mr DUTTON: or a combination of 10 services over the course of a 12-month period, they can then revert back to a bulk-billing arrangement so there is a maximum impact of $70. I want to contrast that—because the Labor Party has made a lot of that, and the shadow minister made a lot of that in her contribution only a few moments ago—to the way in which Labor has approached the same co-payment principle in relation to the Pharmaceutical Benefits Scheme over many, many years. Now, quite cutely, the shadow health minister in recent weeks, in some sort of populist attempt to thrust herself into these discussions, has described the PBS co-payment as a tax. It really is quite deceptive, because if you look at the history of Labor, Labor introduced a co-payment for concession card holders on the PBS. They introduced a co-payment for concession card holders and they want to somehow reject that historical fact. But the historical fact is that the Labor Party doubled the contribution for concession card holders when it came to the money that they want people to contribute for their own scripts. So when somebody who is the sickest and the poorest Australian goes to the chemist and hands over the script, they pay $6.10 for each and every medicine until they get to 60 scripts in a calendar year. This was introduced by the Labor Party. Let us have a look at the figures. For 60 scripts, at $6.10, that is over $360 that that sickest and poorest Australian will pay before they move on to free medications. There is a safety net—quite appropriately so—one you get to 60 scripts or so. We support that and we want to make the PBS sustainable—absolutely. The impact is $360 on that person. Yet the Labor Party want to pretend that somehow the principle of applying a maximum $70 co-payment to that concession card holder or the child under the age of 16 is incredibly offensive and bad policy. The Labor Party need to explain to the Australian public why it is sound logic to apply a co-payment to the PBS but not to Medicare.

Over the last couple of months the government has made its case well in relation to the expense under Medicare. People know that over the last five or six years Medicare expense in this country has gone up by 42 per cent. They know that 10 years ago we were spending $8 billion a year on Medicare and today we spend $20 billion a year. The Labor Party run around saying people pay the Medicare levy through their tax and that should cover the $20 billion. That shows you how bad they are at economic management. The problem for the Labor Party is that we do not raise $20 billion through the Medicare levy. We do not raise $15 billion through the Medicare levy. We do not even raise $11 billion a year. We raise about $10 billion a year through the Medicare levy. So there is a $10 billion gap, and it grows and grows and grows each and every year. Why? Because the $10 billion is growing at a slower rate than the $20 billion expense. So that gap blows out each year and that is why we say that we should ask Australians who are capable of doing so to make a contribution of $7 when they
go to the doctor so that we can address that gap and provide for all of that future medical expense.

That is absolutely logical, it is sound, and we are continuing discussions in good faith with the independent senators—who on this topic and many others are much easier to have discussions with than the Labor Party. People on the crossbench in the Senate actually understand that there is a problem. The Labor Party will not even acknowledge that that is a problem. That is quite ironic because there were two independent reports commissioned by Labor when they were in government—not Liberal Party work and not Labor Party work. The Labor Party commissioned two independent reports, by Christine Bennett and Simon McKeon, both of which came back to Prime Minister Rudd and Prime Minister Gillard saying health spending in its current form in our country was unsustainable and, secondly, that we should put more money into medical research.

We do both of those things in this budget. We are not asking for a $17.50 contribution such as operates in New Zealand. We are not even saying it should be $16 as it is in some parts of Europe. We are not even saying it should be $15 as recommended by the Commission of Audit. We are saying $7 is a reasonable contribution for people to make. For people at the margins, who cannot afford the $7, we have retained bulk-billing. That is what bulk-billing should be about, not having 83-odd per cent of services free. That is not what bulk-billing is about. Bulk-billing is about providing support to those who cannot afford the $7—and we have the secondary safety net, which is incredibly important.

The shadow minister, in her MPI today, made reference to the increase in relation to the PBS co-payment. Yes, in this budget we have said that we want to keep the PBS sustainable. We spend about $9.3 billion a year on medicines in this country. We have got one of the best systems in the world and I will fight to protect it. I will fight to make sure we can afford those cancer drugs. I am looking at some drugs at the moment that cost $200,000 or $300,000 per patient per year, for which people pay $6.10 when they go to the doctors. We are talking about increasing that $6.10 by 80c. That is what we are recommending in this budget—80c. Some of those scripts that people fill for cancer are worth tens of thousands of dollars. As a health minister, I am extremely proud of the fact that we provide to people those life-saving drugs worth hundreds of millions of dollars on a daily basis.

We will continue to do that but, if we want to do it into the future, we cannot pretend that that money can come from nowhere. Labor racked up an enormous amount of debt. As the Treasurer said today, our country is paying $1 billion a month of interest on borrowed money each and every month. If we do not do anything about it over the course of the next 10 years, that $1 billion will blow out to $3 billion a month. Do people pretend that we can continue to put money into health or into pharmaceuticals with that sort of debt? No, they do not. We are providing a balanced approach. We will fight for the future of Medicare. The Labor Party should get out of the way.

Mr STEPHEN JONES (Throsby) (15:35): On this side of the House, all Labor members of parliament are celebrating a very important anniversary. This month marks the 40th anniversary of the passage through the federal parliament of the bills which brought Medicare into place—the introduction of the most historic healthcare reforms in this country. It did not come easily. Gough Whitlam took the Medicare policy to three elections and still could not convince those opposite to support the legislation. So we saw the first and only joint sitting of
parliament, which was convened to break the deadlock with the Senate. But even after the legislation was voted up by a joint sitting of parliament, did those opposite give up? The answer is no. A defiant leader of the coalition, one William Snedden, made a firm promise which echoes down the generations. He said: 'We'll fight this till it is finished because that is what we believe in.' So while we on this side of the House hold the flame for universal health care, those on the other side of the House are the heirs to that solemn promise of Billy Snedden's. They were doing it in 1975 and they are doing it today: they are trying to wreck universal health care in this country.

The member for Ballarat has pointed out that this tax will do exactly what it is designed to do. This horrendous tax—this $7 charge on people who are sick, who want to go and see the doctor—will do exactly what it is designed to: it will stop people going to the doctor. Where is the sense in that? Where is the sense in not having people go to the most efficient place in the health system to have their ailments dealt with. Instead of that, the policy of those opposite is to have them forced into the emergency wards of hospitals. Where is the sense in that? What is this tax and this PBS increase going to do? It is costing the country around about $5.8 billion—ripping it out of the pockets of consumers and it will do exactly what it is designed to do: keep people away from their GPs.

If that is not bad enough, if you look—and this should be a concern to you, Deputy Speaker Scott—at the areas where these policies are having the greatest impact, the top 12 electorates which are hurt most by the GP tax and the increase in medicines are in regional Australia. Gippsland, total cost $38 million over a four-year period; Hinkler, $38 million over a four-year period; the seat of Murray, $32 million; Gilmore, $33.7 million; Cowper, $31 million, and; Lyne, $32 million. We know that the increased charges on medicines alone are going to rip in excess of $112 million out of regional Australia. Knowing this we have to ask ourselves: 'Where is the National Party?'

In 1973 the National Party was led by a real leader with courage, because in 1973 the then Leader of the National Party, Doug Anthony, was willing to cross the floor. He was willing to cross the floor in the interests of country people and country electorates. I ask, through you Deputy Speaker Scott, the members of the National Party: do they have the courage of Doug Anthony to stand up for the people in their electorates and do the right thing? Because the people in country Australia are calling out to their members, saying, 'We rely on you.' A former member of that side of the House, Fred Chaney, had this to say:

Crossing the floor is the stuff of which parliamentary heroes are made.

You have the opportunity to see some heroes.

Mr McCormack interjecting—

Mr STEPHEN JONES: We have the opportunity to see some heroes on that side of the House to stand up for their electorates.

Mr McCormack: When have you ever crossed the floor?

Mr STEPHEN JONES: Some of them might be saying, 'It might not be good for their careers.' There have been members on that side the House who have been willing to cross the floor in defence of something they believed in.

Mr McCormack interjecting—

The DEPUTY SPEAKER (Hon. BC Scott): Member for Riverina!
Mr STEPHEN JONES: Let's see them stand up for their electorates on this issue.

Mr McCormack interjecting—

The DEPUTY SPEAKER: Order! Member for Riverina!

Mr STEPHEN JONES: Because we know there are National Party members who are scared to death on this issue.

Mr McCormack interjecting—

The DEPUTY SPEAKER: Member for Riverina will desist!

Mr STEPHEN JONES: Well, stand up in this place for the people that you represent.

The DEPUTY SPEAKER: The member for Riverina was being grossly disorderly and is lucky to be still in the chamber. You were being been grossly disorderly, along with others. I was trying to get your attention.

Dr SOUTHCOTT (Boothby) (15:40): You have got to smile when the opposition, in prosecuting their argument that the government do not support Medicare, have brought the stunning exhibits from more than 40 years ago! What we need to do is talk about some more recent history. We talk about some more recent history when the Prime Minister was the minister for health. Here is a question for you: which government added dental services to Medicare? Which government did that? It was the Howard government. Which government expanded Medicare to allied health services in the treatment of chronic disease? Who did that? Who was the health minister who expanded Medicare to introduce access for physiotherapists, dentists, podiatrists—for other allied health? Who was that? Who was the health minister who expanded Medicare, who improved Medicare? It was the current Prime Minister.

When you look at our health system and you look at how the health of our country compares, we do pretty well. We have one of the highest life expectancies in the world for both men and women. We see that improving. We see one of the lowest smoking rates anywhere in the world, and that has been from concerted action over the last 30 years from state and federal governments. We see vaccination rates improving. That was something that was a very proud achievement of a former coalition health minister, Michael Wooldridge, who actually saw Australia have the sorts of vaccination rates that we should enjoy. We have seen over the last 30 years the five-year survival rate from cancer increased from 47 per cent to 66 per cent more recently. We have seen a dramatic fall in people having a heart attack and dramatic falls in death from heart attack. We have seen death from asthma and COPD dramatically decreasing over recent times as well.

There is no doubt that Australia has a very good primary health care system. We have a well-trained GP workforce and we have multidisciplinary care. But as good as it is there is further improve improvement. The OECD has said that even Australia, which by all standards is regarded as an efficient system and by all standards is regarded as a good health system, still has room for improvement in efficiency and we have room for improvement in life expectancy. We do face a number of challenges into the future. The major challenges are how we manage chronic disease and what we do in terms of the coordination of health care so that people with conditions that do not need to go to hospital are able to be cared for better in the community.
As to what the opposition are raising in this point—their opposition to what is a modest co-payment—we have more than 100 million non-referred GP services, and it is reasonable for any insurer, especially the government, to say, 'What are we getting in return for that?' The opposition's approach is to say: 'The sky will fall in. It will be the end of the world as we know it.' But when you have a look at the health system, what you see is that Australia enjoys a great health system. We have a great primary health system.

In the past, the coalition has shown that it is the best friend that Medicare has ever had, and this government will continue to show that by strengthening primary care and strengthening the PBS. We need to make sure that it is sustainable into the future. We have seen growth in health expenditure and growth in PBS expenditure increase well above inflation and well above the growth of the economy in recent years. This is a modest proposal which will improve the sustainability of our health system under the challenges we will face in the future.

Mr Champion (Wakefield) (15:45): If this government is the best friend that Medicare has ever had—because that is what the member for Boothby is asserting—it certainly does not need enemies! This is a budget of broken promises. It is a budget of regressive cuts—$80 billion in cuts; $50 billion out of hospitals alone. It is a budget of increased taxes on working families. And it is a budget that contains a visceral hatred of Medicare. It is a budget that jacks up the cost of medicines. It is a budget that slugs you $7 every time you enter a GP's waiting room, every time you get a blood test, every time you get a scan—it is a cascading, all-encompassing, multiplying, $7 hit on the family budget. And it just does not stop. It continues on and on and on; it is not $7—it is multiples of seven.

Those who are on the pension, who have a chronic illness, who have asthma, who have pneumonia, who have diabetes—they are all the people who are going to suffer: the sickest, the most frail, the most vulnerable. We know that one million visits to the GP will be denied every year, and $5 billion in increased costs and increased taxes will be passed on to families over four years. This is a full-scale assault on Medicare. It is a full-scale assault on fairness. It is a full-scale assault on the Australian way.

It is not about sustainability as the minister said; it has not been about sustainability for the last 40 years. This is about instituting regressive changes to health care in this country which the coalition have championed since the 1970s, and championed in the 1980s and 1990s. And do not take my word for it. On 14 February 1986, John Howard said that if the Hawke government:

... had not been elected to office the Commonwealth Budget would not contain the absurd and bloated expenditures on Medicare that honourable members opposite have added.

On 21 August 1986 he said that, if elected, they would:

... put choice back into Medicare by a number of steps. Firstly, we will allow individual Australians to opt out of Medicare; that is, not pay the levy provided they take out private insurance. Secondly, bulk billing will be abolished except for such people as pensioners who really need it.

So that is what John Howard said in the 1980s. We know, of course, what they said in the 1990s. In the 1990s it was Fightback! I pulled Fightback! out of the Parliamentary Library just to see what it said. Some members in the chamber would remember Fightback! of course. On page 7 in the executive summary it says: 'Bulk-billing will be retained for over four million pensioners, healthcare card holders and the disabled but will no longer be available to other Australians, and the government monopoly on medical insurance will be abolished and
there will be provision for gap insurance and medical bills.' That is on page 7 of Fightback! Then on page 52 of this document it says—and this will ring a bell for those opposite: 'The best way to contain costs is to introduce a price signal for health services. Bulk-billing will be abolished with the exception of the four million pensioners, healthcare card holders and the disabled.' So this is Fightback! in 1992 or 1993. It brought me to the Labor Party. It brought in the member for Hindmarsh, who said, in August 2013, that it made him join the Liberal Party. He was so excited about ending Medicare and stopping bulk-billing he decided to join the Liberal Party. And here he is in parliament today.

The member for Boothby talked about former health minister and now Prime Minister Tony Abbott and what a great record he had, but we know that he broke promises in 2004, and we remember his commitment on Four Corners when Ticky Fullerton asked him:

Will this Government commit to keeping the Medicare-plus-safety-net as it is now in place after the election?

TONY ABBOTT: Yes.

TICKY FULLERTON: That's a cast-iron commitment?

TONY ABBOTT: Cast-iron commitment. Absolutely.

Of course, we know what he did with that 'cast-iron commitment'. He broke it, just like he has broken his promise to the Australian people last election of 'no cuts to health'. And what do we find? A $7 cascading co-payment, on every GP visit, on every blood test, on every scan. And those opposite are silent because they know that this is political poison—particularly those in the bush; particularly those in the outer suburbs. This is poison. It is poison for those working families and it is electoral poison. And if I were you, I would be marching down to the Prime Minister's office and telling him to change his strategy a bit. (Time expired)

Mrs PRENITCE (Ryan) (15:51): I had to laugh earlier today when the Leader of the Opposition delivered a press conference moaning about the health portfolio while he stood in front of a wall of pain medication. I do not know about the rest of you, but when I hear any of those opposite continuously whining about the government's health policies while offering no alternatives, pain relief would not go astray!

When it comes to Labor frivolously flouting their unfounded presumptions about health policies and how Australia can sustainably afford growing costs, their ideas—or, more accurately, lack thereof—are about as effective as trying to solve an algebra question by chewing bubblegum. Like the delinquent child in the classroom, their erroneous and disruptive comments get in the way of real solutions and real action. They may as well put down their pens, stop doodling, stop shooting spit-balls at the teacher, take the 'Kick me' signs off their colleagues' backs, and listen to the adults in the room.

The coalition government is the only party offering a plan for a sustainable health system. I see that in today's MPI the opposition is accusing the government of hurting Australians by increasing costs to health. Those opposite must be experiencing chronically fluctuating episodes of awareness to have forgotten their own record in the health portfolio and how much they have hurt Australians.

After experiencing some kind of election-induced amnesia, the Labor government broke their promise to Australians on private health insurance. They repeatedly promised, to our faces, that they would not change the private health insurance rebate—yet, behind the backs
of all Australians, they made repeated attempts to undermine private health insurance and increase the costs for the 11 million Australians who have private health insurance. The amnesiacs opposite seem to have forgotten that while in government they jeopardised the listing of new medicines on the PBS.

The Labor government delayed the medications for patients suffering from schizophrenia, chronic disabling pain, lung disease and many other conditions, for months. The coalition have delivered on our commitment to restore the independence of the pharmaceutical listing process. In fact, we have gone even further. The independence of the PBAC has been restored, and its recommendations will not be ignored. We have listed or extended the listings of 221 medicines—twice as fast as the previous Labor government. That is right: we are helping Australians, not hurting them.

Those opposite obviously prefer to remain in a euphoric state of denial, conveniently forgetting the billions of Australian taxpayers' dollars that they wasted en masse while in government. After Labor promised to build 64 GP super clinics at a cost of $650 million, they only managed to build half—the rest remaining open paddocks. Labor's Australian National Preventative Health Agency wasted $463,000 on a study into the 'fat tax' on junk food, despite both major parties already ruling out this option. They also spent $236,000 on a fake music festival. Just think: if those opposite had not wasted billions of dollars on failed policies, no doubt thought up on the backs of drink coasters in an effort to gain publicity, we would not be in the situation we are now, losing $1,000 million a month—that equates to four new hospitals a year—in interest repayments alone. That is not fixing the debt; it is just in interest repayments.

Those opposite must be living in a parallel universe if they think that they have a strong record when it comes to health. Labor promised to slash elective surgery waiting lists; yet, under their watch, the average national waiting time for elective surgery increased. Labor attempted to tear $400 million from medical research in 2011. Then they ruthlessly ripped $140 million out of medical research before the election—hiding it in budget jargon.

Labor allowed health bureaucracy to balloon while frontline services, private health insurance and other areas faced cuts. Labor created more than 10 new health bureaucracies while in government. They preferred to fund bureaucrats and consultants rather than doctors and nurses. Those opposite need to stop with their floridly psychotic behaviour. They need to stop hoping their nonsensical delusions will somehow fix the legacy of debt and deficit left behind after their chaotic circus of a government. Leaving our children, grandchildren and future generations to pick up the tab is not a responsible option. Labor's complaints are chronic; however, their constructive solutions are mythical.

It is clear that when it comes to health and repairing the budget, only the coalition can be trusted. Only the coalition can help Australians.

Ms Ryan (Lalor—Opposition Whip) (15:56): I rise today to speak on this matter of public importance—and it is of great importance, especially to the people of my electorate of Lalor. As with many measures in the Abbott government's budget of broken promises, when you add up the combined impact of the GP tax and the increase to medicine costs and when those numbers are crunched, we see Lalor topping the charts with an estimated cost to our community of over $52 million. That is $52 million taken out of our community and out of our local economy because it will have to be spent on going to the doctor and paying for prescriptions.
Our pain does not stop there, because we will be sorely hit by the $50 billion cut from hospitals and the scrapping of preventive health funding. We are heartily sick of being top of the pops. And we are heartily sick of projecting the compounding effects of this cruel budget on families. The truth is that our community keeps featuring because it has 60,000 families making their way in the world. In fact, in Lalor we are a microcosm of the broad Australian community. So I speak today for Lalor, but I speak also for middle- and low-income Australians.

When I think about the community of Lalor, I also think of other growth corridors that will surely be suffering in similar ways. I think of Cranbourne South in the seat of Flinders, and I think of Minister Hunt—and I wonder where he is today to speak on this MPI; I think of Pakenham in the seat of McMillan; and I think of Frankston in the seat of Dunkley. All of these electorates in the state of Victoria are held by Liberal members of this House. They are all in the top 40 in this week’s charts. Given that their members are not speaking out in this chamber or, one suspects, in the LNP caucus or in cabinet, I speak for them today in this MPI. I speak for Lalor, I speak for Australia and I speak about their anger. I speak about the anger about the Prime Minister and the Treasurer promising before the election that there would be no cuts to health and no new taxes but now smashing that promise. I speak of the anger about higher costs to visit the doctor and to buy needed medications and about the effects that will have on people accessing the medical care in the primary sector that they need, resulting in fewer people accessing health advice.

In my own home, someone I care about deeply has found himself making decisions about going to the doctor and about filling prescriptions, because he has a large monthly bill for daily medications and he is really considering it with these threatened increases. I can only imagine how this translates to the 10,000 pensioners in Lalor. I have heard from several people who are on the disability support pension due to chronic illness and who have very real fears about how they will survive when they must pay more for prescriptions. I hear Minister Dutton and those on the other side of the chamber consistently cry, 'Labor introduced the PBS co-payment' but they deliberately omit that Labor also increased the pharmaceutical allowance to compensate pensioners and that allowance was paid weekly. Every time the PBS co-payment rose, so did the pharmaceutical allowance. They fail to admit that it was Prime Minister Howard who broke that nexus in 1997. They omit the targeted and responsible savings Labor made like the means testing of the private health insurance rebate. They omit that Labor made medicines cheaper by simplifying price disclosure.

It is little comfort to the people of Lalor that they will take this hit, that they will have their long-term health possibly compromised by reduced household budgets and by their capacity to pay. It is little comfort to them to know they will do this to fund a research fund that may find cures but that will be useless to them if the universality of our health care system is smashed in the process.

So we have smashed promises, smashed commitments. We will have, if the government continues to pursue its unhealthy agenda, smashed household budgets. We will have in my electorate smashed lives. Those opposite argue they have to do something. I say to them: you do not have to do this; you should not do this.

Mr IRONS (Swan) (16:01): I rise to speak on today's MPI. One thing I remember Kim Beazely said many years ago was: we have got our version and you have got yours. I think we are hearing a bit of that today. We are hearing the version of those opposite who have left us in a situation where the current health system is not sustainable in its current format. We as a government were not elected to keep those opposite's budget going, we were elected to make
changes and that is what we are going to do to fix the budget and to invest in medical research for better health care in the future. I cannot see how that is possibly hurting Australian people.

This government is doing exactly what we were elected to do—that is, clean up those opposite's mess by developing and implementing a budget that puts Australia back on a sustainable path to surplus while investing in key areas such as health, education, infrastructure, and the many welfare measures the government has in place.

What those opposite have failed to realise after six years of being in government is that the answer to everything is not simply throwing money at it without a long-term policy framework that is appropriately costed. It is the opposition's lack of strategy and vision and their inability to manage minor projects, let alone Australia's entire economy, that has forced this government to make decisions and reign in unsustainable spending levels.

I see the Minister for Communications is in the chamber. He has just received the report that describes the inability of the previous government to deliver economic infrastructure or any other budgetary decisions. We will be waiting centuries before we ever get a surplus from those opposite.

When it comes to health, education, infrastructure, and many other policy initiatives, those opposite simply do not have a leg to stand on. Let us not forget Labor's attempts to roll out their $650-million GP Super Clinics project, where 64 Clinics were promised in 2007, and, by the time they were booted from government, only 33 had been delivered. Of course, if those opposite want to attack this government's record on health, I should also mention the Labor government's repeated promise that they would not change the private health insurance rebate yet they means tested the rebate in 2009 and 2011 and removed the 30 per cent rebate on lifetime health cover in 2012 after they had repeatedly promised they would not.

The reality is that under the Labor government Australia was progressively living beyond its means, which led to every taxpayer being faced with billions in deficits that are projected to rise to $667 billion if we do not fix the unsustainable spending path those opposite put us on.

The pressure on Medicare, the PBS and public hospitals continues to increase each year due to Australia's ageing population, chronic disease and higher costs. What this government is simply asking is that all Australians contribute to our health system by making modest contributions to the costs of their care. Those opposite have repeatedly attacked the introduction of a GP co-payment—a payment that actively invests in finding cures for diseases through a $20-billion medical research future fund. Of course those opposite would be against this when they ripped $140 million out of medical research last year by tricky accounting in the budget.

Instead, this government is investing in the health of every Australian while still maintaining safety nets for those who may struggle to afford the payment including concession-card patients and kids under 16 years, who will only have to pay the contribution for their first 10 visits a year before reverting back to the bulk-billing system. We consider this a fair contribution from patients to help support a system that currently funds 263 million free Medicare services a year.

The Pharmaceutical Benefits Scheme is another area where those opposite have no credibility, with medications for patients suffering from schizophrenia, chronic disabling pain
and lung disease amongst others delayed for months under Labor when they deferred the listing of medicines already recommended by the Pharmaceutical Benefits Advisory Committee. An example in my electorate was a young lad called Christian Dierkxon. He was one of only 10 people in Australia to have Hunter syndrome. After pressure from his local member to get him onto a life-saving drug program, the child moved into my electorate. Even with pressure from two members and the media, it still took the Labor government 12 months to get him onto a life-saving drug program. Labor have no record of worrying about people in health. They have no record economically. What they should be doing is voting for this to make sure that we keep a sustainable Medicare system and take the concerns of the health of Australian people into the future.

Mr LAURIE FERGUSON (Werriwa) (16:06): We heard from the Treasurer today that the impact of the $5-billion increase in the co-payment and the prescription charges will have the impact of reducing doctor visits by one million a year. It does not really give you a localised personal perspective on the nature of the issue. We heard the member for Boothby today describe it as 'modest'. We had the Treasurer compare it to beer and smokes. The member for Gilmore said it was just like a cup of coffee. We can probably answer that with comments by credible sources such as the AMA that said for practitioners, particularly those GPS providing care to patients in disadvantaged areas, the impact of the co-payment may make their practices unviable. Many patients in those areas will not be able to afford the co-payment and the GPs will not be able to charge it. Similarly, the Consumers Health Forum noted that the organisation is disappointed that the budget has not addressed underlying structural problems within the system, out-of-pocket costs and preventative and public health. On the one hand we have credible national organisations and on the other we have some parliamentarians who say that it is all peanuts.

In my electorate of Werriwa 96.2 per cent of visits are bulk billed, which is the seventh highest rate in the nation. I have looked at today's figure of one million and my estimate is that, if you look at that level of bulk billing, if you look at the socioeconomic characteristics, if you look at the reality that health problems are greater in poorer areas, then you have to say that the impact in Werriwa is going to be at least 10,000. That is a conservative estimate of the people who are not going to visit the doctor because of these changes.

I want to cite a local constituent, Dillon Tudor, who puts it in a personal perspective. His email said:

Hi there, I am a 21 year old uni student. I live at home with mum and my stepfather. The GP contribution will be the worst thing about this budget. My mum works hard to make ends meet at home for me and my 2 brothers. And this 7 dollars is just not affordable. When my 6 year old brother needs to see a GP mum is throwing away money that could contribute to groceries or bills. The financial situations of families are tough for most in Sydney. And just to make things better for mine I have been saving up to set up a (starting amount) $600 fund for my mother so when she is feeling the pinch she has something to reach into. Good to know she will have to eventually throw most of that lot away on something that should be free.

That is the real impact locally.

Statistics from the Family Medicine Research Centre at the Sydney School of Public Health noted that, before this change in 2012-13, 5.8 per cent either delayed or did not see a doctor because of the existing cost structure, which was before we even started going down
this road. It is a road that the Treasurer says will lead to $1 million worth less visits. When that reliable research centre made that statement, they also said that a larger price signal than that as suggested in the media will arise. They noted that their figures were probably an underestimate for a number of reasons including the fact that one-quarter of consultations for people over 16 years of age actually led to $14, which is two visits. They also noted the additional cost of other than GP hospital pathology.

There is more research from other institutions. The Healthy Communities studies showed that in Medicare local areas, in 2011-12, a rate of between one per cent and a high of 13 per cent of visits were called off or delayed because of the then existing cost structure. Fifteen per cent of prescriptions were not utilised because of the cost structure.

The scare campaign from the coalition suggesting that we have to be alarmed at the level of costs in this country also has to be answered. As a percentage of GDP, Australian government spending on health is the 10th lowest of the 33 countries in the OECD database and the lowest among wealthy countries. What we have is a scare campaign which is designed, not to make Medicare efficient, not to save it, but to actually destroy it. That was shown by earlier speakers who noted that doctors will be, basically, $14 out of pocket if they maintain bulk billing. This change is designed to persuade doctors to abandon the system. It is designed to make sure it does not exist.

In the United States—a system the coalition government aspires towards—8.3 per cent of GDP is spent by the US government, which is higher than the 6.4 per cent spent by Commonwealth and state governments in this country. This is very clearly going to lead to the further impoverishment of people. It is going to lead to a lot of— (Time expired)

Dr GILLESPIE (Lyne) (16:11): The mainstays of our health system, the Medicare Benefits Schedule, the Pharmaceutical Benefits Scheme, public hospitals, private hospitals and health insurance are all vital, but we need a bit of a reality check. Ten years ago the Commonwealth was spending $8 billion a year on the Medicare Benefits Schedule and, today, that is $19 billion. Without policy change, in 10 years' time it will be more than $34 billion. We need to ask the members on the other side: has our population more than doubled in that time? Has our government's income more than doubled, in fact, gone up 122 per cent like the Medicare Benefits Schedule payouts have? The answers to both those questions are no and no. So, I ask the opposition: how are they going to pay? Are they going back to the 'magic pudding' school of economics and just print money? Are they going to borrow money from overseas and increase our national debt? Are they going to put it on the nation's mortgage and rack up a mortgage that we have to pay off and then put it on the credit card?

The Medicare levy raises only $10 billion of the $19 billion on the Medicare Benefits Schedule. That is before the payments are made to the states for hospitals, or payments for the PBS, so there is a giant disconnect. What are the opposition proposing? Should we be like the NHS in England? When I was working there in the 1980s the NHS levy, the equivalent of our Medicare levy, was about 10 per cent of the taxable income. I do not know what it is now, but I bet it has gone up. We read in the papers from England that that nation is discussing introducing a co-payment because their system is not sustainable. Hang on, that is what we are trying to do here. So, it is time for a reality check.

The changes are quite reasonable, but I admit there will be a change to some practices and for some people. There is no avoiding that fact, but they are reasonable changes. As I have
said in this House many times before, we try to be sensible and manage the nation's finances and the health system, and that is what this is all about. A $5 portion of the levy will go into the Medical Research Future Fund. It is staying within the health portfolio. There are projected dividends of $1 billion once the total gets to $20 billion, and the discoveries made from research should deliver health benefits to everyone.

A bulk-billing practice will change because they will need to ask for the $7 co-payment. The $2 can be used in a bank at their discretion for people that really cannot cope with the $7 co-payment. In my practice that happens: it is just a reality. My electorate of Lyne has more pensioners than any other electorate in the country, so I know how tough it is for some people, and managing off a pension alone is tricky. This will introduce the thing that some people seem to see as an existential evil, but I see as an existential necessity, and that is a price signal to both the patient and the doctor.

We have great doctors in Australia, but some of them have grown up with 100 per cent bulk-billing practices and they have never had to self-ration their services, because patients have never had to reach into their own pockets. They never say, 'Doc, do I really need this?' or 'Can't I come back in a fortnight or a month?' or 'Do I really need that blood test and an x-ray?' I think I'm getting better anyhow.' There is a need for rationing, because, as I said our costs are going up and up much greater than our revenue is going up and up and much greater than our population is growing. We are all getting older and we are all going to retire with lots of requirements for a strong health system. What we are doing is trying to ensure that our health system is sustainable.

I think the opposition are being a bit hypocritical considering that, when they were in government, they cut a billion dollars out of the health budget in 2012 and they froze the MBS in 2013 on every item, not just this—and the then minister said, 'It's only going to cost 70c for the average consultation. (Time expired)

The DEPUTY SPEAKER (Hon. BC Scott): Order! The discussion is now concluded.

BILLS

Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr COLEMAN (Banks) (16:16): I rise in continuation on this important legislation, the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014, which is before us today. As I was discussing earlier, there is a big difference between the approach of the previous government and the approach of this one. This government wants an orderly system of regulation in the financial advice space, but we do not want to regulate in such a way as to smash the industry and make the provision of financial advice so difficult and so onerous that fewer people do it. If fewer people are able to provide financial advice because of the regulatory burden, the price of that advice will go up. We have already seen the situation where financial advice is getting more and more expensive, and it is critical that we ensure that ordinary families can afford to get access to that advice.
That is why we do not support the previous government's 'boil the ocean' catch-all provision in relation to the best interests test. We have six very detailed steps that advisers are required to take under the Corporations Act. They need to conduct reasonable investigations; they need to ensure that they have the right expertise; they need to ensure that they get the right information from clients; they need to identify their client's objectives; they need to base all judgements on the client's circumstances; and they need to always act in the best interests of the client. But, after you have done all of that and followed that very onerous checklist, it is not appropriate to go on some sort of broad fishing expenditure to think about anything else at all that might be relevant in addition to the extensive list which you have just covered. That does not make sense and it will only lead to fewer people getting advice. Every time you make it harder to provide a service and every time you increase the cost of complying with regulation, costs go up—and who pays? Average families pay. That is not what we want.

The previous government was seeking to require people every two years to proactively opt back into their arrangement with their financial adviser. You can imagine that that is a very onerous requirement. We all have lots of relationships with service providers and business providers, and we are not required to go through a paperwork exercise every two years to reaffirm that relationship. If we had to do so, that would obviously lead to a lot of difficulty for those industries, a lot of unnecessary toing and froing and a lot of letters that sit in the mailbox unanswered. That is not good for the smooth operation of this sector. So we do not support that. Clients can of course opt out at any time. If you are not happy with the advice that your adviser is providing, get rid of them. Get rid of them anytime. But to require in this very centrally planned fashion for you to sign up every two years is not the way that markets work best and we do not support it.

It is also important that people can get general advice, often in the context of a bank or other financial services organisation, where the bank is not holding out that it will represent every single product in the market. If you walk into bank X there is a good chance that that bank is going to seek to offer you its products. People understand that. We have ensured that there is no conflicted remuneration. So people who do work in that situation cannot get commissions for the products that they make sell but, nonetheless, they can as employees be incentivised and receive bonuses—just as people can in pretty much any industry.

So the key message here whether it is scaled advice, the best interests test or the opt-in rule is very consistent. This is an important sector and it is important that it is well regulated and it is very important that it is not badly regulated and that we do not in the process of regulating it make it very difficult for the industry to succeed.

Mr STEPHEN JONES (Throsby) (16:21): I am happy to make a few observations in the debate on the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014, because it is topical but it is also a matter that has had, in the absence of decent regulation and protections—what I prefer to call guardrails and not red tape—a devastating impact on hundreds and hundreds of investors within my electorate of Throsby.

It is worth recounting some of the background to this legislation. You would be aware that through the global financial crisis we saw a range of large investment vehicles, which may have not been sound at the get-go, come under enormous pressure and ultimately fail. What we saw as a result of that was a whole heap of—ordinarily what we like to call, sometimes pejoratively—mum and dad investors left high and dry and exposed to the collapse of some of
those investment vehicles. What we also saw exposed were people who had become the victims of less-than-optimum financial advice. Regrettably, I saw a lot of that in relation to the collapse of Trio Capital, an investment vehicle to which a number of constituents in my electorate were exposed.

In government, we took the opportunity, after extensive inquiry in consultation, to introduce the Future of Financial Advice laws known now through the shorthand of FoFA laws. In short, we sought to ban the kickbacks that were being received by many financial advisers for attracting, advising, luring investors into certain investment products. In addition to that, we also put in place a requirement that financial advisers act in the best interests of their clients and not in their own pecuniary best interest. The laws also included stricter requirements to provide information on so-called trailing commissions. These are different from the kickbacks. These are commissions that are paid over the life of, perhaps, an insurance bond or some other form of investment which provide the agents or the salesperson with a regular commission over many years. Some research has been done on this. We found that some investors were paying tens if not hundreds of thousands of dollars in commissions. Had they been completely transparent or had they known about them, they probably would have opted for alternate investments and would have structured their finances in a completely different way. In a nutshell, we sought to rebalance the pendulum in this area. We thought it was absolutely essential that we put in place some consumer protections—what we see as a guardrail not as red tape.

It is increasingly important that we get this right. The self-managed funds sector is the largest sector of the Australian superannuation industry and one of the fastest-growing parts of the superannuation industry. The enormous pile of self-managed super money is currently being used in the retirement phase resting at about $296 billion. It has tipped to almost double by 2023 to over $560 billion. It is lightly regulated and has different arrangements in place on the assumption that, if people opt for self-managed superannuation funds, then they are active and engaged investors. That assumption is not always sound. I know that from my own experience of talking to constituents in their dozens who thought their superannuation was no different from the superannuation that they were contributing to when they were a part of an employment based scheme.

We saw this as a problem that needed to be addressed. We saw this as an issue which, if not dealt with, would create more victims of financial collapse, financial fraud and mismanagement down the track. If we did not get it right, at some point down the track people were going to point the finger at government and say, ‘Why did you not get the regulatory framework set straight when you had the opportunity?’

I have mentioned the investment vehicle known as Trio Capital which, in my research, was probably the largest superannuation fraud in Australian history—about $176 million of superannuation funds were lost and they are unlikely to ever be recovered. Hundreds of victims of this financial fraud were from my electorate of Throsby. If you look at the pattern of the victims of the collapse of Trio Capital, you see there was one common characteristic—that is, they were all clients of a handful of financial advisers who recommended clients take their money out of whatever investment vehicles it was already in and invest in what appeared to be wildly attractive returns available through Trio Capital investments. Of course we now
know that those returns were never sustainable, that they were a part of an elaborate fraud to attract investors and financial advisers to coerce them into investing in that vehicle.

In my own electorate the largest number of clients who have had their money invested in Trio Capital were encouraged to do so at the advice of one particular financial advising company, Tarrants. It is regrettable that the decisions of those advisers encouraged hundreds of investors to put their money in unwise investments. We can only speculate the reasons for which they were encouraged to do that, but it is quite clear that the advisers in this case were not acting in the best interest of the clients.

Indeed, the Administrative Appeals Tribunal upheld the decision of ASIC to ensure that Mr Tarrant had his licence to act as a financial adviser revoked for seven years. The AAT found that Mr Tarrant failed to have a reasonable basis for the advice he provided to at least eight of his clients and probably many more. This particular adviser continues to protest his innocence—as is his right—but the finding of the AAT still stands. Trio stands as an example of why we need to get this legislation right.

The victims of Trio organised themselves in the lead-up to the last federal election, as is entirely their right. They sought assurances from the then shadow finance minister, Senator Mathias Cormann, as to what the then alternative government of the country would do if they were successful at the next federal election. Undertakings and understandings were given via Senator Cormann to the victims of Trio. He said, 'There would be some justification for a level of compensation for the victims of Trio.'

It has been almost one year since the election of the Abbott government. These victims are still out of pocket. These victims were encouraged to vote for the coalition government because the coalition government was going to do something about the losses they had suffered through the Trio fraud. They were encouraged vigorously throughout the course of the 2013 election—particularly in my electorate—to vote for the Liberal candidate and to vote for other candidates who were directing preferences to the Liberal candidate, because the Liberal Party was going to honour its promise in providing some level of compensation for those victims.

I hate to think that those people were somehow misled in the course of the 2013 election. We have heard very little about their claims since that election, so I now use the opportunity in this debate to ask the finance minister and the government what they are doing about the commitments they made to the victims of the Trio collapse in the 2013 election. It is about time they made good on those promises; otherwise, the people of Australia and the victims of Trio will be entitled to conclude that it was nothing more than a ruse to attract votes, during the course of the 2013 election, and that there was absolutely no intention of providing some form of compensation to the victims of this fraud.

I would like to make a few observations that go to the recent Senate inquiry into the Commonwealth Bank investment scandal and some of the observations that have been made by the Senate committee. In my view, many of them should have been picked up before relevant legislation came before the House. This is the first opportunity the government has had to respond to the recommendations of that Senate inquiry, which made a number of pertinent findings about professionalism and the need for enhanced professional standards within the financial-advice industry.
A certain National Party senator has been quite outspoken on this and some of his observations warrant close examination. This legislation would have been an opportunity for the government to do something about the recommendations. Regrettably, they have not done that. Regrettably, they have removed the essential catch-all provisions in the best-interest test, which adds a loophole for advisers. It means Labor's best-interest clause could become less effective than it was.

There is the removal of the opt-in provision. This provision requires financial advisers to seek the permission of their clients to continue to charge them an annual fee. It would be very attractive if you were running a business to have a set-and-forget revenue stream. If I were running a business, I would find that incredibly attractive—a set-income stream that would enable me to focus on other areas of the business, because I know it is coming, in year after year, on the basis of my customer base. It is not necessarily in the best interests of the client, however.

It would be, we say, in the best interests of the client for there to be full transparency. The existing legislative provisions, which require the clients to be advised—for the financial adviser to seek re-approval for ongoing charging of fees—are nothing less than reasonable. We think the annual disclosure arrangements for clients is a backward step. The lifting of the ban on some conflicted remuneration—that will only apply to personal advice and general advice—creates another avenue for unscrupulous advisers, the extreme minority, to do what they otherwise would not.

Mrs GRIGGS (Solomon) (16:36): I rise to give my support to the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014. Once again, the government has moved to cut red tape and improve consumer confidence, Australia-wide. These commonsense amendments to FoFA regulations will deliver more affordable access to quality financial advice by removing unnecessary and costly red tape, while still maintaining all of the important consumer protections that matter for consumers.

After Labor's changes to financial advice laws it became apparent that the protections for consumers were too far-reaching and, instead, inhibited financial advisers' ability to provide sound and cost-effective financial advice. The previous Labor government imposed unnecessary and costly red tape on the industry—which goes against the ethos of the coalition government and our plan for a prosperous economy and a return to higher consumer confidence levels.

Without higher consumer confidence levels, we will have low business confidence and low investor confidence. Consumer confidence can be a vicious cycle. The effect these changes will have on the confidence of financial advisers will see a flow-on effect right through to rising consumer confidence. The previous government's changes to the best-interest duty unnecessarily pushed up the costs of quality financial advice for investors and reduced competition, meaning less choice for consumers and, ultimately, less confidence. The changes, like forcing consumers to re-sign contracts every two years, are costly, unnecessary and, actually, do not provide any higher level of protection for the consumer.

The changes in this bill mean a client will still have the option to get out of their financial advice contract at any time they wish. If the coalition left these requirements in the legislation we would be allowing high quality financial advice to remain out of reach of the average Australian. And this is not good. Quite frankly, it is not good enough. The coalition wants
every Australian to be able to access financial advice if they require it. Currently, financial advice is unattainable for most Australians, because the Labor government pushed up the price of quality advice.

The coalition is focused on lifting professional, ethical and educational standards, rather than overregulating an industry, to keep them honest. Financial advisers do a very important job in our society, and encouraging advisers to continue to educate themselves and value their ethical standards is far more effective than Labor's attempt to regulate, regulate and regulate.

Our changes provide the right balance for consumers and advisers, and have been backed up by the Senate Economics Reference Committee. Overall, the committee found that this bill achieves a proper balance between providing adequate consumer protection and sound professional and affordable financial advice. The coalition promised at the last election that we would restore the balance between important and appropriate levels of consumer protections, and make sure that access to higher-quality advice remained available and affordable for all Australians. We are now delivering on those commitments.

The coalition's commonsense changes to the FoFA legislation can be summarised like this: we are removing the requirement for an investor to keep re-signing contracts with their adviser every two years; we are simplifying and streamlining the additional fees disclosure requirements; we are improving the operation of the best-interest duty; and we are providing certainty around the provision and availability of scaled advice.

FoFA currently requires all new clients to renew their ongoing contract with their advisers every two years. This is known as the opt-in requirement. For advisers, having to obtain the client’s agreement at least every two years adds an unnecessary and costly layer of red tape that the consumer has to pay for. That is something that the Labor Party is choosing to ignore, or they think that it is okay to push up the cost of financial advice to Australians. The opt-in requirement actually offers very little consumer protection beyond what is already provided by the advisers. New clients will still continue to receive the fee disclosure statements which contain the same information that they need in order to decide whether they would like to continue receiving their adviser's services or not. I make this clear: clients can still opt out of a contract with a financial adviser at any time. I will say it again: clients can opt out of financial advice at any time they choose. Despite Labor's scaremongering, consumers are still able, at any time, to end their contract if they are unhappy with the service being provided to them or if they simply just want to change advisers.

All financial advisers' clients currently receive, and will continue to receive, a number of disclosure statements that show the fees paid to their advisers. However, making a hard-and-fast rule about providing fee disclosure statements to all clients will place an incredible cost on providing services for pre-FoFA clients. From feedback provided by stakeholders it has become apparent that it would cost almost twice as much to prepare a fee disclosure statement for a pre-FoFA client than for a post-FoFA client. Also, for pre-FoFA clients, little additional information will be provided on a fee disclosure statement due to the nature of payments of fees to their financial adviser. It is anticipated that, as time goes on, an increasing proportion of clients will be receiving a fee disclosure statement.

The coalition are also making changes to the best interests duty. These amendments will remove the catch-all provision in the best interests duty. Financial advisers are still absolutely
required to act in the best interests of their clients. The unnecessary and costly red tape provisions, however, will be removed.

The best interests duty and related obligations will still require financial planners or advisers to act in the best interests of their clients, provide appropriate advice, warn the client if advice is based on incomplete or inaccurate information and prioritise the client's interests ahead of their own. Without the catch-all provisions, the best interests duty will continue to be sufficiently robust to ensure that advisers are still taking the necessary steps to properly consider the client's circumstances, conduct reasonable investigations into products that would meet the client's objectives and needs, and also exercise judgement in formulating the advice for the client.

The Abbott government has been open to suggestions from industry and consumers as to how further specific requirements could be included to improve the operation of the best interests duty. However, even the harshest critics of the change have not been able to provide any advice as to how to strengthen the provision—not even the Labor Party. This further cements the coalition's decision to proceed with the best interest duty as outlined in the lead-up to last year's election.

The coalition are also removing the catch-all provision from the best interests duty and facilitating scaled advice. Scaled advice can generally be interpreted as a form of targeted personal advice. For example, scaled advice may be provided when a client approaches a financial adviser for information on superannuation for themselves. Limiting the scope of financial advice to scaled advice can mean lowering costs to make this service affordable to a lot more Australians. This is because the adviser needs to consider fewer of the client's circumstances. Holistic personal advice can often be expensive, whereas scaled advice is an affordable avenue for many consumers seeking personal advice.

This common sense amendment to FoFA allows clients and their advisers to make a joint decision on the scope of the advice being provided whilst still ensuring the advice is appropriate for the client, as the advice will still be subject to the best interests duty.

To describe this, my colleague the member for Bowman earlier used an excellent analogy to describe our common sense approach to scaled back financial advice. He said, 'If you ask a builder to repair a faulty door in your house, should the builder have to do a structural check on the entire building or just the part he is going to repair?' Most would answer, 'Just the area the builder has been contracted to repair.' To conduct an assessment on the entire building would be an unnecessary cost and frustrating, expensive and—obviously—a bit of red tape. This does make sense to me. And these amendments are asking the same of advisers who are providing professional advice on one area of a person's financial story—for example, life insurance.

If I go to see a financial adviser to seek advice on what life insurance I should purchase and he or she needs to charge me for hours of work in order to understand my entire financial history, possibly I would think that to be overpriced. I think that would probably deter a lot of Australians from seeking advice on one area where their financial literacy might be lacking. These changes will allow financial advisers to provide low-cost advice services and enable more consumers to access advice.
Unlike the Labor Party, I think it is a good thing that financial services will become accessible to more people who might not necessarily be wealthy and have an investment portfolio. They might just want advice on life insurance and now they will be able to afford that.

I commend Minister Cormann for these changes to regulating scaled back advice and allowing Australians to be able to access high-quality financial advice in order to set up a financially secure future. Unfortunately, the Labor Party has spread a lot of misinformation about the government's improvements to FoFA and are being encouraged by the union-dominated industry funds, who have also been coordinating a campaign of misinformation.

Mr Deputy Speaker, can I say to the Labor Party—and there are some colleagues over there at the table: you are being most unhelpful. You are misleading the Australian public on the topic of financial investment and financial security. You are being irresponsible and your behaviour does nothing but confuse Australians when it comes to seeking financial advice.

The government's FoFA amendments do not water down consumer protections. They improve the quality of advice whilst building trust and confidence in the financial advice industry. Furthermore, these common sense changes will reduce costs across the financial advice industry by $190 million dollars a year—a $190-million-a-year reduction in costs that will filter down to the consumers. How the Labor Party continues to oppose these common sense changes is beyond me. Maybe it is because they do not have much common sense themselves.

We announced our policy to improve Labor's FoFA more than two years ago and we are doing what we said we would do. This bill is a start in unravelling the six years' worth of mismanagement and excessive government regulation that is the Labor Party's legacy. Again, I commend the minister and his team in their superb efforts in improving the FoFA legislation and in making financial advice more accessible to all Australians.

Ms BRODTMANN (Canberra) (16:51): It was most interesting to listen to my colleague the member for Solomon, for whom I have the greatest respect but with whom I disagree entirely in terms of this bill.

She mentioned that our proposals were designed just to regulate, regulate, regulate. In my view, it was designed to protect, protect, protect. And, indeed, protect we needed to do, particularly given the financial tragedies that besmirched so many Australian families as a result of Storm and many other financial disasters over the last decade. I will be talking about one those, which touched the life of my family further on in my speech. As I said, I have the greatest respect for the member for Solomon, but I disagree entirely with everything that she mentioned, particularly about this bill. Our proposals were designed to protect, protect, protect the consumer.

This bill, the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014 seeks to significantly weaken the future of financial advice reforms put in place by Labor. In doing so, this bill rips away important and sorely needed consumer protections. Our FoFA reforms are something we are incredibly proud of. These reforms were welcomed by both consumers and industry alike, they were the result of years and years of consultation and they were a significant step forward in the financial services sector. The CPA Australia and
the Institute of Chartered Accountants Australia encapsulated the positive reception that the reforms received in their submissions to the Senate inquiry, where they said:

The passage of the FoFA reforms was the result of extensive, wide spread consultation over many years. Its introduction marked a milestone opportunity for the sector to take a greater responsibility and refocus its efforts on providing and promoting quality financial advice in the best interests of the client, free from conflict and in a transparent manner.

'Quality financial advice in the best interests of the client, free from conflict and in a transparent manner'.

In the wake of the collapses of Storm Financial and others, and the subsequent parliamentary inquiry into financial advice, products and services, Labor's FOFA reforms sought to strike a balance by introducing further consumer protections while simultaneously requiring financial advisers to meet higher standards of care and skill. I would not think that was too much to ask. The original twin objectives of FOFA were to rebuild trust and confidence in the industry and to expand the affordability and accessibility of financial advice.

The reforms that Labor introduced were the most significant reforms in financial services for a generation, for 20 years, and included several measures designed to protect investors and help the industry professionalise. They included: the best interest duty, requiring advisers to act in their clients' best interest—not something one would expect would be too difficult for a professional; opt in, requiring advisers to get their clients to opt into receiving ongoing service every two years; annual disclosure, where statements are to be sent to clients annually disclosing fees and details of services performed; conflicted remuneration ban, this was implemented where commissions are paid by financial product providers to financial advisers.

The whole basis for introducing the FOFA reforms was to restore faith in a sector rocked by high profile collapses. It saw enormous tragedy right across the nation for families; it was intergenerational. It was also designed to eliminate a poor culture of product sales over advice and now, with $1.8 trillion of savings, to ensure that Australians are getting advice and service that is in their best interests. During the reform process over many years there was extensive and intensive industry and public consultation that clearly identified a path to achieve growth, protect consumers and to restore trust. That was done through three channels: by changing the culture of the past 20 years, by lifting standards and professionalising, and acting in clients' best interests. When you say this out loud, you would think these were just normal business practices—modern day, professional business practices. The fact that there are so many objections to changing the culture of the past 20 years, lifting standards and professionalising and acting in their client's best interests—why anybody would object to that is beyond me.

Why were these reforms necessary? They were primarily necessary to protect consumers. As I mentioned before, I am going to cite the example of my mother-in-law, my sister-in-law's mother. She was a single mum. She brought up her kids on her own and worked very hard and managed to own her own home on her retirement. When she retired she had some savings; her house was paid off and she was looking forward to going on to the next journey of her life of post-retirement. She went to see a financial adviser. That financial adviser gave her a great deal of advice, none of it good. That financial adviser's advice has resulted in her having to sell her house, losing an enormous amount of money—hundreds of thousands of
dollars. She had to go back to work, she is now living in rental accommodation and essentially her future looks very bleak. We are talking here about a woman in her late 60s or early 70s.

That is just one story, but everyone in this chamber would have experiences—either their own personal experiences or the experiences of their constituents—of those who have been the victims of shonky financial advisers. People have been ripped off, have had their life savings ripped off, their houses gone from them—houses they have spent all of their lives paying off, ripped away from them—as they have had to sell them. Their future—their financial future their retirement future—has been completely obliterated. They are now facing rental accommodation and they are now facing having to return to work—if they can get work at the ripe old age of between 65 and 75. They have got nothing—no nest egg at all, despite a lifetime of hard work—as a result of shonky financial advisers. That is my own story, my family's story, but, as I said, everyone in this chamber would have experiences, through their constituents or personally, of people who have been ripped off by these shonky advisers.

I am not saying that that is the majority of the industry. I know it is not. When I had my own small business, I sought the advice of a number of financial advisers. It was at all times professional, it was at all times valuable, and it was at all times worth the investment. But there are shonky financial advisers out there, and these protections, the protections that Labor proposed, were designed to protect Australians consumers against those less than reputable—evil in my mind—operators.

I want to highlight another story that was brought to my attention through Choice. It is Lyndi's story. I will not read out the full story, but this is her view:

I am shocked that the government is trying to wind back what little protection we have when seeking financial advice.

For me, getting financial advice wasn't about becoming wealthy. It was about having enough to retire on. And it's all gone horribly wrong.

I am a 57-year-old mum with two teen boys. Instead of preparing for retirement, I'm using more than half my wage to pay a debt from a risky financial product an adviser convinced me and my husband was a good investment.

In 2006 a financial adviser offered me and my husband a financial check. She had us complete questionnaires about our monetary goals. I was coerced into changing some answers so she could rate us as aggressive investors. She then presented a scheme where we would be $700,000 in front by 2014. She made it sound foolproof so we borrowed to invest in a share portfolio, a "capital protected" loan for more shares, and a tree plantation (which we have since been advised was very high risk but with excellent commissions for advisers).

My husband and I are both university-educated people but we never really understood what we were doing. Our adviser was obviously very smart and very convincing. We know now we shouldn't have gone ahead with the loan, but we thought our advisor was working in our interests and knew what she was doing.

When the GFC hit, our investments collapsed. We ended up with a debt of $276,000. We're lucky we didn't take our adviser's other suggestion and get a risky margin loan; if we did we would have lost the house as well.

That is just one example. These are people who admit they are university educated—obviously highly educated, confident people—and yet they were the victims of bad advice. I
believe that even the most highly educated consumers in this community need protections, which is what Labor's proposals were designed to do: protect, protect, protect.

The government wants to water down those protections. The government has announced changes to the FoFA reforms, including: removing the essential catch-all provision in 'best interest', which adds a loophole for advisers that means 'best interest' will become ineffective; scrapping opt-in, which allows advisers to continue to charge fees, sometimes without having actively worked on a client's file, indefinitely without receiving consent from their client; amending annual disclosure provisions so that advisers now only have to provide annual disclosure to clients who commenced with them after 1 July 2013, which was the start date of FoFA, rather than to all of their clients; and lifting the ban on conflicted remuneration. This ban will only apply to commissions on general advice. Other forms of conflicted remuneration will be allowed, including as part of a balanced scorecard approach for both general and personal advice. This will open the door for a sales push culture of products over advice.

The member for Solomon, my well respected colleague, said that what is being proposed by the government will restore the balance between regulation and protection. I will give you some views from a number of organisations and individuals who beg to differ. Choice, Council on the Ageing, and National Seniors have all been critical of the Abbott government's changes, particularly focussing their criticism on the removal of best interest, opt-in, annual disclosure statements and the return of conflicted remuneration. We heard this today from a number of speakers, but I will reiterate it again: even Alan Jones—who is no fan of Labor, as we know—is critical of the government's changes. He praised Labor's laws on his show on 25 March this year, saying:

I am not happy with what is being proposed here by the Abbott Government, there are some times when we are dealing with people's money that certain protections are needed ... I'm no fan of the Labor party—

we know that—
but I think on this issue their legislation is correct.

The Financial Planning Association of Australia wrote:

… the FPA strongly opposes any possible reintroduction of commissions for financial product advice on superannuation or investment products. There are several risks which are associated with commissions for general advice.

I think this is a point that we need to factor in: one of the aims of Labor's reforms was to re-establish trust and confidence in the industry. Here we have the Financial Planning Association saying:
Thirdly, commission payments have also eroded public confidence in our financial system. Australians will not have the confidence in our financial system as long as providers of products or advice are exposed to perverse incentives such as commissions.

Choice said:

… we are concerned about the watering down of the best-interest obligation, the changes to rules about conflicted remuneration, the removal of … opt in … We see these things as pretty basic consumer protections and, indeed, signs of basic good practice in business that any financial adviser should be happy to sign up to.

The Australian Institute of Superannuation Trustees said:
Mums and dads expect advice from advisers and they expect sales from sales people. Investors have an understanding of the difference between those two terms.

Industry Super Australia said:

Industry Super Australia is concerned that the measures proposed in the bill being considered by this inquiry will significantly dilute key consumer protections in financial advice law and therefore increase the likelihood and impact of future financial advice scandals.

COTA said:

We believe the cumulative effect of these changes is to seriously weaken the reforms, giving less consumer protections and ultimately undermining confidence in the financial advice sector.

And Alan Kohler said:

Under the cover of streamlining the laws and removing red tape to lower cost, the Government is proposing eight changes to the law that will allow banks to once again use licensed financial advisers to sell investment products while pretending to provide independent advice. These amendments add up to the comprehensive return of disguising sales as independent advice, which the advisers themselves have been trying to get away from.

There are a lot of people who are rightly angry and disappointed at the actions of the Abbott government in watering down these important reforms: mums and dads, retirees, people who have lost money in the past and many, many thousands of ordinary Australians. Financial products are complex. I do want to see an improvement in financial literacy, but we need a system that is transparent and protects the consumer. (Time expired)

Mr McCormack (Riverina—Parliamentary Secretary to the Minister for Finance) (17:07): I am pleased to add to the second reading debate on the Corporations Amendment (Streamlining of Future and Financial Advice) Bill 2014. In the heat of this debate I think it is easy to lose sight of the fact that there is bipartisan support for the central policy goal of the future of financial advice, or FoFA, reforms. I think we can all agree that it is in the national interest for the quality and affordability of financial advice to improve whilst building trust and confidence in the financial services industry. That is important.

The financial services industry is already Australia's largest industry on gross value-added terms, and its size and importance to the economy will continue to grow as our population ages. The importance of Australians having access to affordable, high-quality financial advice will only grow with an ageing population and a growing pool of retirement savings under management. It is also a fact of modern life that Australians generally want their money to work harder and to stretch further because they are getting more out of life, while living longer than at any point in our history. Therefore, it is of critical importance that we have a financial services industry delivering advice that people can trust, and at a price that they can afford.

Where the government and the opposition differ is in our respective views about what that requires of the government. The member for Banks summed it up well earlier in the debate when he remarked that Labor wants to legislate for every possible, conceivable scenario. In contrast, we recognise that a balance needs to be struck because of the complexity inherent in trying to legislate for every scenario. That comes at a cost, and that cost is going to be, ultimately, borne by consumers. We contended, at the time, that while we agree on its central policy aims, Labor's version of FoFA failed to strike the right balance between consumer
protection and the costs those regulations imposed on the financial services sector. And we were right.

Labor likes to pitch this issue as though it was only the bigger institutions that were subject to FoFA—part of Labor's inherent hostility to big business that brought us the ill-fated mining tax and the many other policy failures. But it was also small-to-medium-sized firms, including those operating in regional Australia—indeed, in the Riverina, my electorate—that had to comply with FoFA. For them the costs were, to quote one local company in my electorate, 'just huge'.

So we are getting on with the job of doing what we said we would do: correcting Labor's regulatory overreach to strike a better and fairer balance between important consumer protections and the costs associated with regulation. All important consumer protections in FoFA will remain. I need to stress that. Only those that impose unnecessary red tape and cost are being repealed. The best-interest tests will be retained. Advisers will still be required to provide advice that is in the best interests of their clients but, importantly, advisers will be clearer on what that requires of them. Under the current law, advisers have to satisfy seven steps but the seventh of those steps is a catch-all provision that is so open-ended that it is nearly impossible for advisers to work out what it requires of them in practice. This bill removes that uncertainty from the legislation. There remain a number of other duties that advisers will be bound by, which work in concert with the best-interest test, including that the advice be appropriate for the client and that the adviser must place the client's interests above their own. That is absolutely critical.

Another important change to FoFA will help to better facilitate scaled advice, which is important for improving the affordability of advice. The member for Forde is a good member. He knows finance and he understands entirely what this is all about. He made a really useful contribution to the debate on this point—probably from his business background, but also because he is a very, very good member. He said:

A full financial plan is beyond the reach of some people, and for some people it is not necessary or appropriate, so that the ability of access advice that is limited to a particular area is vital if we want more people to be accessing advice.

We should listen to the member for Forde, certainly in that respect and on so many other things as well. Let us bear in mind, too, that scaled advice provided on a particular topic will still have regard to the client's best interests and be appropriate for that client.

What has the government actually done to improve FoFA? As we promised before the last election—and that would be something new to Labor because they never kept their pre-election promises—and as we first announced as our pre-election policy position in March 2012, we have done the following. We have removed the requirement for investors to keep re-signing contracts with their advisers on a regular basis, opt-in. We have simplified and streamlined the additional annual fee disclosure requirements; we have improved the operation of the best-interest duty; and we have provided certainty around the provision and availability of scaled advice. That is, we have removed unnecessary and costly red tape.

I know the member for Kooyong has been adamant that we need to remove a lot of red tape and green tape, which Labor loved in their six years of government—six years of dysfunction in a chaotic and shambolic government. The member for Kooyong is getting on with the job of removing so much red tape. This particular legislation removes uncertainty to ensure that
access to high-quality advice that people can trust can be more affordable—and that is so important. This will reduce costs across the financial advice industry by $190 million a year. That is a big figure.

We have also dealt with a number of mistakes and unintended consequences that were the result of sloppy drafting by the previous government. For example, we have fixed Labor’s grandfathering arrangements, which had the effect of lessening competition by effectively forcing planners to stay with existing licensees. Haven’t we heard that so many times about sloppy drafting of legislation because so much of it was rushed, so much of it was done on the back of a beer coaster, and so much of it was done because of a requirement to fit in with the 24-hour news cycle. It was all about spin. It was all about government by media release. There was very little careful consideration, and certainly there was very little considered consultation with industry. The FoFA laws was just one examples of a situation where stakeholders were not consulted. The industry and the sector were not properly consulted prior to Labor’s legislation. We need a robust but efficient regulatory system which is competitively neutral so that people saving for their retirement, or managing financial risks through life, can access affordable, high-quality advice.

Labor is pushing the union interest; there are no surprises there. Labor is pushing the union barrow by continuing to want a disallowance for our FoFA regulations even though the Senate clearly supported them. We are focused on the public interest, consumers and small business financial advisers. Those small business people are part of the sector that Labor ignores. Labor just ignores small businesses, particularly in regional Australia.

The government will work in consultation with all relevant stakeholders to establish an enhanced public register of financial advisers, including employee advisers. I might at this point mention Senator Mathias Cormann, the Minister for Finance and acting Assistant Treasurer, who, in The Australian Financial Review of 24 March this year, wrote a very enlightening piece called 'FoFA changes cut back on costs of advice' in which he writes:

There has been a lot of misinformation circulating about the government’s proposed improvements to our financial advice laws and their impact on people seeking advice as they save for their retirement. Some of it has been deliberate and mischievous while some of it reflects a genuine lack of understanding of what is proposed. It has, however, created a level of unnecessary concern and confusion of those who believe everything that has been written, especially those saving for their retirement.

That group of people is very important because they are increasing in number, and they do not need the unnecessary burden of being worried, or fraught with dismay and despair, about how their nest egg is going to be treated. I will continue with Senator Cormann’s contribution to The Australian Financial Review:

So let’s make a few things clear right up front. Firstly, contrary to what has been said, the Coalition is not appealing the Future of Financial Advice laws. We are improving them in line with our election commitments.

There is something that Labor could learn a lot from—‘improving them in line with our election commitments’. Senator Cormann writes:

Secondly, we are not proposing to get rid of the requirement that financial advisers act in the best interest of their clients. We have supported the introduction of such a best interest duty to complement the general common law fiduciary duty from day one and we are absolutely committed to keep it.
There he says it: '… absolutely committed to keep it'.

What we are doing is to provide certainty on how the FoFA best interest duty operates so financial advisers are very clear what their obligations are. Thirdly, we are not proposing to reintroduce commissions or other conflicted remuneration structures for financial advisers providing personal advice. We are, however, committed to restoring a level playing field across the whole financial services market when it comes to the treatment of general product advice to ensure consumers can continue to receive the benefits that come from robust competition among providers and business models.

That was a good article, well written, by Senator Cormann.

It is important that we listen to people with experience who have the interests of the financial sector at heart, not to Labor members running around conducting scare campaigns. That is what Labor is doing in this regard and in so many other regards when it comes to the legislation we need to introduce to fix up their sloppiness, as well as to make ours a better economy and a better financial sector.

This is good legislation. This is necessary legislation. We are getting on with the job of making streamlined processes that help the financial sector, in the best interests of the people. Many pensioners and aged people are coming to that section of their lives when they need to have their money working properly for them, so that they can have a good future with the money they have tucked away and saved. This bill is one way in which we are delivering on our commitment to reduce the regulatory burden on business.

We understand business on this side of the House. Deputy Speaker Kelly, you have been in business. I have and so many others have—our minister at the table, Minister Andrews, certainly understands business. Those on the other side just do not get it.

Mr Neumann: I was in business, mate, for 25 years!

Mr McCormack: Well, you probably were in business too. But certainly you are beholden to your union mates.

It is unfortunate they are going around scaremongering about this particular piece of legislation. This bill is another way in which we are getting on with the job of fixing up the mess we unfortunately inherited after six years of Labor. But it is not we as a coalition who inherited it; the nation inherited it, and we do not need to continue with that mess. That is why we are getting on with the job of fixing up the awful mess we were left with.

Mr Thistlethwaite (Kingsford Smith) (17:20): This bill, the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014, really goes to the heart of the fundamental difference between the Labor Party and this Abbott government. In 2011, Labor acted to introduce the most significant reforms in financial services for a generation. That included several measures designed to protect investors and to help the financial services industry professionalise.

The measures included the introduction of a best interest duty—a requirement for financial advisers to act in their client's best interests. That is something that professional advisers should already have been doing, but they were not. In circumstances where they were not, the results were shocking. So we introduced a duty, in legislation, for a financial adviser to act in their client's best interest rather than to sell the client products which would gain the adviser the most commissions or which were related to products developed by corporations or...
companies for which that adviser was working. The second element was the opt-in provision, requiring advisers to get their clients to opt in to receiving ongoing advice every two years. The reason behind this was that numerous inquiries uncovered the fact that financial product advisers were selling products to clients who were often unaware of what those products were or of the commissions that were associated with them. If a particular client had a portfolio of shares, equities or investments, they just continued to roll over, and so did the associated commissions and fees, which generally went to the adviser.

So we made it a requirement for the adviser to sit down with their client every two years to explain the fees and commissions that were being paid on the products that the client was accessing and to allow the client to question those fees, ask for alternatives and, importantly, opt in to continue to receive that advice, knowing full well, with full disclosure, the products they were in and the fees and commissions they were paying. We also introduced annual fee disclosure, where a statement was to be provided to clients annually disclosing those fees and the details of the performance of services. We also put a ban on conflicted remuneration or commissions paid by financial product providers to financial advisers.

These reforms did not just come about because someone had an idea to introduce them. The reforms came about as a result of a series of financial collapses in Australia that left many mum and dad investors, Australian citizens, with nothing. Those collapses included Storm Financial, Opes Prime, Trio Capital and others. There were numerous subsequent parliamentary inquiries into these collapses and into financial advice, products and services.

I was a member of the Joint Parliamentary Committee on Corporations and Financial Services, which conducted the inquiry into the collapse of Trio Capital. I sat in those hearings listening to the evidence of hardworking Australians, many of them in the twilight of their retirement or having just retired, who put all of their money—their life savings—into Trio Capital, often on the advice of their accountant, whom they trusted for many, many years to do their tax returns and accounts, or their financial adviser, whom they trusted. On their advice, they set up self-managed superannuation funds, not knowing that they were taking all of their money out of their industry fund and setting up their own self-managed superannuation fund. They were just being told by their financial adviser, 'Here, sign this; it's the right thing to do,' and setting up their own self-managed superannuation fund, thereby taking themselves out of the protection of the industry fund and the Superannuation Industry (Supervision) Act. In some cases, people who had retired were remortgaging their houses to put more of their savings into these products as they had been advised to by their financial adviser or their accountant. So not only were they losing their own life savings but they were losing their kids' inheritance as well.

These were heart-wrenching stories and this was the cold, hard reality of what had occurred in the cases of these financial collapses—and the system allowed it to happen. The system allowed people to give this advice to innocent men and women of Australia, and most of these people, I might add, were working-class Australians. These unscrupulous advisers and product sellers and originators were targeting particular working-class areas. One of those was Wollongong, where you have a lot of miners and steelworkers with large superannuation balances. They were in unionised workplaces. Their unions had fought hard and they had fought hard to win decent entitlements and wages and conditions, including a decent superannuation fund and a decent retirement income. Then they retired and were advised by
their financial planners or accountants to take all of their money out of their industry superannuation fund and put it into their own self-managed superannuation fund—‘Sign up to this and you’ll be right. There are these wonderful products that are doing really well. You can’t lose.’ Well, lose they did. Many of them lost the lot. Many of them were sitting before this inquiry in tears, telling us of their stories.

What was the government to do? What were the Gillard and Rudd governments to do? Were we to sit on our hands, do nothing and allow these people to be exploited in that manner and for those loopholes in the system to continue? Any good government worth its salt that had an obligation to the Australian people would know that something needed to be done about it. And that is what the former Labor government did, by introducing the Future of Financial Advice reforms.

The Abbott government says that this bill is about reducing costs to business. It is about reducing red tape. But the reality is—and this is borne out by the comments of commentators and those associated with the industry—that this is an attack on the Australian consumer by a government that is on the side of the big financial houses and banks when it comes to this. They are the only organisations in Australian society that are supporting what this government is doing. It is only the banks and the big financial houses who do not like this regulation, because they now have to fully disclose. They now have to sit down on a biennial basis with their clients and tell them what is actually going on with financial products. They are the only ones in our country who do not like this. Labor is not going to stand for that.

With this bill, the government seeks to drastically alter consumer protections by removing the essential catch-all provision in the best-interest duty, adding a loophole for advisers that means that the best-interest duty may become ineffective; by scrapping the opt-in provision, allowing advisers to continue to charge fees, sometimes without actively having worked on a client's file for a couple of years, and charge those fees indefinitely without receiving the consent of their client; by amending the annual disclosure so advisers only have to provide annual disclosure to clients who commenced with them after 1 July 2013; and by lifting the ban on conflicted remuneration. The ban will only apply to personal advice, not general advice. Even then, there will be an exemption for personal advice as part of the balanced scorecard approach. This will open the door for a sales push culture of products over advice. It was that sales push culture—that culture to try to sign people up to financial products because of the commissions and fees that flow to the financial adviser—that led to hardworking Australians being duped into buying these financial products that were not in their best interests and ultimately saw them losing their life savings.

I will not stand for that. I will not agree to reforms in this parliament that do that to constituents in my community. It beggars belief, given the tragedies experienced by some of Australia's most vulnerable consumers, that this government would push ahead with what are horrible reforms. By removing the opt-in and fee-disclosure requirements and reducing the need for an adviser to act in the best interests of their client, the government is exposing the consumer to potential financial destruction. It is loosening laws that were put in place to stop another disaster like the collapse of Storm Financial from occurring again.

And Labor is not alone in criticising these laws. Many industry experts, consumer advocates, senior groups—in particular senior groups, who understand the vulnerability of their members if this reform goes ahead—and, of course, previous victims of dodgy financial
practices are condemning this coalition's policy. But, yet again, this government will not listen. The arrogance of this government is breathtaking when it comes to listening to the Australian public on this reform. The Prime Minister should dump all of these changes just like he has dumped their champion, the former Assistant Treasurer. The changes are not about technical reforms but are a complete unwinding of many of the important protections that were in the original FoFA legislation. This is a lowering of standards, and the delay towards professionalising is a massive step backwards for the entire sector and for consumers.

There is much talk about the expected $190 million in compliance cost savings to the sector—which may only in part be passed on to consumers—but no acknowledgement of the expected boost in revenue to come directly out of the pockets of ordinary people. In a recent *Sydney Morning Herald* article the Journalist Adele Ferguson put it well when she wrote:

No matter which way the government tries to play it, the changes to the Future of Financial Advice (FoFA) reforms are substantial and it is only the banks and a few other vested interest groups that support them.

She continues:

Indeed Senator Mathias Cormann's argument that the amendments to FoFA are designed to make advice more affordable by cutting red tape fails to recognise that the current structure of vertical integration is inherently conflicted. It also fails to recognise that cheap advice is good for nobody if the advice is bad or conflicted.

I could not have put it better myself. This reform ensures that the protections that were put in place by Labor to protect vulnerable consumers, to ensure that financial advisers cannot dupe hardworking Australians into financial products that do not suit them, that financial advisers are required to disclose the commissions and fees associated with products they are selling to their clients, to ensure that clients sit down with their adviser every couple of years and are fully aware and transparent about the products they are investing in and to ensure that the client recommends and authorises the adviser to continue to provide ongoing services for that client in the best interests of Australian consumers. That is why this bill has been roundly condemned within Australian society and that is why I am opposed to the passage of this bill.

**Mr FLETCHER** (Bradfield—Parliamentary Secretary to the Minister for Communications) (17:34): I am very pleased to rise to speak on the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014. In the brief time available to me I would like to make three points. The first is that the set of stronger legislative protections for Australians obtaining financial advice that were introduced under the last government are broadly supported by the coalition. We made that clear at the time, and that continues to be our position. Having said that, Labor's future of financial advice legislation nevertheless contains some troubling instances of legislative overreach where the social costs of the measure exceeded the benefits. Indeed, in some cases the consequence was that financial advice became less readily available than it had previously been. Therefore, the third point I make is that the coalition took to the last election a promise to make some amendments to the future of financial advice legislation to get the balance right in this critical area so as to protect consumers and to ensure the greatest possible availability of financial advice.

Let me turn to the first point: the broad support of the coalition for the reform direction that was pursued under the previous government. As the previous speaker, the member for
Kingsford Smith, pointed out, the genesis of these measures goes back to an inquiry conducted by the Parliamentary Joint Committee on Corporations and Financial Services following the collapse of Storm Financial, which occurred as one of the many consequences of the global financial crisis. There was a very sharp drop in equities prices, and it emerged that a significant number of Australians—many of them not financially sophisticated—had been put into pretty risky schemes under which they mortgaged their homes to buy a portfolio of shares. The share market fell sharply, the value of the share portfolios fell and many Australians—many of them not financially sophisticated—ended up in a very difficult position as a result. The key recommendation of that inquiry, known as the Ripoll inquiry—the inquiry of the Parliamentary Joint Committee on Corporations and Financial Services—was to impose a fiduciary duty on financial advisers requiring them to place the interests of their clients ahead of their own. Of course, the coalition clearly supports that principle.

I want to highlight one observation made in the final report of the Ripoll inquiry, where it was specifically noted that it was not an absence of regulation that was the problem, it was an absence of enforcement. I quote:

The committee is of the general view that situations where investors lose their entire savings because of poor financial advice are more often a problem of enforcing existing regulations rather than being due to regulatory inadequacy. Where financial advisers are operating outside regulatory parameters, the consequences of those actions should not necessarily be attributed to the content of the regulations. Somewhere along the line that principle got lost and the FoFA measures got built around some sensible core principles and a significant encrustation of excessive and counterproductive regulatory burden. There were measures contained within the FoFA legislation which imposed social costs which exceeded the social benefit.

Let me mention, for example, the retrospective fee disclosure requirement. Many products currently in the market are 10, 15 or more years old. The retrospective fee disclosure requirement meant that major financial service providers were required to open up and make major changes to their legacy IT systems which support those products. Such an exercise is always risky, expensive and deeply fraught. Indeed, the Financial Services Council estimated that its members would incur around $1.5 billion in cost in implementing these changes in the area of superannuation advice and insurance reforms.

I want to make an important related point here. One of the evils which the future of financial advice legislation was designed to address purportedly was advisers who were, in substance, salespeople employed by banks or other product manufacturers, as opposed to independent providers of advice. But one of the perverse consequences of the future of financial advice legislation has been that some of its provisions have made the business model of genuinely independent advisers harder to sustain than before. For example, the requirement to provide a single annual fee statement can be more difficult to meet for an independent financial adviser who might have put his or her clients into a range of products from a range of different product manufacturers—I use the industry jargon—than for somebody who is tied to a particular product manufacturer and puts all of his or her clients into the products of that particular manufacturer. Similarly, the opt-in requirement creates difficulties for independent advisers competing against large organisations with huge sales and marketing budgets.

I make the point that it is one thing to talk about the objectives of legislation, but it is another thing to carefully analyse the actual effects on a market—on both providers and on
consumers—of those provisions. In the detailed analysis that the coalition did in relation to the measures in the future of financial advice package, there were a number of instances of measures that we thought, in substance, worsened the position from the point of view of the desirability of making financial advice as broadly available as possible. So Australians who are called upon to make significant financial decisions in relation to such matters as insurance and superannuation as they plan for their retirement—should I pay down my mortgage, should I put more money into an equity fund or into bonds?—should have the widest possible availability of affordable financial advice. One of the principles which guided the coalition as we looked at the measures in the legislative package was: which ones advance the position toward achieving that desirable objective and which ones end up causing that position to be harder to achieve?

The opt-in requirement, which I mentioned briefly before, is a requirement under which every financial adviser is compelled to obtain written confirmation from a client every second year that the client still wishes to retain that adviser. It is worth making the point that the opt-in requirement was dreamed up by the Industry Super Network, which is the lobby group for industry superannuation funds. You can see why they like that measure. It makes very little difference to the business model of the industry funds, while doing a pretty effective job of disrupting the business model used by retail funds in which financial advisers play important roles.

It, no doubt, did no harm at all to the Industry Super Network's prospects of getting a hearing on the desirability of introducing this opt-in requirement that the Minister for Financial Services and Superannuation at the time was our friend the member for Maribyrnong, now the Leader of the Opposition. He, of course, is a former director of a predecessor organisation of the biggest of the industry super funds, Australian Super. Again, I make the point that there were a range of motivations swirling around, and a number of the provisions which ended up in the legislation were not necessarily motivated exclusively by a desire to protect Australian consumers. There may well have been other motivations which were also in the mind of the Rudd-Gillard-Rudd Labor government in introducing those measures.

A similar analysis could be made of the future of financial advice provisions, which had the effect of making it more difficult for financial advisers to deliver what is known as scaled advice. 'Scaled advice' is another one of the jargon terms that pervades this area. It refers to the provision of advice which is limited in scope to some extent. For example, advice on superannuation products rather than on a holistic financial plan.

Feedback from the industry is that the current legislative provisions have resulted in increased costs and in significant legal uncertainty for advisers who do not feel that it truly allows them to provide scaled advice to their clients. In other words, the provisions as they presently operate may require an adviser to investigate all of the client's financial services, even when advice is sought on a specific and narrow issue.

The consequence of that is that Australians who seek financial advice on a specific and defined issue may find it harder to get that advice because there is a set of legislative provisions which now make it more difficult for advisers to deliver that advice. If you say that the policy objective is to maximise the availability of financial advice to Australians who need that, whether that be broad-ranging advice addressing the totality of their life and
financial circumstances or whether it be more narrowly defined scaled financial advice, then we believe that some of the settings in the current legislation need revising.

That is why I now turn to the third part of what I want to say. This bill gives effect to a commitment made by the coalition at the last election that we would make some changes to get the balance right. In the last parliament, the Parliamentary Joint Committee on Corporations and Financial Services, of which I was a member, contained a number of coalition members and senators. We issued a minority report, with 16 recommendations. We went to the 2013 election with commitments based upon those recommendations. We committed that we would remove the opt-in arrangements and bring about the simplification and streamlining of the additional annual fee disclosure requirements. We would improve the operation of the best interest duty and provide certainty around the provision and availability of scaled advice.

I want to comment particularly on the best interest duty, because we have heard from speakers on the other side of the House that, in some way, in the measures in this bill we are gutting the best interest duty contained in the legislation. Nothing could be further from the truth, as the most cursory examination of the legislative provisions makes clear.

The first point I highlight is that the requirement for a financial adviser to act in the best interests of his or her client is set out in subsection 961(B)(1) of the Corporations Act. There is no change to that provision contained in the bill before the House this afternoon.

The second point I make is that subsection 961B(2) outlines the steps that an adviser may go through to show that he or she has satisfied the duty to act in the best interests of his or her client. There are six steps that are now in the legislation and that will remain in the legislation after this bill goes through.

The first is a requirement to identify the subject matter of the advice sought and the objectives, financial situation and needs of the client. I am somewhat paraphrasing and simplifying. The second is to identify the objectives, financial situation and needs of the client that are disclosed to the adviser. The third requirement is, where it was reasonably apparent that information relating to the client's relevant circumstances was incomplete or inaccurate, to make reasonable inquiries to obtain complete and accurate information. The fourth step for the adviser to take is to assess whether the adviser has the expertise required to provide the client with advice on the subject matter sought. The fifth step is if, in considering the subject matter of the advice sought, it would be reasonable to consider recommending a financial product then, firstly, conduct a reasonable investigation into the financial product that might achieve the objectives and meet the needs of the client that would reasonably be considered as relevant to advice on that subject matter and, secondly, assess the information gathered in the investigation. The sixth step is to base all judgements in advising the client on the client's relevant circumstances.

That is a very comprehensive set of steps, which, if a financial adviser goes through them, both the adviser and the client have certainty about the best interests duty being met. There is only one provision which we are removing from the act in this bill and that is a catch-all requirement that, as well as all of the steps I have gone through, an adviser must take any other reasonable step that would be regarded as being in the best interests of the client, given the client's relevant circumstances.
That is an inherently uncertain provision. It is quite unclear what it means. It is quite unclear what obligation it imposes on a financial adviser and we are removing that uncertainty by making that narrow, technical amendment to remove that provision. But the vast substance of this regime remains in place. There are specific, targeted amendments in this bill to cause the regime to operate more efficiently. I commend the bill to the House.

Dr CHALMERS (Rankin) (17:49): I also rise today to speak on Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014. It is a particular privilege to follow on this side of the House the member for Kingsford Smith, who has worked on some of these issues for some time and knows his stuff in this area. I found his contribution to be very compelling.

Recently in this House we have seen examples of where both sides of the House can find common ground. We have seen it in respect of some of the foreign policy questions that we are currently dealing with and in response to the recent tragedy in Europe.

It is true to say that, when it comes to issues like this, these are fundamental issues where we will never find common ground. This future of financial advice bill is nothing but another attack on average people, working people: mum and dad investors, people with superannuation, people who have just tried to do the right thing their whole working life, to save and give themselves some financial security.

The main problem we have with this bill is that it tips the scales in the wrong direction and it gives a green light to some of the most powerful actors in our economy to take advantage of people who are more vulnerable, people who might not have access to the information and people who want to trust their financial adviser. There are many good financial advisers in the community, but we need to ensure that we are protecting consumers so that that small group of people who might want to do the wrong thing are prevented from doing so.

Whether it is the budget or the wind back of consumer protections in financial advice that we are talking about today, I think these types of initiatives do shine a light on what I think is the government's biggest flaw—that is, their inability to put themselves in the shoes of people from Middle Australia, people who are vulnerable or people whom they are supposed to represent but don't.

It is sickening in my view to see people on that side of the House line up to get up and suck up to the big banks and to try to show how tough they are and how useful they can be to some of the most powerful actors in our economy. What we need is people in this House who are prepared to stand up for the little guy in this conversation and stand up for people who need consumer protection. There is something particularly sickening, particularly appalling and particularly despicable about lining up with the most powerful forces in our economy to do over the least powerful people in our economy.

When you think about it this way, most people in Middle Australia would go to work and when they get home they would think about what they had achieved that day. It might be a bit of extra overtime to invest some of their salary in their financial security for the future; it might be paying off the mortgage—all kinds of financial decisions that people take in the ordinary lives. When those opposite go home after a long day at work and put the feet up, what they would have achieved today is an entirely different thing. They would have weakened consumer protection, they would have made it easier for advisers to act against the
interests of their clients; they would have put the wrong incentives into the system; they
would have reinstated the type of conflicts of interest that have bedevilled financial advice in
recent times; and they would have tipped the balance further in favour of the big guy against
the little guy. That should be something they should reflect on. They come into this place and
at the end of a long day of work that is basically what they have done. This side of the House,
whether it is the member for Blair, who is here, or others, are proud to stand up for people
who deserve to be protected from the worst elements in the financial advice system.

There is a very intelligent guy called Amit Singh who wrote a very good piece on the
Chifley Research Centre website recently about these reforms. He made two very strong
points, I thought. The first one was: judge this conversation by who is on either side of the
debate. On one side of the debate you have got a very small handful of big banks, effectively,
and the Liberal Party. On the other side you do not just have the Labor Party; you have the
experts; you have got the people who represent seniors, whether that be National Seniors or
Council on the Ageing; you have got consumer groups; you have got independent
commentators—basically everyone but that tiny little group who think that consumers should
be protected when it comes to their financial advice.

The other good point that Amit Singh made in this article in the Chifley Research Centre
site was that when Chris Bowen, the member for McMahon, first introduced these changes in
response to the very good work of the member for Oxley, there were people on that side of
the House and people in the industry who said that they were unnecessary. They had egg on
their face pretty soon after, really, because some of the issues that came to light, particularly
in the Commonwealth Bank, happened so soon after changes were introduced. The legislative
changes that were put in place by Labor were to combat the type of atrocities we have seen
perpetrated on average people by the Commonwealth Bank and others who have done the
wrong thing in the system. I thought it was really indicative of that side of the House's
approach to these sorts of things that when these issues were coming to light, when the
whistleblower was getting the message out about some of the bad things that were being done
to people who were clients of, in particular, that one bank in this instance, they were rushing
through these changes with the assistance of the Palmer United Party.

These changes are not just unfair to people; they are not real smart—they are dumb
changes, because the weakening of consumer protection here in Australia is going in
completely the opposite direction to the movement in the financial sector around the world,
which is towards greater stability and greater protection, whether that is the Basel III
initiatives or all the other initiatives that are taking place in the international banking system
to make sure that people are protected. What that really goes to is this sense that we have had
a lot of turbulence in financial markets and in the economies of the world in the last six or
seven years and really I think people who do not want to protect consumers, having learned
those lessons, are really doing the wrong thing by their people. There is a saying, of course,
that those who fail to learn the lessons of history are doomed to repeat them. It seems that on
that side of the House they either do not remember the GFC or some other various financial
scandals, they do not understand or they do not care. We should be spurred on by our lived
experience, whether it is the GFC or whether it is some of those shameful activities that were
part and parcel either of the crisis or of things that happened subsequently.
Around the world millions of people felt the impacts of the collapse of banks and small lenders. Shock waves went through the financial system and millions of jobs were lost. We were very fortunate in Australia for a whole range of factors but including very effective government stimulus under the Rudd and Gillard governments and Treasurer Swan. The stimulus did help protect Australia to avoid recession. There was a whole range of contracting factors to that as well. But as well as we did as a country by working together during the global financial crisis, we did not get through entirely unscathed and not every investor got through those episodes entirely unscathed either.

Other speakers have spoken about Storm Financial. There was $3 billion of debt on behalf of their 4,000 clients. There were all kinds of reckless activity engaged in in that period. The member for Oxley is the expert on some of these things, having conduct of the inquiry. I would encourage members of the House who have not done so to read some of that testimony, because there were some extraordinary examples brought to light in that process. There was one that I read about—Barry and Deanna Doyle, a semi-retired couple from Queensland. They had a combined income of less than $25,000 a year and through the advice they were getting from Storm and other institutions on that 25 grand a year they ended up with share portfolio costing $2.26 million with debts to match. Their annual interest payments ended up exceeding $190,000. All of this was done on the equity of their house, which was worth about $450,000. The fact that they were advised to leverage up to that extraordinary amount really is one of the lessons we really should take to heart. We really should learn from that episode. There are so many examples like it—people who were hurt by bad advice. There should be a clear imperative to act from that.

After that parliamentary inquiry led by the member for Oxley and the response put together by the member for McMahon, the last Labor government did undertake some significant reforms to better protect the consumer when it comes to financial advice. We did introduce reforms to protect investors and help the industry professionalise. We had one ultimate and worthy goal, which was to return trust and confidence in the system that had been rocked by the GFC and by various scandals. That meant better protecting consumers and safeguarding the stability and integrity of our financial system as a whole.

Other members have mentioned the various components of the Labor government's reforms. For the sake of completeness in my own contribution, these were: a ban on conflicted remuneration structures; a best-interests duty for financial advisers; a biannual opt-in provision for advice; simplification of the terms and conditions and the disclosure statements of financial advisers; and an annual disclosure statement of fees and details of services performed. The new government is intent on undermining these reforms. They remove protections from consumers and make it easier for unscrupulous agents to take advantage of vulnerable people.

One of the key reforms being unwound is the so-called best-interest test in the FoFA package. This is the one that imposed obligations on financial advisers giving client-specific advice—that the adviser 'must act in the best interest of the client in relation to that advice'. This is similar to the sorts of responsibilities and duties that fall on other professionals, like lawyers and accountants. That section was enforced by a seven-point check list. I will not go through all of the points, but the seventh of those was a catch-all provision plus an obligation that the adviser take 'any other step that at the time the advice is provided would reasonably
be regarded as being in the best interests of the client, given the client's relevant circumstances'. That is a really important catch-all provision and the one, unfortunately, the government is seeking to remove. That will weaken protection for clients.

There should be nothing controversial about the best-interest catch-all provision. It seems bizarre in the extreme that people on that side of the House would think it not the duty of a financial adviser to act in the best interests of their client. Watering it down now means it is a mechanical check-list, which will just require financial advisers to go through the motions.

The best-interest test is vital because of the information asymmetry in financial advice. Obviously, people who work in this space know a lot more than their clients. It is important we protect consumers from those advisers who might want to take advantage. I am not saying all will, but it is important those protections are there, because if you are a mum-and-dad investor or a retiree and you are going to your adviser to try to work out how to invest your hard-earned money, you do not have the information available to you. You rely on that person. It is a relationship of trust and we need to bolster that relationship of trust with adequate consumer protection.

The changes to the best-interest test come on top of other proposed amendments. No longer will we require advisers to act with objectivity and care. Some advisers will be entirely exempt from even the weakened-down best-interest test. There are all kinds of changes that have been made to these laws. One of the biggest problems we have with the weakening of this legislation is the opening up of the sector to conflicted remuneration—the weakening of the section that bans financial advisers from getting monetary or non-monetary benefit that might influence the financial products they recommend. That is just common sense. You cannot have the incentives aligned in such a way that advisers try to make a buck from the disadvantaged or the people they are trying to represent. We will see the return of conflicted remuneration to the industry. This does not apply just to cash payments, it applies to all kinds of advantages that an adviser could have.

The reintroduction of conflicted remuneration will mean consumers will never again be confident that the advice they are receiving is good for them rather than just good for the adviser. That is the problem we have with the government watering this down.

Another problem is the weakening of our reform, the so-called opt-in requirement for financial advice. One of the revelations of the parliamentary inquiry is that approximately two-thirds of all financial-planning clients were passive. They were not getting advice, they were not in touch, but they were still paying fees, so they were getting charged for advice they were not receiving. We wanted to crack down on that. We wanted there to be, every two years, an opt-in requirement for their advice. This legislation removes that opt-in requirement. It also removes the requirement for an annual statement of fees, which is really important for people in understanding what they are getting.

The net effect of all these changes will be less trust and less confidence in the financial-advice sector. ASIC estimates that consumers lost about $5.7 billion between 2006 and 2010 as a result of the various scandals. This legislation makes those sorts of scandals likely to recur, and that is unforgiveable. The legislation will cost consumers and it will cost our economy. It will degrade trust and confidence in the financial-advice sector. Most importantly, it will make it more likely that real people—mum-and-dad investors—will lose money in a financial scandal. It is for these reasons that Labor opposes this bill.

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CHAMBER
Ms O'NEIL (Hotham) (18:05): It is great to have the opportunity to speak on the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014. It is a deeply Orwellian title for such a piece of legislation that takes away the fundamental measure of Labor's FoFA scheme. A better title might be something like, 'The removal of basic financial protections,' because that is the substance of the legislation before us. It is one that removes the fundamental and very basic protections that Labor put in place to ensure that ordinary Australians received financial advice free of conflict. It is uncontroversial, in my view, but the legislation today takes away some of those reforms.

I want to talk in a bit of detail about some of the issues I find most offensive about this legislation. I want to speak firstly about why it is they matter. We have a lot of debates in this House that can seem very removed from the experience of the people we represent. The debate we are having today is not one of those. More than many others we have in this House, the legislation before us will have a very profound, direct effect on the lives of millions of Australians.

We are very good savers in this country. As some of you may know, we have $1.8 trillion in savings in various financial products. We have families—like those I represent in Hotham—who have been saving for years for their children's education. We have young people right around the country saving very hard to buy their first homes. There are senior Australians all over this great country who have been saving for many years for their retirement.

All these people come to financial advisers with some very basic, legitimate expectations. The people the FoFA reforms sought to protect, the ones I described, are often people who are not working in financial services. They are experts in other areas of life—like teaching, nursing or parenting. These are people who are not as well positioned as financial advisers to make perfectly educated decisions about risk, about reward and about uncertainty. They have basic expectations that the best advice will be given to them. They have an expectation that the advice will be honest, fulsome and frank, and that they will have all of their options carefully explained to them. You would think that the fact that they are paying advisers to provide that kind of advice would make those expectations perfectly clear.

Perhaps the most important of all expectations that the ordinary person has when seeking financial advice is that the advice being given to them will be in their best interest—and their best interest alone. Unfortunately, the absence of legal protections in black-and-white law in this country to make financial advisers meet these very fundamental, basic requirements or expectations, has meant that people around Australia have not received that type of financial advice.

The FoFA reforms where never an attack on financial advisers. As a general principle, we have great respect for people in the financial industry and people who are providing financial advice. It is essential to the efficient functioning of the economy that we have people who can provide really good financial advice, and that it is accessible to ordinary Australians. But over a number of years we have seen that the standards written into law were not standards that met community expectations. The FoFA reforms were simply about bringing the law into line with community expectations about financial advisers.

The lack of laws like the FoFA legislation led some Australians who were consumers of financial advice to lose huge amounts of money. Some of them lost their entire life savings.
Many of the people who were victims of organisations like Storm Financial were not people who had lots of money to lose, but lose it they did. I want to spend some time on Storm Financial because this is a pretty obvious example of where people who are not being forced to act in the best interest of their clients ended up giving some very bad financial advice. Three thousand Australians had invested in this Townsville-based company. The liquidators of that company found that the organisation had paid very little heed to the needs and requirements of the people that were investing in them. People right though that organisation were asking people to invest in products that were clearly not in their best interest, and which did not fit the risk profile for these investors. Instead, investors were being asked to make certain investments because that was in the financial interests of the company with which they were investing.

Those clients who made investments in Storm Financial made some very reasonable assumptions. One of them was that paying for financial advice meant that their advisers were acting for them—and them only. I cannot think of anything more basic that you would require when you are seeking financial advice. It is always hard for me to believe—despite sitting in this chamber and listening to all of the arcane things that we debate here—that this very fundamental and very basic protection was not provided to those people by the law.

Opes Prime was another example. There were 1,000 Australians with $2 billion under management. There were some similarities with Storm Financial services that I will not go into. Almost 1,000 people around this country have walked away with next to nothing because the law did not provide them with the basic protections that were needed. Often we find, in cases like these, that amongst a very long line of creditors to companies that go under, the ones with very deep pockets are the ones that end up getting money back. It is the mum and dad investors who end up walking away with nothing—often after having saved for their whole lives.

These incidents—perhaps not in full, but in some respects—and others very much like them, occurred because the law did not accord with the clear values and obvious expectations of the Australian community. It was incidents like these that resulted in Labor setting out on this journey to try to fix the financial advice system and to bring in some of those really important reforms that were very well received by consumers and consumer groups right around the country.

I want to talk about some of the really important pillars of those FoFA reforms which are being removed by the legislation that is before us this evening. The most fundamental of those FoFA reforms, and the one that, I think, has been under the most concerted attack from those opposite, was a very simple one. All it made into law was a requirement that, very simply, financial advisers act in the best interest of their clients. I cannot believe that we are having a debate about whether that was an appropriate law.

Part of FoFA was a requirement that financial advisers act in the best interests of their clients. And it was quite simply structured—written directly into law were those exact words. What was devised was a simple checklist that would amount to compliance, to give financial advisers some certainty about what exactly, in the grey areas, that might mean.

To catch instances where the fast-moving world of financial products may take us, there was a catch-all clause included, so that instances that were not directly covered by the checklist, and which were clearly outside the best interest of the client, were captured. I can
think of no more basic provision or obligation in a search for financial advice than this one. And, yet, we come into the chamber this evening to debate the fundamental weakening of this basic principle. I just want to reiterate this: this is about financial advisers acting in the best interests of the people who are paying them a fee. Yet, from the other side of the chamber we have a weakening of this basic principle. I find it absolutely astounding.

The way that this is being weakened, of course, is indirect. It is not just being taken out of the legislation. It is being done by adding in a number of exceptions that will basically mean that people who are looking for reasons not to act in the best interest of the clients will be able to find one. I will provide an example. Bank employees, who provide extensive financial advice to Australians all over the country, are now exempt if they are providing advice on general products. So, in this most bread-and-butter incident of financial advice, which must be provided hundreds of times a day, we are now taking away this best-interest test. That provision that I talked about for banking employees is just one of a number of new exceptions that will massively weaken the best-interest test. This is one of the most fundamental elements of the FoFA reform. That alone, I believe, would probably be enough for Labor to come in today and say that we cannot support this reform. But there are actually many other examples, and I want to talk now about conflicted remuneration, which is a second and critical change and which related to the best interest test.

Labor's reforms banned financial advisers from any benefit that may influence what financial products they recommend. Again, Mr Acting Deputy Speaker, can you believe it? Just thinking about the values of the people we represent in this chamber, of course financial advisers should not be able to be compensated for providing financial advice that may not be, in some instances, in the best interests of their clients. A financial adviser can accept money from me to provide the best financial advice while at the very same time being remunerated by a seller of financial products. I am just astounded: it just seems so obvious and basic to me that that is just a critical protection. Again, in the legislation before us, this is being dismantled. Some of Labor's protections have been maintained here but, again, through the clever introduction of exemptions, the provisions are fundamentally weakened.

I will just provide one example: one of the exemptions now is payment for free overseas trips for advisers who make a particular number of sales of a particular form of product. So, if I go to a financial adviser and get financial advice, that person may also receive an overseas trip from a company that is trying to get them to sell their product to me. That is a conflict of interest if I have ever heard one.

I really want Australians to understand this: because of the Liberals, your financial adviser is now allowed to get a free overseas trip if they sell specific financial products to you. Unbelievable!

A final fundamental weakening of those FoFA reforms that I want to mention is the changes to the opt-in requirement. It is quite a surprising figure to really understand, but two-thirds of financial planning clients around this country—these are Australians who are paying fees to financial advisers—who are actually not getting any services currently from their financial advisers. In the initial FoFA policy discussion they called it the 'fee for no service' model. So, two-thirds of all clients, all over the country, are paying fees right now and getting absolutely nothing in return.
Labor's solution to this one was a pretty straightforward one. It was a requirement that financial advisers, every two years, have to contact the client by whom they are still being paid a fee for services and the clients have to tick off those current arrangements. Pretty basic; pretty simple. Someone who is providing me with a service that they are charging me for checks in with me every couple of years to make sure that they still should be deducting money from me, even though in many instances—two-thirds of all instances—we know that there is no service being supplied for those fees.

That is pretty straightforward, but no: under the new laws that is gone too. The Liberals, who love to come into this chamber and talk about how supportive they are of efficiency and how much they support entrepreneurship and economic efficiency, are allowing a situation to continue where most people in receipt of financial advice in this country are paying for something and getting nothing in return. It is absolutely laughable; I just cannot believe that they would go down this path. It is just completely nonsensical.

I have talked about some of the provisions in the legislation before us that I think are most reprehensible and most offensive, but I want to finish my contribution tonight by coming back to where I started, which is talking a little about the people for whom these protections were designed. These were laws that were written for the everyday Australians who have lost money in recent years—who have put all of their savings after so many years into the hands of people who they believed to be trusted financial advisers, and who the law failed. The law was not there to protect them.

We have all kinds of debates in this House, but for simple issues like this one, where people come to a financial adviser and they expect that there are duties in place under the law, and they simply are not there, then we have a problem. We are meant to be here reflecting community standards and community attitudes. Labor identified an area where there was a fundamental chasm between the protections provided by the law and the expectations of the community. We set out to fix that, and we did fix it. But what happens next? We have a new government that wants to rip up everything constructive that was done by that last government and instead re-write the rule book with exceptions that you can drive a truck through.

I think that what often gets missed in conversations like this one is that there are other people who benefited. I genuinely believe that people who work in financial advice are the losers today from the legislation, because we all know what is going to happen. We all know that when we see regulation and protections taken away that we have another Storm and then we have to bring things back again, and we have to re-regulate and, in some instances, to overcompensate. Labor's reforms were strong, they were balanced, they worked and I stand today to say that they should not be overturned.

Mr PERRETT (Moreton) (18:20): I commend the member for Hotham on her contribution to this debate on the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014, which I totally support. I am going to commence by looking at a little of the history of this piece of legislation introduced by the coalition government and then go through some of the reasons for the Labor Party rejecting it.

It is important to look at a little of the history because, like the member for Hotham, I have had members of my community sit in front of me, in tears—particularly people who were the victims of Storm Financial. But I know that there are many other groups, including victims of
Opes Prime. I could go through a long list of people who suffered significant losses. They were good, sensible retail investors who suffered through these unfortunate sets of financial circumstances—these significant corporate collapses. These were people who were sensible—not risky investors, but people who believed they were doing the right thing.

So that was the context where Labor brought in the FoFA legislation in the first place. It can be traced back to the 2009 report of the parliamentary inquiry into financial products and services—the PJC inquiry. That looked at the role of financial advisers and the regulatory settings for the selling of financial products and services.

In Australia, it is important that we see this because in Australia in particular, almost like no other nation in the world—because of the changes made by Hawke and Keating to superannuation—we have a significant pool of superannuation funds. It is roughly about the same size as Australia’s economy, and obviously, as more and more people put money into superannuation, that will continue to be an issue.

So I stand here not as someone who is an expert in financial advice but as someone who is, I guess, first and foremost a lawyer. I always approach it from that aspect, thinking, 'What if I received remuneration in 2040 for advice I gave in 1994?' As a lawyer, part of me says that would be fantastic if I could get on to that sort of gravy train. But obviously that sort of thing does not happen in law at all. You give a bill for services and you are paid for the services. You have to negotiate with the client and work out what they are prepared to pay. You give them the bill, they pay the bill, that is it. And they of course then say, 'That's why lawyers are so loved, because it's sorted out quickly.' But the idea that you could give advice in one year to a 20-year-old person and then still have that person, when they are 65 or 69 or 70—obviously people are going to be working for a lot longer—still paying for the advice that you gave them when they were 20, that is ridiculous to me as a lawyer, irrespective of how wonderful that advice is. This is why we brought in those FOFA changes, which were basically saying, 'You need to check in.'

The reality is that while many Australians are receiving financial advice, two-thirds of them are receiving no advice whatsoever, effectively, from that initial consultation. I am not taking away from the 18,000 financial advisers in Australia; I am sure the majority of them are doing a fantastic job. They manage more than $500 billion worth of funds under advice and generate more than $4 billion revenue per annum. I am advised that between 20 per cent and 40 per cent of Australians use or have used a financial adviser, and that percentage will continue to increase as more and more Australians have a superannuation fund.

Superannuation, from memory, came in around 1992-93. I remember the discussions at my workplace at the time about superannuation—what it was et cetera. I remember the discussions at my workplace at the time about superannuation—what it was et cetera. I remember the Accord basically had Australian unions agreeing to forgo some pay rises as part of that deal. Those 18,000 financial advisers will continue to grow as a group and the funds they manage, and their clients, will also continue to grow in the years ahead.

In Australia there are more than 750 dealer groups who can pair and access financial products on platforms and select a range of products. I am all for a market, like the government opposite. They believe in markets—sure, they do not believe in a market when it comes to pricing pollution that might affect our planet, but when it comes to financial advice they do believe in markets. If there is a competitive market, then you will get the best advice at the best price. That makes sense. But that market mechanism is hamstrung if people do not
have to dip back into the advice they are given. As I said, we could have that ridiculous example of an 18-year-old receiving advice and then still paying for that advice 40 years or even 50 years later.

The former Labor government responded to the 2009 report and it brought in legislation that basically reflected a pretty common-sense approach that there should be some checking in every now and then. Also, as many speakers on this side have touched on, there is that possibility of conflicted remuneration. It is the age-old problem for anyone selling a financial product or credit that if their own mortgage is being paid off by the advice they give, there is always that possibility of them giving conflicting advice. Certainly that is why, for lawyers, there are all sorts of rules and regulations governing who should be put first and foremost. As we have heard in speeches tonight, if there is a possibility of you receiving a trip overseas or some direct money into your wallet because of the advice you give, then there is always the possibility of you perhaps not putting your clients' interests first.

Before the 2013 election, during the consultation about the proposed FOFA package back in early 2011, Senator Cormann, now a very significant player in the government when it comes to their financial credibility—in fact, some might argue that he is the only one left with any financial credibility—stated that he supported the introduction of a statutory best interest duty, but he did not support Labor's push to force people to re-sign contracts with their advisers on a regular basis. So on this particular election promise he was halfway there in terms of having a check and balance system, but obviously he did not want extra red tape and have people go through the whole thing every two years. We just wanted people to do something that required some input.

The bill before the House basically removes the need for clients to renew their ongoing fee arrangement with their adviser every two years, which is basically the opt in requirement where you just touch base. And my understanding is it could have been as simple as a letter. I have spoken to financial advisers in my collection; they said that would not necessarily be the end of the world. And, remember, if you are that 18-year-old client that I talked about, you have value for the financial adviser—so much value in fact that you are listed on their books when they sell their business. People buy books, which is basically just the advice that you gave to a certain number of people in years gone by. It is something that is desirable, this list of clients.

The legislation put before the House by the coalition would make the requirement for advisers to provide a fee disclosure statement applicable but only for those clients who entered into the arrangement after 1 July 2013, which seems to be neither fish nor fowl. They have not worked out whether it should be done or not. The legislation also removes from the list of steps that an adviser must take in order satisfy the best interests obligations the requirement that advisers 'must generally act and provide advice in the best interests of their clients'. When Labor inserted that it was a catch-all provision to make sure the financial planner was not thinking of their trip to Disneyland, made sure the financial planner was not thinking about their own mortgage or their kids' private school education or whatever it was, and instead focused wholly and solely on the client in front of them. That is a bit of background and a bit of explanation of the purpose of this bill.

Obviously, when we went to consultation about this, the reliable sources to go to are consumer groups. What did Choice say when looking at FoFA1 and FoFA2? They said:
… the proposed changes will lead to costs to consumers as they reintroduce measures that encourage sales-driven practices in financial advice.

Remember that we are talking about nearly 20,000 advisers, so there will be all sorts. They went on to say:

With financial advisers working in boiler-room style sales cultures, consumers are highly likely to lose significant funds through further major market failures like Storm Financial. While no legislation can fully prevent a market failure, the original FoFA reforms aimed to curb the worst practices in the financial advice industry. The effects of recent major financial advice scandals have been catastrophic, resulting in consumers losing $5.7 billion in funds as well as their homes and certainty about retirement.

That is what Choice said—a sensible guide to what should be done. Obviously other consumer groups, like the Financial Services Council, had a different view, but, having spoken to advisers in my electorate who look after people, I was impressed by their professionalism, their intellect and the rigor that they brought to our discussions. We agreed to disagree on some of these matters, but I was impressed by their professionalism. Like any group, like politicians, we are often judged by the worst—judged by the rogues, judged by the cowboys, judged by the thieves. For financial advisers in the bigger groups that do the best work and have checks and balances, there would not be too many problems. But, obviously, if people see an opportunity, they are more likely to take advantage of people sitting in front of them, and there are the dollars associated with giving advice. As I said, if it is an 18-year-old person who is going to have a good income stream for 20, 30, 40 or 50 years, it is like sitting in front of a gold ingot, I suppose.

The Labor Party have had concerns that can be traced back to Storm Financial. That was a horrible set of circumstances, particularly in Queensland, in Townsville. A lot of people in my electorate who came to see me were former pharmacists, smart people—not people who made rash decisions. They thought they were making sensible decisions based on the advice that they had been given. Whenever there is the possibility of conflicted remuneration, the person who provides the financial product advice should have the extra checks and balances. Our legislation had only just commenced. People were re-adjusting to the new reality. The coalition wants to bring in more red tape and change the circumstances again. We are committed to going back to the original legislation. It is only going to create uncertainty.

We have a much stronger connection with superannuation than the coalition, obviously. One of their election promises was to retreat from the idea of increasing superannuation to the higher percentage that is needed to give people a bit of dignity in their retirement. Under Labor, we had started that progression, hopefully, towards what Paul Keating always said should be around 15 per cent. For parliamentarians elected after 2004, that is the super scheme we are on. Obviously, people elected before 2004 are a bit like that lawyer I talked about who gets paid for the advice they gave when they started. I am not sure where the numbers sit at the moment. Mr Deputy Speaker Whiteley, you were elected after 2004, so you have the benefit of that slightly different scheme. That is a discussion for another day, perhaps in another place. There are two sets of rules in here—

Mr Fletcher: Some are in business; some are in economy class.

Mr Perrett: Some are in business; some are in economy class—I will take that interjection. This legislation is about financial advice to all Australians. As the funds increase,
we need to have the appropriate checks and balances. That is why the Labor Party will be resisting this attempt to remove that protection. *(Time expired)*

**Mr KELVIN THOMSON** (Wills) (18:35): The purpose of the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014 is to repeal some of the future financial advice measures introduced by the Labor government. The bill amends the Corporations Act to remove the need for clients to renew their ongoing fee arrangement with their adviser every two years, which is known as the opt-in requirement; to make the requirement for advisers to provide a fee disclosure statement applicable only to those clients who entered into their arrangement after 1 July 2013; to remove from the list of steps an adviser may take in order to satisfy the best interests obligation the requirement that advisers must generally act and provide advice in the best interests of their clients, which is referred to as the catch-all provision; to facilitate the provision of advice limited to, say, a particular product or product range that is personal advice that is limited in scope; and to provide an exemption from the ban on conflicted remuneration for general advice, but not personal advice.

The purpose of the bill is to remove some of the future financial advice measures introduced by the Labor government. The bill amends the Corporations Act to remove the need for clients to renew their ongoing fee arrangement with their adviser every two years, which is known as the opt-in requirement; to make the requirement for advisers to provide a fee disclosure statement applicable only to those clients who entered into their arrangement after 1 July 2013; to remove from the list of steps an adviser may take in order to satisfy the best interests obligation the requirement that advisers must generally act and provide advice in the best interests of their clients, which is referred to as the catch-all provision; to facilitate the provision of advice limited to, say, a particular product or product range that is personal advice that is limited in scope; and to provide an exemption from the ban on conflicted remuneration for general advice, but not personal advice.

The Liberal government has a penchant for euphemism, whether it is 'green tape', 'open for business' or, in this case, 'streamlining'. What is happening here, however, is yet another example of the government bowing to the vested interests of the big end of town. Labor's reforms—referred to as the FoFA reforms—were introduced for a reason. They were introduced in the wake of the collapses of Storm Financial and others and the subsequent parliamentary inquiry into financial advice products and services.

These were the most significant reforms in financial services for a generation, and a number of measures were designed to protect investors and to help the industry become more professional. They included the best-interest duty, requiring advisers to act in their clients' best interests; the opt-in, requiring advisers to get their clients to opt-in to receiving ongoing service every two years; annual disclosure statements to be sent to clients annually disclosing fees and details of services performed; and a ban on conflicted remuneration—that is, commissions paid by financial product providers to financial advisers.

The whole basis for introducing these FoFA reforms was to restore faith in a sector which had been rocked by high profile collapses and a poor culture of product sales over advice. And now that we have $1.8 trillion in savings the reforms were to ensure that Australians were getting advice and service that was in their best interests. During the reform process, over many years there was extensive and intensive industry and public consultation that clearly identified a path to achieve growth, to protect consumers and to restore trust by changing the culture of the past 20 years—lifting standards and professionalism and acting in clients' best interests.

The government's comments on these changes to FoFA are about certainty for the sector, but not for the consumer. The changes are much more than technical reforms; they are a complete unwinding of FoFA. The lowering of standards and the delay towards professionalisation is a massive step backwards for the entire sector and for consumers. Removing blanket best-interest provisions is what the banks want. This has nothing to do with
red tape and everything to do with the government doing the banks' bidding. It is not about protecting ordinary people.

The effects of recent major financial advice scandals have been catastrophic, resulting in consumers losing $5.7 billion in funds, losing their homes, losing their financial security and retirement. The consumer group CHOICE—the member for Moreton pointed this out too—pointed out:

... the proposed changes will lead to costs to consumers as they reintroduce measures that encourage sales-driven practices in financial advice. With financial advisers working in boiler-room style sales cultures, consumers are highly likely to lose significant funds through further major market failures like Storm Financial. While no legislation can fully prevent a market failure, the original FoFA reforms aimed to curb the worst practices in the financial advice industry.

I know firsthand that constituents in my electorate of Wills have been very badly affected as a result of poor advice by a financial adviser—specifically, the Melbourne-based accountants and financial planners, Holt Norman Ashman Baker. People have lost their homes, hundreds of thousands of dollars, their self-managed super funds, their share portfolios and their health because of poor advice and management by Holt Norman Ashman Baker accountants.

Mr Holt sold schemes using dubious advice concerning loans and margin lending. An example of the consequences of his poor advice is contained in the following impact statement provided to me by constituents. It reads:

Our situation has been desperate since October 2008 and very much a work in progress looking for the bottom of the financial quagmire, the legacy left by Mr Peter Raymond Holt, our ex-accountant. In brief, Mr Holt had overcommitted us with debt by taking out loans in tree schemes, Timbercorp. We were unaware of most of these loans and they were for large sums of money. He had been paying them with money from a bank account that was to collect dividends from my husband's margin loan account. I found the deductions in the margin account in October 2008. The amounts were very large and would eventually bankrupt us. The first invoices that we received from Timbercorp were forwarded to us by Holt's office in October 2008. They were to the value of $128,000 and were due for payment on 31 October 2008. It was about then that we really came to grips with the true meaning of debilitating and hysteria—hell had begun. By the end of January 2009 our situation was dire. Holt had lost $70,000 in cash trying to save margin loans with stupid recommendations. He had turned about $450,000 cash into $15,000 with margin lending. We had deductions of about $177,000 per annum for tree schemes. These payments would exceed our income for the year. Peter Holt has gone through hundreds and hundreds of thousands of dollars, including our superannuation fund. We really don't know the exact tally, but it would be somewhere around $400,000. The deeper we dug, the worse things got, so we stopped digging.

As a result of the efforts of the HNAB Action Group, set up by past clients who were financially ruined by Mr Holt—a group dedicated to providing information to members of our community who have been victims of poor financial advice—ASIC banned Peter Holt for three years. In my view, this was pretty light. I think his actions warranted a life ban. Peter Holt filed for personal bankruptcy and his personal assets seem to have been largely protected through his bankruptcy proceedings. Two of the partners of the former firm now operate as an accountancy practice called Holt Baker Pty Ltd, and the financial planning arm of the practice is called HBM Advisers Pty Ltd under the WealthSure banner.

Peter Holt and his associates were the largest distributors of the Timbercorp product. Peter Holt and his associates geared his clients in share portfolios and managed investment
schemes, including Timbercorp and other agribusinesses. His clients, in many cases, were not aware of the agribusiness loans and, in particular, the loan conditions were either misrepresented or not disclosed at all. These loans effectively resulted in some clients being geared twice over. Where gearing was disclosed, he assured his clients the margin loans would never exceed 50 per cent. Investors were explicitly assured their homes were safe. In fact, he allowed the margin loans to exceed over 200 per cent, resulting in his clients losing their entire share portfolio and other assets. Former clients have made attempts to recover their capital losses, which were significant, but there was inadequate professional indemnity insurance of only $2 million. According to the HNAB Action Group, significant flaws existed in the practices used by Peter Holt and his associates. He frequently assured clients that he was ex-ATO, representing the investments as government endorsed and a superior investment to superannuation. In most instances, clients were asked to sign the rear page, which was not witnessed in their presence. Asset, liability and income details were often left blank or were completed after the client had signed the application. Some of the loan documents recently obtained from Timbercorp Finance show that these details were never completed, had liability details erased, or included incorrect client information. Timbercorp management, maintenance, insurance and other agribusiness fees were disguised by being rolled into the refinancing of debt. Timbercorp increased the level of commission paid to financial advisers to promote their geared investments as the GFC began to impact. A number of clients were pressured by Peter Holt and associates to increase their level of investment in Timbercorp even when the product was failing. Undisclosed incentives were provided in relation to his recommending of Timbercorp products—for instance, the provision of overseas trips. Given that the product disclosure statement for Timbercorp required them to disclose all incentives they might pay to advisers distributing their products, this would have been in breach of the requirements of the Corporations Act. Even when gearing levels were significantly above the 50 per cent threshold on margin lending and share portfolios, which he had set as the maximum, as the GFC set in he continued to recommend and pressure clients to continue to increase their gearing by buying more Timbercorp or other agribusiness products.

As recommended by the HNAB Action Group, ASIC should be requested to reopen the case against Peter Holt and his associates with a view to a life ban. A three-year ban is inadequate and, in any case, it is alleged that he is circumventing the ban through the engagement of an authorised representative working from his accountancy practice.

The significant omissions and potential fraud in respect to loan documentation should be investigated, all debts frozen and recovery action ceased by the respective creditors. The ANZ, CBA, Macquarie Bank and other credit providers should explain their involvement and why such significant breaches of lending practices were permitted. They should waive debts as a consequence of the improper and inappropriate lending facilitated by Peter Holt and his associates.

Furthermore, the proposed changes to the FoFA reforms we are debating now should be opposed due to the risk of loopholes being reopened which enable advice scandals like this one to occur again. There needs to be opposition to the bill's removal of the opt-in requirement—that is, the requirement for financial advisers to obtain their client's approval at least every two years to continue an ongoing fee arrangement. This has been criticised by National Seniors Australia:
Removing the opt-in requirement pushes the obligation onto consumers to externally monitor the performance of their portfolio and the appropriateness of their current services and fee structure. It is clear that advisers are far better equipped than consumers are to perform this task.

And:

Without the opt-in requirement most consumers will remain inactive. Unaware of the services they are receiving and associated fees and charges, they will not have the opportunity to determine if they are receiving value for money.

CPA Australia and the Institute of Chartered Accountants also support the existing mandatory two-year opt-in process as an important pillar of the FoFA reforms on the grounds that it will assist clients who are actively involved in planning their financial future to assess whether the services they are receiving reflect value for money before they decide to renew an ongoing fee arrangement.

The minister says that people who are opposed to their changes have vested interests with political motivations. Is the minister seriously saying that National Seniors Australia, the Council of the Ageing or Choice are part of some Labor/union conspiracy?

Despite a Senate inquiry into these changes, and revelations about disturbingly poor practice at the financial planning arms of the Commonwealth Bank, the Liberal government is pushing ahead with these changes—changes that clearly put the big banks' interests ahead of those of consumers. These changes have nothing to do with removing red tape or streamlining and everything to do with the Liberal government acting on behalf of vested interests in the sector. The CBA crisis highlights the problems that can arise if people try to push products when they are supposed to be offering consumers independent advice in their best interests.

The proposed government changes are not minor or technical in nature—they are, rather, a complete undermining of the core principles of consumer protection and lifting standards to a professional level. The reality is that these changes will broaden the scope of what banks can do in terms of upselling and advice on products to make more money. That is the reality of what is being done and, if these changes pass, people will again need to pay a lot of attention—close attention—to the type of advice they are getting. It is entirely regrettable that the Liberal government has decided to weaken the strong elements of consumer protection put in place by the previous Labor government.

**Ms Butler** (Griffith) (18:50): In 1969 Gough Whitlam, in his pitch to the electors of Australia, talked about the importance of consumer protection as being central to part of Labor's platform and Labor's program. Again, in the lead-up to the election at which he was elected, he talked about consumer protection. As a consequence, we have the Trade Practices Act 1974. I make those comments because it is important to remember that Labor has always been the party of consumer protection. Labor has always been the party saying: 'There are plenty of interest in our community; how about the interests of consumers when it comes to weighing the protections that can be offered?'

What do you see many years later? Labor's FoFA reforms—the Future of Financial Advice reforms—were introduced to again protect consumers—consumers like mums and dads who do not necessarily have a lot of power. They do not necessarily have a lot of opportunities to understand sophisticated financial issues, not because of any lack of capability of understanding but simply because in a busy life, with lots of other pressures—kids, grandkids, jobs, family commitments and community commitments—we all have to rely on the expertise...
of advisers when it comes to planning for our futures and our families' futures. That is why it is so important that, when it comes to financial advice, there are protections in place for consumers.

Our FoFA reforms, as you know, Mr Deputy Speaker, were introduced in the wake of the collapses of Storm Financial and others and the subsequent parliamentary inquiry into financial advice, products and services. These were the most significant financial services reforms for a generation and they included several measures that were designed to protect investors and help the industry to professionalise. They included the best-interest duty, requiring advisers to act in their clients' best interest, a paramount obligation given the position of trust in which the adviser is placed; and an opt-in obligation that required advisers to get their clients to opt in to receiving ongoing service every two years—in other words, you do not just sign up once and then continue to take fees forever and a day; the client gets the opportunity every two years to think about whether or not they want to continue with the arrangements in place. Another reform was annual disclosure. Statements were to be sent to clients annually disclosing fees and details of services performed, again a very obvious requirement. If you are charging someone for your professional financial services, they ought to know how much they have been charged and what they are getting for their money. Then, of course, there was the conflicted remuneration provision, which imposed a ban on conflicted remuneration—for example, commissions paid by financial product providers to financial advisers.

In introducing these changes, Labor wanted to help consumers, and we also wanted, for the good of the nation, to restore community confidence in the sector, which had been, as you know, Mr Deputy Speaker, rocked by high-profile collapses, with a poor culture of product sales over advice. Of course Labor is interested not just in individual consumers being protected but in everybody in our community having faith in the financial services sector. The reform process involved significant consultation with industry and with the public. That consultation identified a path to achieve growth, protect consumers and restore trust by changing culture, by lifting standards, by professionalising and by acting in clients' best interests.

Unfortunately, through this bill, the government has sought to amend the FoFA reforms by removing the catch-all provision in the best-interest duty, the provision that provides not just tick-a-box, checklist style compliance with the best-interest duty but a genuine, quantitative duty to think about what is really needed to act in the best interests of the client and to undertake that. The government is scrapping the opt-in provision that I talked about, allowing that ongoing charging without, every two years—not a particularly onerous provision—asking the client, 'Do you still want to be in?' Annual disclosure is to be amended so that advisers only have to provide annual disclosure to clients who commence with them after 1 July 2013. The ban on conflicted remuneration will be lifted so that it will only apply to personal advice and not general advice, and there will also be an exemption for personal advice as part of a 'balanced scorecard' approach. We are obviously really concerned about whether that opens the door to go back to that culture of sales, rather than advice, being what is really important. The reason you have to think about those two things, of course, is that, if I am placing my trust in you as a financial adviser to do the right thing by me, I need to have
confidence that you are not going to sell me a product to benefit yourself when you should be looking after my interests first.

Those are the reasons why Labor is very concerned about the changes. They are not just minor technical changes; they are an unwinding of the Future of Financial Advice reforms and we are very concerned—and we are not the only ones, Mr Deputy Speaker, as you know. The consumer group CHOICE has not supported the repeal of elements of FoFA. I will read what CHOICE has said:

… the proposed changes will lead to costs to consumers as they reintroduce measures that encourage sales-driven practices in financial advice. With financial advisers working in boiler-room style sales cultures, consumers are highly likely to lose significant funds through further major market failures like Storm Financial. While no legislation can fully prevent a market failure, the original FoFA reforms aimed to curb the worst practices in the financial advice industry. The effects of recent major financial advice scandals have been catastrophic, resulting in consumers losing $5.7 billion in funds as well as their homes and certainty about retirement.

That was from consumer group CHOICE. So, as I say, we are not the only ones concerned about winding back FoFA. We are very concerned about consumer protection generally but also about protecting people who are in that vulnerable position of placing their trust, their faith and their confidence in someone who is supposedly acting in their best interests to help them to plan and to save, including for retirement.

We are very disappointed that this is a huge step backwards for the sector. It is undermining the move towards professionalism and is not a step that will favour the interests of consumers. The removal of the catch-all clause in the best-interest obligations changes the definition of best interest to those tick-a-box checklists, determined by the sector. Of course, going backwards on conflicted remuneration is a great shame. Conflicted remuneration is part of the sales culture that the consumer group CHOICE was talking about.

The reported savings from these measures is $190 million. Our concern is that the regulatory analysis that has been done takes into account the effect on the sector but not the cost to the consumer of having these protections removed. While the sector might stand to save $190 million in compliance costs, the consumer will have to bear the weight of extra fees and charges, not to mention the risks that are inherent in having lesser consumer protection. We are of course gravely concerned that those costs to consumers will be much greater than any savings to the sector. In any event, these changes certainly will not help consumers. They are aimed at making consumers less protected.

Of course, we know that the government knows that it has a problem with this legislation in the public eye because of the way that the changes were snuck in via regulation prior to the proposed start date. That was done because the government knew that it was really going to struggle to get this legislation to pass the parliament. So the original changes were made by regulation, which, of course, bypassed parliamentary scrutiny at the time. There are opportunities for disallowance after the fact, but that is really inconsistent with major changes.

What ought to have been done is for the legislation to have been introduced in the parliament and dealt with in the Senate early enough for the legislation's changes, if they were going to pass, to take effect by legislation, not by regulation. So it has been really disappointing. We know that the former Assistant Treasurer released the draft changes just
days before Christmas and then had submissions close in late January, so it was a very sly process. The obvious difficulty with that process is that, if you release the draft before Christmas, you say to people, 'While you're on your Christmas holidays at Caloundra, the Whitsundays or down in Hobart having a nice break, could you write us a bit of a submission in respect of our future of financial advice changes that we propose to make?'

Mr Husic: What about a postcard?

Ms BUTLER: Or the back of a postcard. Send it in by postcard. Why not send it in by postcard? Why not just make a submission? 'Wish you were here. Beautiful sunshine on the front. My serious concerns about watering down consumer protections on the back. My serious concerns about the fact that you are going to make it easier for me to have a financial advice service provided to me that does not protect my best interests on the back.' That was of course a terrible process, and it was aimed at preventing people having the opportunity to be consulted about these future of financial advice wind backs. Popping it through by regulation was, as I said, not appropriate in the circumstances. Really, if the government is not confident in its ability to negotiate with crossbenchers, perhaps the thing to do would be to learn to negotiate with crossbenchers, not sneak important changes through in regulations.

We know that the government has long been opposed to protecting consumers, because they are much more interested in backing the interests of the top end of town. That is just what a Liberal government is really for. If we consider their record, as I said at the commencement of my remarks, it took Labor to introduce comprehensive consumer protection laws in the form of the Trade Practices Act 1974. We have always had consumer protection front and centre in our concerns about what government can do.

Of course, the lessons learned from the global financial crisis would not be lost on anyone here. It is not appropriate to throw up your hands and say, 'Let the financial services sector regulate itself.' That is not the appropriate approach. Of course there should be appropriate, measured regulation to protect the interests of consumers and to protect the interests of all of us in having a functioning financial sector that the community, the sector and industry can all have confidence in. That is what the future of financial advice laws were all about. They were all about opportunities for building confidence in our financial services sector and ensuring that those mums and dads, those grandparents who are relying on the financial advice they are seeking from professional advisers, could rest assured that those advisers were acting squarely in their best interests, to avoid conflict, to avoid the possibility that the adviser's interests or the adviser's employer's interests would be put ahead of the consumer's. These protections are all about ensuring that consumers could have that confidence in making sure that an adviser would always be acting in their best interest.

Mr HUSIC (Chifley) (19:04): Let's be clear about one thing: the people of this country should be furious about what this bill represents. This bill represents repayment of an IOU to the biggest financial interests in this country—interests which did not want to be accountable for the way they provided advice to mum and dad investors. The Liberal Party was trawling around, creating fundraising dollars for itself, making the nod and the wink to big business, saying, 'You give us the money and we'll make sure that we do the right thing on FoFA' and trampling along the way, in the rush towards those dollars, upon the interests of the welfare of some people who would be their constituency. Some people would actually be their supporters.
Small business owners, for example, invest their money and want to make sure that, after all their hard work, they would be able to have a retirement that would leave them comfortable. And what happens? The Liberal Party goes ahead and decides that it will put in place a series of reforms—or they would deform the type of reforms we put on the table—and would weaken the type of financial advice that is put forward to people and see those small businesses potentially lose out on the financial advice or the return that they would get. They would see people line their pockets at the big end of town at the expense of smaller people. It is absolutely scandalous.

What is absolutely happening here is that these reforms that are being dressed up as improvements to the act do nothing of the sort. As the member for Griffith rightly pointed out, they were put forward a few days before Christmas because the government did not want to have any scrutiny of what they were doing. They then expected people, as the member for Griffith pointed out, to respond over January; and then, if they were not going to get it through, they would try to just ram it through as regulations instead of accountable legislation. Why? Because they did not want to have on full public display the fact that there was this grubby operation designed to repay the huge fundraising effort that you saw the now Minister for Finance and Arthur Sinodinos as the Assistant Treasurer attending. We know they were going to a lot of fundraisers, and I would be interested in knowing what type of commitments were given then in terms of what would happen on financial advice.

It is a truism of the modern Liberal Party that they soak in the dollars from the big end of town, harvest the votes of small business, sit on the loot and do not do anything to repay the trust that was given unless you are a big business or big interest. They do not care who gets burnt along the way.

If you have a person like Alan Jones, who is no friend of Labor, expressing the view publicly on his program that he has serious doubts about what is being put forward by the Liberal Party in terms of the moves to de-form the future of financial advice reforms, then you have got to be worried. You seriously have to question what is being put on the table and whether or not it represents a fair deal for people—because it certainly does not. People on the other side of the chamber are worried that once every two years you would be required to get an update—to re-sign a contract. They say that this is onerous: that once every 730 days you might go back to your financial adviser and be required to look at how you are travelling and whether or not you re-sign. They say that this is heinous. They say that this is outrageous.

Those on the other side of the chamber weigh things up. They look at a person who has lost their life savings as a result of poor financial advice and then they look at a person who has to go back once every two years to their financial adviser. And they think, no, the paperwork is worse. It is worse to have to fill out more paperwork. It does not matter that that person, who is expecting in their senior years to rely on a decent level of income and savings, has nothing—that they are left destitute, that they are have to live with relatives or friends, and that they are denied the dignity of being able to enjoy their later years and to reflect on what they have done. No, the worst thing is the paperwork; that is what those opposite concentrate on.

People are doing this all the time. People out in the broader community are re-signing contracts every two years, all the time. If you go and get a mobile phone, you are re-signing a contract every two years. The general public do not have a problem with that. Having to re-
sign a contract has not stopped the progress of this great nation. But these people opposite seem to think that it will threaten the absolute financial foundations of the country if we make people go back to their financial advisers to make sure that everything is on track, and re-sign their arrangements.

It is simply absurd that that is what the government is putting forward. They are saying that this is going to create a bulk of red-tape weight on the nation. I will tell you what I would rather stick up for. And I know every person on this side of the chamber would rather stick up for the fact that someone can live in dignity and have the income they rightly deserve in retirement, than be worried about whether or not they have to go back every couple of years to see their financial adviser, or to test the type of advice that is being put forward.

In the place of Labor's reforms, we have here the Liberal Party basically running to the bell that is being rung by big banks, who did not want to have to justify why it was okay for a bank teller—I do not dispute for one minute the knowledge of most bank tellers, who are trying to do the right thing—to give financial advice. You would want to have someone specialised, who would be able to give you the proper advice, who could account for their advice in the breadth and complexity of financial products, and who would be able to answer questions and give advice in the best interests of the consumer. What is wrong with that?

What is wrong with asking that someone who is giving you advice is doing it in your interests and not in terms of their interests or in their employer's interest. Yet this simple proposition seems to be the most devastating of all to those opposite. They think this is crushing. Again, I restate the point that on this side of the chamber we would rather have protections in place that are looking after people. They are not onerous. I would rather have them in place than what we have at the moment, which is simply a grubby payback for donations that were made for the sake of getting people elected. Those opposite benefit in terms of their election, but the people who depend on a decent financial retirement are denied that.

Look at the type of reforms we put forward: the best-interest duty, which I reflected on a few moments earlier; the opt-in mechanism requiring advisers to get their clients to opt-in to receive ongoing service every two years; the annual disclosure; and the conflicted remuneration provisions that we put forward. All of these are as a result of seeing, one after the other, the terrible situations where people lost millions of dollars. In particular, our reforms arose out of the terrible circumstances of Storm Financial.

I have also sat with people who have been affected by the collapse of Timberland Financial Group and the types of rots that occurred there. Those poor people said to me that they would never have believed that they would, after having had a relatively prosperous life, at the tail end of it feeling like they were going to live like paupers. Again, these people are being told, 'We don't want to protect you from that type of circumstance.' That is what the coalition is telling these people. The government could not care less that these people had been put in this terrible position where they lost their life savings. I would not want to look someone in the eye and say, 'I could not have gone the extra mile to protect you, and in particular to protect your financial security in later life,' simply because those opposite had collected a great fund-raising kick prior to the last election and had made this commitment that they would water down these reforms.
I have already reflected upon the fact that the government were trying to usher in these reforms just before Christmas. They were trying, during the January break, to get people's reactions to them. They were trying to make these changes by regulation rather than legislation. Then, if you look at the contortions that they went through to avoid scrutiny before we rose at the winter session you will see the way they have gone. You can clearly tell that they are trying to do everything they can to avoid scrutiny and to confront the justifiable anger that exists in lots of people over what is being done here, and the type of things that are being put forward. Look at the reaction of CHOICE, who represent consumers, for instance. They said:

When the wind back of consumer protections is explained, it is clear it will hurt consumers. CHOICE's nationally representative research found 81 per cent of consumers were concerned that bank tellers would be able to sell complex financial products like superannuation without assessing customers' personal needs and that they would earn a commission for doing so.

If, for example, you look at the comments of Mark Randall, who is the Chief Executive Officer of the Financial Planning Association of Australia, he says:

… the FPA strongly opposes any possible reintroduction of commissions for financial product advice on superannuation or investment products. There are several risks which are associated with commissions for general advice.

That association outlines at great length its concerns at what was being put forward by the coalition.

Mr Richard Webb, Policy and Regulatory Analyst, Australian Institute of Superannuation Trustees said:

Mums and dads expect advice from advisers and they expect sales from sales people. Investors have an understanding of the difference between those two terms. We note that the Cooper review wrestled with this and concluded that:

"... commissions should be banned on all insurance products in super, including group risk and personal insurance."

Ms Josephine Root, National Policy Manager, Council of the Ageing Australia said:

We believe the cumulative effect of these changes is to seriously weaken the reforms, giving less consumer protections and ultimately undermining confidence in the financial advice sector. We are concerned that people will opt out of getting financial advice and, therefore, not get the maximum benefits that they could and in the long term be a cost on the taxpayer and government because they will move to not having sufficient funds in retirement.

This was the whole process of devising the national pool of savings that were represented in superannuation. In terms of what you see with the growth of self-funded retirees there would be a pool of savings that could deal with this demographic wave of an ageing nation that we are all confronted with, regardless of your politics. We simply cannot afford to have all of those people on a pension, and they would be better served by having a strong retirement income which provided an adequate return, and making sure that they had decent super, as the shadow minister rightly points out, then the cost would not be transferred to the taxpayer.

What happens in the instances where people do lose considerable millions of dollars? We talked about Storm Financial, Timberland, Westpoint and a number of others that had fallen over. All we will see is a shift from having private funds, private savings. When those people lose that where do they go? Naturally, they will turn to the government with the expectation
that they should be able to. And they will have to as they will have no income and no other way of supporting themselves, and the government will have to foot the bill. So, as a result of the Liberal Party getting its great little fundraising stash, weakening these financial laws, the taxpayer is forced to ultimately foot the bill as a result of these reforms. It is simply disgraceful, and it is why I keep going back to the point that people in the general populous, the general public, are rightly upset about this. The more they realise what this means and that this is not in their best interests, the angrier they will get, and they should be even more angry when they realise what the longer term ramifications of this will be, not just on the individual, but on the taxpayers as well, given what is being put forward and what we are expected to rubber stamp in this parliament. I mentioned the fact that the coalition tried to ram this through at a time when the general public would not be expected to engage fully in consultation.

Also, along the way, we lost an Assistant Treasurer, and the responsibilities for this job went to the finance minister. This is the finance minister who tells us that there is a budget emergency and then the Treasurer tells us there is not one. The Assistant Treasurer's spot is left vacant, and we do not have a person with their full attention on one of the most significant reforms that people will face in their later lives. At what point will they appoint an Assistant Treasurer to fill the spot that has been vacated by the departure of Senator Arthur Sinodinos and have that person usher through and be cognisant of all the complex facets of this debate? Instead they leave it to a finance minister who is juggling two roles. Actually he is juggling three roles—he is doing the work of the Treasurer, plus his own role, plus the Assistant Treasurer's role. He is the 'Super Treasurer'. Given that the Attorney-General has the terrible case of reverse Midas, where everything he touches turns to dust, no wonder they want him. (Time expired)

Mr LAURIE FERGUSON (Werriwa) (19:19): I rise to speak on the Corporations Amendment (Streamlining of Future Financial Advice) Bill 2014, which, essentially, undermines significant provisions of the Future of Financial Advice legislation. The member for Kingsford Smith in an earlier contribution contrasted, as he saw it, the difference between the two sides of this House, and I thought he was very telling about his personal experience on the relevant committee that structured the legislation that we are destroying this evening. He had very genuine tales of people whose houses had to be sold, whose sometimes limited savings were totally destroyed. He obviously, as did we all, stressed the impact of Storm Financial, Trio Capital, Opes Prime, et cetera, in precipitating that inquiry and that legislation.

I thought that, rather than the contrast between the two sides of the House, there was an equally telling contrast between the contribution of two members on the opposite side. The member for Riverina, who is in the House, spoke of the government getting on with the job. He talked about the mess of the previous government. He boasted of his own pronounced business acumen. He took time to praise Senator Cormann as one of the greatest financial thinkers of the early 21st century. He spent most of the time sailing the current legislation in a very negative contribution. He had the effrontery as well to condemn the previous government for lack of consultation. With heard more recently the way in which they rushed this legislation over the Christmas period so as to avoid consultation. Those that have followed this debate actually know that the previous legislation came after an extensive inquiry with significant investigation of what had occurred in those collapses.
There is a contrast because the member for Bradfield, who has a fair bit of knowledge in this sector, came in here and gave a very different slant. He claimed that the government was broadly supportive of the previous government's measures; they were his words. He went on to speak of 'some amendments'. He was, in a sense, minimising the difference between the two. There is a reason for this because he actually knows what is happening out there in voter land. He is not living distant from public commentary.

When we speak of these other collapses that were so crucial in persuading the previous government to try to protect consumers, there has been comment more recently. Christopher Joye in the Financial Review commented on a more recent problem:

The CBA crisis helpfully highlights the problems that can arise when people try to push products while simultaneously offering consumers supposedly independent advice that is in their "best interests".

He described the performance of the coalition as:

… amateurish efforts to unwind Labor's Future of Financial Advice (FoFA) laws.

More recently, of course, we have had yet another instance of the danger that confronts the Australian people and people who have worked all their lives to get some superannuation savings. Some of it might be very paltry compared to the expectations of members in this House, but for them it is really crucial. We have another instance of this which was cited by Adele Ferguson in the Sydney Morning Herald of 16 August where she and another author spoke of:

… revelations in Fairfax Media this month that hundreds, possibly thousands, of customers of Macquarie may have been wrongly classified as sophisticated or wholesale investors rather than retail investors to get around the extra regulatory requirements and paperwork that advisers must complete for retail clients.

We have two highly respected Australian operations being forced now to apologise to the people they have been giving advice to because of the poor manner in which it was given and the misleading way in which those people were handled. That is the kind of reality that is still out there.

The government, rather than trying to come in here and sloganise about 'regulation and red tape', should be aware of the reality of life. We went through a financial crisis precipitated in the United States because of this exact deregulation in housing mortgage finance and in the way that American banking and financial institutions had, over a period of time, been allowed to have more lenient controls. We went to a situation where Australian jobs had to be protected. Massive revenue had to be poured into saving Australian jobs because of an international crisis precipitated by lack of controls. And they have the effrontery today to say that it doesn't matter that the people in this country trust financial advisers. When we talk about them it is very interesting, isn't it? The recent debate has started to look at how skilled these people are. It has been shown that you can basically get a financial advice title with eight days of work and that you do not have to have any tertiary qualifications. There is a plethora of financial training operations out there that are very dubious. That is another aspect which has fortunately been exposed lately.

What we have here is a very, very real unwinding of this. Whilst I thought the member for Bradfield was in general more persuasive than many other people on the opposite side, I thought it was a bit rich when he tried to defend the undermining of the catchall provision of best interests by saying that this particular phrase, which they are deleting from this
legislation, is exceptional and subject to unbelievable legal interpretation problems. That was his argument why we do not, in other words, demand that financial advisers have the best interests of their clients. He pointed to the phrasing: ‘…take any other step that, at the time the advice is provided, would reasonably be regarded as being in the best interests of the client, given the client’s relevant circumstances’. He says that we can justify decreasing the protections of Australian consumers, decreasing the protections for people who have saved all their lives to have some kind of security—basically allow people to not act in their best interests—because this phrase would lead to difficulties in litigation and in regards to interpretation! You would not have to be too bright to understand what that phrase actually means.

As well as that we have had the scrapping of ‘opt in’, allowing advisers basically for the rest of their lives trade on a stream of money coming from advice given decades previously. What is so unreasonable about every two years requiring them to in any manner justify themselves to the people they are supposedly assisting and to actually give those people some knowledge of what they are doing for them? They talk about ‘getting the balance right’. Is it that unreasonable that people get some kind of protection in those circumstances?

They intend to amend it so that advisers only have to provide annual disclosure to clients who commence with them after 1 July 2013. If it is justified on 1 July 2013, why the hell isn’t it equally justified for people before that date? As a previous speaker said, the way in which this government is obviously bending to corporate interests is so strongly driven home by that particular provision. Finally, and importantly, they are lifting the ban on conflicted remuneration. The ban will only apply to personal advice not general advice—and we all know that that general advice provision has been changed in such a manner that even there the impact will be lessen.

It is not only in financial advice; in so many policy areas we see this government driven by the corporate interest. There was a debate on Monday in private members' business about charitable controls—every charity in this country supporting transparency, supporting people being able to know that their money is donated for a good purpose and is being used properly. But just because those private managers of charitable trusts are upset, just because there might be some kind of investigation of the way in which they—in a similar fashion to people getting payments for financial advice for decades—are ripping off his charitable trusts, they are going to scrap that particular legislation. We have also heard recently loud thoughts from them that maybe we should ease the controls over people on various company committees.

It has been said that this government will liberalise the way in which these companies can operate so that even if they commit the gross, indecent activities of James Hardy—in trying to avoid its asbestos responsibilities—they will not be affected.

In summary, this particular legislation has the wrong priorities. It seeks to undermine protections for Australians who really need that kind of protection under the guise of concern, with red tape, bureaucracy and regulation et cetera.

Debate interrupted.

ADJOURNMENT

The SPEAKER (19:30): I propose the question:

That the House do now adjourn.

CHAMBER
Ms BURKE (Chisholm) (19:30): I rise to speak about the growing crisis of youth unemployment in my home state of Victoria. Victoria now has the third-worst youth unemployment rate in the country, at 13.8 per cent—a 15-year high for Victoria—and it is getting worse.

The first seven months of this year saw a sharp rise in the number of young Victorians out of work. Many of these young people are located in regional and rural areas of Victoria. I know it is a big area of concern for my colleagues the members for Ballarat, Bendigo, McEwen and Corio, but in the inner-Melbourne areas, such as my seat of Chisholm, youth-unemployment rates are also rising.

Analysis by the Brotherhood of St Laurence and the Victorian Council of Social Service shows that youth unemployment is rapidly spreading to previously more reliable employment sectors, and that finding work is becoming increasingly difficult for university graduates. These are not young layabouts with few skills, as some people would like to characterise them. They are hardworking young people who have achieved high-level qualifications—qualifications they will pay for with large HELP debts—and they are not getting the opportunities to put these skills to use.

Sadly, we have seen a Liberal state government with no plan to address this crisis and a federal Liberal government whose only plan to deal with youth unemployment is to punish young people who are searching for work. With the Liberal jobs plan, anyone under the age of 30 who loses their job will be denied Newstart payments for six months. This is outrageous. It is a ridiculous approach that will not create a single new job or make it any easier for a young person to find a job. It is simply a situation of leaving people unable to support themselves and having to turn back to family and friends—and they would be lucky if they had family and friends to turn back to.

I have been contacted by countless students, graduates and young people worried about how they will survive if they either lose their jobs or cannot find one when they graduate. I have also been contacted by countless parents and grandparents very concerned about their young family members.

Last night I received a very concerning email from Stephen, who lives in the Menzies electorate, the electorate of the Minister for Social Services. It epitomises the real problem facing young graduates and their families. I quote directly from Stephen's email:

I have a son who has completed 5 years of tertiary studies (1 year at Victoria University and 4 years at Deakin University), who through no fault of his own finds himself in a profession which now predominantly offers graduates 6 month contracts. Over the past 18 months he has had 3-6 month contracts, however at the end of last term did not secure a new contract, due to the availability of a more experienced teacher …

Under the government's new budget proposal it appears that my son is not entitled to any financial support for a period of up to 6 months. This effectively places parents in the position of fully supporting their children up to the age of 30. I find this outrageous. Even more outrageous is the advice I received from the Doncaster electoral office of my local federal member, the Hon. Kevin Andrews, some weeks ago, who suggested that if my son did not receive a contract renewal this simply reflects an oversupply of teachers and consequently he would need to retrain for another profession …
To suggest that my son, who has a university degree as well as an accompanying $25,000+ HECS debt should now retrain for something else is outrageous!!

I agree with Stephen. This is outrageous—about as outrageous as the suggestion that there is an oversupply of teachers in the state of Victoria, particularly young graduates who want to get out there and work.

These are young graduates with skills. They want jobs. They are prepared to work. But they will be given no support from this callous government at either the state or federal level. Rather than punishing young people for finding themselves out of work, I am pleading with the government to listen to the very real concerns of families just like Stephen's.

Stephen also talks of his daughter's situation. She, again, has completed a certificate III in business, while taking a 12-month traineeship at Swinburne. His daughter, too, is finding herself on rolling contracts. This is a very real situation for many people in employment nowadays. It is precarious. Instead of punishing them, why do we not go back to basics, to a situation where we create ongoing employment instead of having people go through rolling contracts?

I urge the Minister for Social Services, who is opening the world family congress forum this weekend, to at the very least listen to the concerns of the families in his electorate.

Solomon Electorate: Sport

Mrs GRIGGS (Solomon) (19:35): I rise to acknowledge the talented young individuals in my electorate who represent Darwin and Palmerston in sporting competitions all over the Territory, Australia and the world.

In the recent round of the Solomon Local Sporting Champions grants, 19 passionate young sports men and women will receive $500 each to go towards travel costs when they travel away from home for their sporting competitions.

The feedback I get from their parents is that these grants, however small they may seem, are a great help in alleviating some of the pressures experienced by Territory families in meeting the ongoing costs associated with participating in sporting competitions that require our young Territorians to travel away from home.

My committee and I had extreme difficulty in choosing 19 recipients out of more than 60 athletes and officials who applied for these grants. I would like to thank my committee, who gave up their time to assist me in selecting the recipients. Thanks to Jarred Illett, Territory Thunder CEO; Lia Finocchiaro, Drysdale MLA; and senior police officer Sean Parnell.

We agreed that all applicants were deserving of our support, given the level of competition they had reached in their chosen sport. However, we could only choose 19 Solomon Local Sporting Champions in this round. Thirteen-year-old James Holland was selected for the Tenpin Bowling Australia junior championships, in New South Wales. Fourteen-year-old Tyler Spry was selected for the hockey Under-15 National Championships, to be held in WA. Thirteen-year-old Emma Perry was selected for the Australian calisthenics championships, to be held in Melbourne.

Fifteen-year-old Chelsea Hambour was selected in the netball under-17 Australian championship to be held in Victoria. Fourteen-year-old Ryan York-Morris competed in the BMX World Championships in the Netherlands. Sixteen-year-old Hamish Wiltshire was selected for the sailing Youth World Championships in Japan. Sixteen-year-old Eli Taulelei
was selected for the Rugby Union Australian schoolboys tournament in New South Wales. Twelve-year-old Mitchell Snodgrass was selected in the NTAFL school team to be playing in Sydney. Fouteen-year-old Jai O'Shaughnessy was selected in the under-16 boys basketball national championships to be held in Geelong. Sixteen-year-old Risa Watanabe was selected in the Australian Interschool Equestrian Championship to be held in Werribee. Fifteen-year-old Jayde Freeman also competed in the BMX World Championships that were held in the Netherlands.

Kieran Mu, 11, was selected in the under-12 school AFL championships in Sydney. Twelve-year-old Jordie Carroll was selected in the Australia football championships to be held in Bendigo. Seventeen-year-old Skye Manley was an official in the Australian junior roller-derby carnival in Adelaide. Thirteen-year-old Alexander Miller competed in the NT BMX championships in Alice Springs. Fifteen-year-old Matteo Rowse was selected in the Australian under-16 Junior basketball championships to be held in Geelong. Twelve-year-old Cameron Hyde competed in the NT BMX championships in Alice Springs. Thirteen-year-old squash player Ryan Blenkinship was selected in the Australian squash Junior Championships to be held in Perth. Twelve-year-old Ellis Kruger was selected in the tennis Rod Laver championships to be held in Brisbane.

Congratulations to all of these talented sports stars. I encourage unsuccessful applicants to reapply for the grants in the future. It is always inspiring to learn of the talented local sports people we have in the Territory. It is also a great opportunity to promote those sports that are not always in the spotlight. From calisthenics to roller derby, it is great to hear about our lesser-known but equally important sports. I look forward to hearing how the recipients go at their upcoming competitions. I know that they will do well. I am looking forward to them representing the Territory and making us proud. I look forward to meeting them all at our afternoon tea in the coming weeks, so that they can share stories of their experiences. I look forward to meeting Abbey Holmes, another fantastic Australian sports star, who is going to be hosting the afternoon tea for me.

Mental Health

Mr BYRNE (Holt) (19:40): Last Saturday, I was proud to host the launch of Australians for Mental Health and a forum on youth mental health at Village Cinemas at Westfield, Fountain Gate. This event was attended by nearly 200 people. This event would not have occurred without the support of Kirk Edwards, CEO of Village Cinemas Australia, and the wonderful staff of Village Cinemas at Fountain Gate. They provided a beautiful Vmax cinema upon request, for no charge, to benefit the community. And they provided extensive support before and during the day. I also wish to thank Leanne Petrides, Executive Officer at the Cranbourne Information Support Service, for her impressive work in emceeing this event and her appreciation of the sensitivities that occur when holding a youth mental health forum. She did a wonderful job.

This forum and launch occurred because of the strength, tenacity and desire of our young people in the City of Casey. So often young men and women in our region read about themselves in a negative light. Rarely do they hear about the great work that is being done by young men and women like Dani Rothwell, Alycia Kiehne, Jake Downward, Amanda Carron and others. These young people have, literally, started a national conversation and a movement. They have started a campaign which is empowering our youth in local and
national efforts to reduce the risk of youth depression and other mental health issues in our community.

Since our local summit on youth suicide in 2012, collectively we have been responsible for ensuring that there was a headspace built in Dandenong and a new headspace—which will be up and running by the end of the year—in the Fountain Gate precinct. Additionally, there will be an early psychosis prevention centre rolled out in both of those locations shortly. But we know that there is much, much more to be done, both locally and nationally, to ensure that mental health services are available to all Australians.

At our forum, we were proud to partner again with Professor Patrick McGorry from Orygen Youth Health, who launched Australians for Mental Health. Australians for Mental Health is a new mental health advocacy group and is a campaign similar to GetUp! This innovative advocacy campaign, if successful, will change the face of mental health funding in this country and will reduce the stigma that still clings to discussion about mental health in our community. Australians for Mental Health has several goals that include having the voices of Australians affected by mental ill-health heard and responded to; mental health care having equal access to care, and equal quality of care as physical health care by 2020, through transformational reform and investment; a reduction in the suicide toll to 75 per cent of its current rate by 2016, and 50 per cent of its current rate by 2020; an increase in annual funding for mental health to 10 per cent of the total health budget by 2016, and to 13 per cent by 2024; improved access to mental health care from a level of 40 per cent in 2008 to 60 per cent in 2016 and to 80 per cent by 2020.

Australians for Mental Health is headed by Professor Patrick McGorry, who, at the forum, noted that mental illness poses, by far, the greatest threat amongst all noncommunicable diseases to health, happiness and economic productivity. He said, 'We want to encourage the community to make its voice heard on the need for mental health across the whole lifespan.' We know that, after the game-changing Burdekin report, mental health treatment devolved from being treated primarily in institutions to being treated in the community. But we also know that mental health service providers have never been appropriately funded by any government to provide that service to the community.

We know that, in Australia, governments spend around seven per cent of their health budgets on mental health, when other comparable First World countries spend up to 14 per cent. We also know that we continue to underfund mental health research in this country even though we have some of the best mental health researchers in the world. I believe that the discussion started by our young people in the City of Casey, and the launch of Australians for Mental Health, will be a game changer. I believe that, due to the efforts of Professor McGorry over many years, and so many others in the mental health profession, mental health—its funding, its discussion, its treatment and its prevention services—will truly have its day.

I want to thank our principal partners for the event—they included headspace, Orygen Youth Health and the south-eastern Melbourne Medicare Local—for their support. And I want to thank the people from the City of Casey who attended the forum. But primarily I want to thank and acknowledge those young people and the people who sat in the audience—many who had been affected by the profound loss occasioned by suicide. They have decided to transform their grief into advocacy and illuminating the need for prevention and treatment services for young people in our community.
I admire the bravery of many of the people speaking in that audience and I admired their commitment. We have to make sure, as Professor McGorry said, that the discussion about adequate services and treatment for mental health and illness in this country has its day. *Time expired*

**Fanning, Mr Frank**

Mr EWEN JONES (Herbert) (19:45): The people of Townsville know full well my opinion of the Brothers football clubs. 'The Fish', as they are called, have 97 players on the sidelines as reserve for third grade. They think God is on their side. They win everything. They are well coached. They are good blokes and good sports. They have great social functions. Of course, I hate them!

I want to speak about Brothers rugby union tonight, and one person in particular: Frank Fanning. Frank is the youngest of eight children. His family consists of Paul, John, Mary, Joan, Michael, Terry, Brian and, of course, the youngest—Frank. Their mum is a beautiful lady by the name of Maureen. I never met his dad, Ian, as he passed some years ago. Frank was born with Down syndrome.

All Frank's brothers played for, coached and officiated at Brothers. Frank made his debut for Brothers Rugby Union Club as water boy some 23 seasons ago in 1992. He turned 40 this year. He now runs the water for as many grades as he can, sometimes as many as six games in a day, or until he goes to mass with his mum. During his career, it is estimated that he has taken the water on to something like 1,500 injured or tired players. On the odd occasion where he has filled in on the wing, at every break he has called for the water and critiqued the performance of the person bringing the water onto the field. He is an institution at Brothers rugby union. He will attend the final training session every season before the grand final and his pre-match speech is, apparently, absolutely something to behold.

He now carries the title of 'Senior Water Man' and is listed in that position on the club's website alongside the president, secretary and treasurer. He demands and gets a new set of water bottles every year. He also threatens to retire every year.

This year, at Brothers' Blue and White Ball, Fran was made a life member. I am a life member of my old football club. I know many life members of lots of organisations. Few, if any, have had Frank's constant and unwavering support of his club and its players. He is incessant calls of, 'Brothers! Brothers!' every time he feels his team is in trouble is synonymous with rugby at Hughes Street.

Frank now has a nephew, Ben, who also has Down syndrome. His version of the Michael Jackson song *Ben* has to be heard to be believed. But Ben will grow up knowing that he has an absolute tribe in his corner. Not just Frank or his aunts and uncles, not just his cousins and not just the Brothers rugby fraternity; Ben will be entering the entire sporting lexicon of Townsville, knowing that there is a place for absolutely anyone who wants to put in.

As a mate of mine, Col Kenna, said last week at the announcement of Frank's life membership, 'Frank's presence in the rugby community provides an excellent example for all the young people and any new players who arrive at our club. Frank's presence and involvement in Brothers Rugby Union Club Townsville allows players to witness and be involved in the important areas of acceptance and inclusion of all members of the community and in valuing the contribution of all people in that community.' As I said, Frank did not get a
life membership as a gift. He earned it with hard work and dedication to the club and he is a major part of that club's success, both on and off the field. Brothers rugby club do not just keep people around as a charity. They only let people in who contribute. Their acknowledgement of Frank's contribution is not a birthday present because he has Down syndrome. It is because he is the very essence of a club man: a Brothers man.

As much as I hate the 'Fish', I love everything about the club and its people. This is a great moment in sport. Congratulations to Frank Fanning, a Brothers boy through and through.

Lalor Electorate: Transport

Ms RYAN (Lalor—Opposition Whip) (19:49): In the election campaign I told the people in the electorate of Lalor that I would come to Canberra to represent them—that I would come to Canberra to fight for them. And that is what I will do tonight. Tonight I speak about an issue in my electorate that is progressively worsening. It is traffic congestion, road safety and the cost of travel.

Now, I could talk for days about the endless number of measures in the Abbott government's budget that scream bad news for Lalor families. But today I would like to focus on three in particular: the decision to cut funding to local government under the Financial Assistance Grants, the decision in this place yesterday to stop debate and block a motion to ensure Roads to Recovery funding, and the petrol tax,

Our local population growth is amongst the fastest across Australia and is projected to continue on that steep curve. Stop at any street corner in Lalor and ask a local about transport and you will hear a tale of woe, whether that be public or private. On roads you will hear about travel times to work on congested freeways and buses that do not meet trains due to congestion. You will hear about 45-minute journeys to travel 10 kilometres within the city on the school run or to get to work. You will hear about where country roads now take city traffic and hundreds of trucks a day.

This cruel budget of lies has dealt families a significant blow by cutting funding to Wyndham City Council under the Financial Assistance Grants program. The local council uses this funding to invest in local roads and other significant priority projects. It is deplorable to see the Abbott government move to reduce funding for local roads. In the case of Wyndham council more than $3.36 million has been cut for local roads and other priority projects over the next three years.

But then yesterday this government added insult to injury; they added salt to the wounds of the people of Lalor. They failed to make certain that $350 million in Roads to Recovery funding would be provided to local governments across the country as well. After what we thought was Minister Truss's inept handling of the legislative program—I know, hard to imagine unless you heard the Treasurer recently say that changes to pensions would be taken to an election when in fact the legislation had passed the House of Representatives and is now in the Senate. We thought Minister Truss had a similar brain fade; we thought he had forgotten to introduce legislation to ensure the Roads to Recovery Program funding beyond 30 June, but it seems not. No, yesterday, when Mr Albanese put up a private members bill to help them out and ensure the funding, those opposite gagged debate and voted it down. The Abbott government's significant, now double-barrelled, cuts to local councils will rip another $3 million away from our local governments and local roads. The result will be felt by local...
commuters who continue to battle road congestion across Lalor. These programs make local roads safer by improving conditions and easing congestion.

When Labor were in government, we knew the importance of investing in our transport system. We funded the Regional Rail Link with $3.225 billion from our Nation Building Program. We committed significant funding to a number of major infrastructure projects along the Western Highway and the Western Ring Road. Both the Wyndham City Council and Hobsons Bay City Council received unprecedented funding from the Roads to Recovery and financial assistance grants programs. The contrast between Labor and the coalition could not be more stark.

And this scenario gets even worse when you add in the petrol tax and the out-of-touch Treasurer. Not only will the congestion worsen and see commuters across Lalor battling traffic for longer, they will be paying more for the privilege. Joe Hockey’s recent comments that the ‘poorest people either do not have cars or actually do not drive’ is a slap in the face to the 50,000 Lalor residents travelling to work each day. Almost 60 per cent of Lalor families have two or more vehicles in the home and the average distance for 60 per cent of Lalor residents’ who drive to work is 25 kilometres a day—day in day out. That is a remarkable number of people travelling a remarkable distance—one of the highest in the country. High petrol costs impact heavily on the family budget in Lalor, especially for locals who travel further to work than most other Australians. Our Treasurer is simply out of touch.

Goods and Services Tax

Dr JENSEN (Tangney) (19:54): Constituents tell me that they cannot fathom the scandal that is the current GST carve-up. On the WA Liberal side, we have a united team. There is one simple truth: that money is the lifeblood of the nation. Fiscal infrastructures are the arteries and veins; however, Labor ignorance and intransigence has left a tourniquet on WA. The state is growing economically and demographically, with huge attendant infrastructure requirements. One thousand five hundred people per week move to WA, yet the GST moneys paid back to WA state coffers continues to fall from a high of 98c 11 years ago to just 37c now, and heading to 11c in the dollar. This is lunacy. The whole idea underpinning the GST was that the states would have a revenue growth tax. Yet what one has in WA is a state becoming more and more reliant on the highly volatile iron ore price and less so on GST receipts—exactly the opposite of the intended purpose of the GST. Normally when a product is so unrepresentative of what it says it is on the box, one would just return the product to the shop. One could claim a ‘not fit for purpose’ warranty. This is where the debate should go in relation to the GST and the carve-up.

I am heartened by the renewed vigour WA state Treasurer, Dr Mike Nahan, has taken to this war. Indeed, those voices calling for reform are growing. Most important though is the voice of the Prime Minister. This is why every Western Australian is eagerly awaiting the white paper on Federation. Judge a man not by what he says but by what he does, and the Prime Minister is demonstrating by actions such as the Perth Freight Link announcement that he gets WA. The white paper must consider issues such as the nature of regressive taxation and its negative impacts of growth, increasing/decreasing the rate, as well as the scope of taxation and broadening the base.

Liberals are never happy with an approach that seeks to slow down the fastest runner. Today it is apt that WA gets the attention of the nation once more, 100 years since troops
sailed from Albany to fight for a nation newly born. WA did much of the heavy lifting then, and it continues to do so today: a wealthy state with a gross state product per capita 50 per cent above the gross domestic product per capita; an industrious state with 73 per cent of all Australian exports to China coming from it. Cost-benefit and risk-benefit analyses should be the foundation of public policy decisions regarding questions of capital allocation. Foremost in the minds of the mandarins should be where one can get the highest return on human, physical, financial and social capital.

The system as it is rewards inefficiency, regulatory capture and rent-seeking behaviours. Bad decisions are rewarded under the current system. This is in no-one's long-term interest. Latest figures from the IPA, relating to the dependency ratio for Tasmania—that is, those employed by government—soars over 50 per cent. The principle of fiscal equalisation should not mean all should be equally poor or equally bad. We should strive for that higher ledge. I back the call from the National Commission of Audit that states receive an equal per capita share of the GST revenue, but with additional payments to ensure that no state or territory is worse off. Under the current budget projections, in 2015-16 WA will receive 36c with Tasmania receiving $1.71 and the NT receiving $5.70. More competition, not less: that is the clear message from the Commonwealth Grants Commission's Report on GST revenue sharing relativities 2014 update. WA has shown that it is possible to go from mendicant to mighty; it just takes a leader: a David Brand or a Charles Court.

House adjourned at 20:00

NOTICES

Presentation

Mr Pyne: to move:

That:

(1) the resolution of appointment of the Joint Select Committee on Northern Australia be amended by inserting:

(4A) following presentation of its report, the committee:

(a) monitor issues relevant to the development and implementation of the government's white paper;
(b) consider any related issues as may be referred to it by either House of the Parliament or a Minister;
(c) report from time to time; and
(d) continue this work until the House of Representatives is dissolved or expires by effluxion of time; and

(2) a message be sent to the Senate acquainting it of this resolution and seeking its concurrence in this resolution.

Mr Wilkie: to move:

That this House:

(1) acknowledges that industrial hemp—the non-drug, low-tetrahydrocannabinol version of cannabis—is an economically viable and environmentally responsible product that is also highly nutritious, yet is not able to be sold for human consumption in Australia;
(2) notes that Australia and New Zealand are the only two countries in the western world still preventing the sale of hemp products for human consumption (with the exception of hemp seed oil only in New Zealand); and

CHAMBER
(3) calls on the Government, through the Executive Council, to champion changes to the Food Standards Code administered by Food Standards Australia New Zealand (FSANZ) to allow the sale of hemp for human consumption in Australia, especially given that FSANZ has already recommended the approval of hemp for human consumption in October 2012.

Mr Ferguson: to move:

That this House:
(1) notes:
(a) that Peter Greste has had a distinguished career as a journalist with CNN, Reuters, WTN, BBC and Al Jazeera;
(b) the long pre-trial incarceration, refusal of bail, procedural errors, extraordinary allegations, and acknowledged extremely severe sentences; and
(c) widespread international condemnation of the process, characterised by US Secretary of State John Kerry's comment that it was 'a chilling and draconian sentence'; and
(2) calls on the Government to continue pressing Egyptian authorities for justice and raising these human rights issues in all viable international fora.

Mr Christensen: to move:

That this House:
(1) acknowledges the 20th anniversary of the Australian Government's recognition of Australian-born South Sea Islanders as a distinct ethnic group in Australia;
(2) expresses deep regret
(a) over the cruel treatment of the approximately 60,000 South Sea Islanders, mainly young men, who were blackbired (or essentially kidnapped) or lured onto ships and then transported to Australia for the purpose of indentured labour; and
(b) that a number of discriminatory acts followed, chief among these being the forced repatriation of Pacific Island labourers back to their place of origin in 1906, in many cases against the will of those being repatriated;
(3) acknowledges the considerable economic contribution of Australians of South Sea Islander descent to the establishment of the sugar industry in the state of Queensland, and other agricultural and industrial development in the north;
(4) celebrates the contributions of so many Australians of South Sea Islander descent to Australian life in every field of endeavour, from the football field to the political sphere; and
(5) calls for consideration of measures to ensure that Australians of South Sea Islander descent can achieve equity and assistance in this present day through:
(a) inclusion on the national census as a separate people group, by the simple addition of an extra question;
(b) access to diabetes treatment in the same way this is available to Aboriginal and Torres Strait Islanders; and
(c) access to assistance in all areas of disadvantage such as health, housing, education and training.

Ms Plibersek: to move:

That the House:
(1) notes that:
(a) 2014 is the Centenary year of Red Cross in Australia, a significant milestone in the social history of the nation and commemorating 100 years of humanitarian service to the people of Australia;
(b) most Australians have shared a personal connection with Red Cross, from its humanitarian role during two world wars, to preparing, responding to and recovering from natural disasters, or helping vulnerable people and communities overcome disadvantage, and through its world-class national blood service; and

(c) for 100 years the Australian Red Cross has enjoyed a unique auxiliary status to the public authorities in the humanitarian field, working in partnership with governments of all political persuasions, in Australia and internationally, to alleviate suffering in a voluntary aid capacity whilst adhering to its principles of independence, neutrality and impartiality;

(d) Australian Red Cross is part of the world's largest humanitarian movement, with tens of millions of volunteers working in 189 countries, united by the fundamental principle of preventing and alleviating human suffering, without discrimination, wherever it may be found in times of war, conflict, disaster or personal crisis;

(2) recognises that:

(a) today the Australian Red Cross has a network of over one million volunteers, members, staff, donors, aid workers and supporters; and

(b) through this network, the Australian Red Cross mobilises the power of humanity to work right across the country in local communities in every state and territory, and further afield, to help transform the lives of vulnerable people in need, whoever they are; and

(3) calls on all honourable members to:

(a) join the Australian Red Cross in celebrating the 100th anniversary of its founding on 13 August 1914, nine days after the outbreak of World War I;

(b) congratulate generations of Australians for their extraordinary contributions through the everyday work of Red Cross; and

(c) continue to support the independent, neutral and impartial humanitarian mission of Red Cross to work with and assist the most vulnerable people in need, both in Australia and internationally.

Mr Bowen: to move:

That this House:

(1) condemns the actions of the Islamic State in Iraq which amounts to attempted genocide of minorities including the Assyrian, Chaldean, Mandaen and Yezidi people;

(2) reaffirms the rights of the Christian and other minorities of Iraq to live in peace and freedom and calls for all steps to be taken to ensure that all members of the affected communities can live in freedom in Iraq;

(3) calls on the Australian Government and the international community to provide humanitarian, financial and other forms of appropriate assistance to support those Christian and other minorities who have been internally displaced within Iraq;

(4) notes the aspirations of the Assyrian people for the establishment of an autonomous region in the Ninevah plains and welcomes the in-principle agreement of the Iraqi Government to this request earlier this year; and

(5) calls on the Australian Government through its seat on the United Nations Security Council and the international community to take appropriate steps to protect the rights of minorities in Iraq, including the Assyrian Christian people.

Ms Rishworth: to move:

That this House:

(1) notes the importance of supporting young people transition from school into work or further training and preventing them from falling into the trap of unemployment;

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CHAMBER
(2) recognises the important work done in ensuring that students are supported to make the transition through:

(a) the Youth Connections program that has a proven track record in helping young people who have not, or are at risk of not completing year 12 transition back into school or further education, training and employment;

(b) the Partnership Brokers program which builds partnerships between schools and the wider community including business and charities that help young people achieve year 12 or equivalent qualifications; and

(c) National Career Development services that support vital links between industry, students and training options;

(3) is extremely concerned that there is no funding in the budget for these programs past 1 January 2015; and

(4) calls on the Government to immediately reverse its decision to no longer fund these programs past the 2014 calendar year.
Wednesday, 27 August 2014

The DEPUTY SPEAKER (Hon. BC Scott) took the chair at 09:30.

CONSTITUENCY STATEMENTS

Canberra Electorate: Employment

Ms BRODTMANN (Canberra) (09:30): As predicted, Canberra and the ACT region are bearing the brunt of the government’s harsh and sweeping Public Service job cuts. The Abbott government has overseen 272 redundancies at the Department of Foreign Affairs and Trade to date, three-quarters of which have been Canberra based. Half of the Department of Human Services’ 254 post-election retrenchments have been from Canberra. Meanwhile the tax department is feeling the full force of the Abbott government's axe. It has been reported that up to 8,000 jobs may go in total. There have already been 1,140 redundancies in the last financial year and that figure is expected to be closer to 3,000 by October.

And what of the Abbott government’s pre-election promise that every single Public Service job loss would be made through natural attrition—a promise that ACT Liberal Senator Seselja spouted on an almost daily basis in the lead-up to the election? Like most of this government’s pre-election promises, it is not worth the paper it was written on. We know that there have been at least 70 forced redundancies at the Australian Valuation Office and many more at tax, which has opted for a ‘spill and fill’ method of shedding jobs.

Mr Taylor interjecting—

The DEPUTY SPEAKER: Order! The member for Canberra has the call. She will be heard in silence.

Ms BRODTMANN: Member for Hume, you should be worried about this. These are your constituents too. Unsurprisingly, the Public Service attrition rate has dropped since the election: why would anyone voluntarily leave their job when there are no other jobs to go to? These job losses—including some in the member’s electorate—the indefinite hiring freeze in place and the threat of privatising Public Service functions are taking their toll on Canberra’s economy and the ACT region. Over the five-week sitting break, I visited small businesses in Fyshwick, Woden, Phillip and Manuka. I spoke to business owners, staff and customers and it was the same story in every location. Consumer confidence has been down since the election. It dipped even lower in the lead-up to the budget and it is still low.

Canberra learnt the hard way in 1996 that slashing Public Service jobs hits our economy hard. Remember 1996? While the government is still in the early days of its Public Service cuts—we are still waiting for the Commission of Audit—the impact on our economy has already begun. It is going to get much worse. But Canberra is not alone in shouldering the cost of these job cuts. Recent Senate estimates answers analysed by The Canberra Times show that the government's plan to slash 16,500 Public Service jobs by mid-2018 will cost the taxpayer close to $1 billion in redundancy payouts. The average payout is close to $64,000. The Abbott government's mass Public Service job cuts are not just bad for Canberra; they are bad for the region and they are bad for— (Time expired)
Iraq

Mr CRAIG KELLY (Hughes) (09:33): I inform the House that today at the front of Parliament House there will be a rally of Christians from Western Sydney and across New South Wales. The rally will be calling for a safe haven in the Nineveh plains region of northern Iraq. I have spoken on this subject several times in this parliament. Last year I seconded a motion in support of an autonomous province in northern Iraq, a safe haven for Iraq's indigenous Christian community. The reason for this was the persecution then faced by Iraqi Christians, including the Syrians, Chaldeans, Mandeans and Syriacs. This situation is not new. Last year I said that, if nothing is done, the Christian community in Iraq, after more than 2,000 years of significant presence, may disappear altogether. Those words are even more relevant today.

We are seeing a threat unlike anything we have seen for the last several hundred years. We have seen the depravity of the IS terrorists. We have seen what they do not only to Christians but also to people of Islamic faith. We are seeing before our very eyes a new genocide of the Christian communities.

If we are going to address this issue we must acknowledge the true evil of these people. They are nothing more than a criminal band of terrorists. As I said, they murder both Christians and Muslims. These are not the types of groups that you can sit down and negotiate with. We congratulate and encourage the humanitarian aid that has been offered, and Australia has proudly been part of that. We are thankful that we have been able to provide extra places for refugees from these communities. But ultimately, if we are going to tackle this threat, force will be needed as it has been so many times through the history of the world. The freedom that many people enjoy—and we here in Australia—sometimes has to be won and protected with the point of a gun. The same applies today in northern Iraq.

It is up to all peace-loving people throughout the world to join together to take on this group of terrorists. The world needs to help Iraq, but for those Christian communities in northern Iraq there is a glimmer of hope. Even though they have been forced to leave their homes and to leave their possessions, they still maintain their faith. That glimmer of hope is in a future Iraq where there is an autonomous province where they can live in peace and safety.

Higher Education

Mr GILES (Scullin) (09:36): Constituents in the electorate of Scullin are deeply concerned about the impact of savage budget cuts to higher education and even more so about the iniquitous proposals to reform higher education that this government has put forward. I am also keen to inform myself, as are my Labor colleagues, of the breadth of the impact of these changes to higher education and what they will mean for Australia's future.

Earlier this month, as part of Labor's Ed-U-Action campaign, I visited Federation University's SMB and Mt Helen campuses as well as the University of Melbourne's Parkville campus. I was joined by my colleagues the member for Ballarat, the member for Lalor, the member for Griffith and the member for Kingston.

At Federation University, staff we spoke to were concerned about the impact of radical cuts and the effective transition of Federation University from being a research institution to a teaching-only institution and the consequential preclusion from meaningful funding and career opportunities that this would entail. They were keen to emphasise the wonderful cross-
institutional collaborations they engaged in with other regional universities across the country and were quick to highlight the disadvantaged demographic the university engages and what this would mean for our society if this group were to be excluded or discouraged from studying and the attendant life opportunities this entails because of high fees and levels of debt or interest.

The students I spoke with were genuinely concerned about what these massive levels of debt would mean for them in terms of their ability to afford a home and start out in life. They were consistently of the view that many people would think that university was simply not worth the cost. When I consider the dramatically increased rate of participation under Labor, this is a tragedy.

At the University of Melbourne, staff expressed similar views. They were concerned about the commodification of education and what this meant for them as professional researchers and educators. They expressed alarm at the impact these changes would have on people from lower socioeconomic backgrounds as well as people entering university later in life. Students here, like those around the country, were viscerally opposed to increasing the amount of debt that they and future students would have to pay.

I was impressed at the level of engagement at these campuses. Contrary to what the Minister for Education has said, this is not about self-interest. Everyone I spoke with expressed concern about our society more generally and what this would mean for the 'fair go' as we know it.

I also visited the Murdoch institute in the heart of Melbourne's world-class Parkville precinct and was struck by the experience—the wonderful and important research that is being done. I asked myself, 'What is at stake for this?' I received an email from a constituent who works at a facility there. He said, 'In the future, I hope to pursue a PhD in immunology. These cuts in effect would stop me from being the best that I could be—not for myself but for Australia.' He speaks powerfully to the consequences of this government's radical agenda—consequences for him and consequences for our country. I say to him: Labor will continue to oppose this government's extreme measures, because we believe in a fair and inclusive society, because we believe a person's talent and hard work—not their bank balance—should determine if they study at university. A degree should not be debt sentence.

**Work for the Dole**

Mr VAN MANEN (Forde) (09:39): I rise to support the government's Work for the Dole arrangements for job seekers in the Logan employment area.

From July 1, 18- to 30-year-olds who live within the Logan area Work for the Dole trial site have the opportunity to learn new skills through on-the-job training. That is incredibly important because youth unemployment in the electorate of Forde is around 17 per cent, sitting some four percentage points higher than the national average.

When I am out in the electorate speaking with young job seekers they often say the biggest hurdle they face in obtaining a job is being asked whether or not they have the required experience for the position they are applying for. Employers recognise qualifications, but they want the experience that goes with that. More often than not these young people are missing out on positions because they lack that job experience. Most young people are willing to learn and want to contribute. They want to start being financially independent, and that is why
giving them this opportunity through the Work for the Dole scheme is so terrific. When young people take part in Work for the Dole they will be able to demonstrate to employers that they have experience in the workforce using their particular set of skills. It will be less likely that they will be turned down for not having any experience once they have spent some time contributing to the workforce.

In Ford, MAX Network Pty Ltd has been selected as the organisation to help grow the Work for the Dole activities in our local area. The government is committed to reinvigorating the Work for the Dole program which helps young job seekers to remain active and engaged while looking for work, while at the same time giving something back to the community that supports them. Participants will be able to demonstrate to employers just how keen and willing they are to work as a result of their enthusiasm on the job. A new Work for the Dole program will include a mix of individual and group based activities with community organisations such as not-for-profits and local councils. MAX network will serve as the first point of contact for organisations in Logan wishing to be involved in the Work for the Dole scheme, and will help match job seekers to available places.

I strongly believe that the best form of welfare is a job. The worst thing we can do as a government and as a nation is allow our young people to drift into welfare dependency. In addition to Work for the Dole, the government is supporting young job seekers through the new Job Commitment Bonus that provides a financial bonus to young job seekers who move off welfare and stay in a job, thereby investing some $5.1 billion into new employment services to assist more job seekers into work. I congratulate MAX Network and welcome their commitment to Work for the Dole and to helping more job seekers into work in our region. I look forward to reviewing the results of this program and hope to see many more young people employed within local businesses and organisations.

**Bruck Textile Technologies**

**Ms McGOWAN (Indi) (09:42):** On 11 July this year, 58 employees of Bruck Textile Technologies lost their jobs. Circumstances meant that they were left with no entitlements. Many of them had been with the company for decades. The sudden liquidation of this company, which had been an icon in Wangaratta for 70 years, came as a shock to the workforce and the local community.

Last Friday I attended a workshop for some of these workers. One of the first things they said to me was they did not want what had happened to them to happen to their colleagues or any other Australian workers. That says plenty about the mindset and the camaraderie of these people, who are now looking for work. They still care and they do not want others to go through the same pain that they have had to endure for the last two months.

They told me that the Wangaratta community has been very supportive. The workshop they were attending was put on by local businesses ATEL and Reddin Partners, and was free.

The government has also been very supportive. On behalf of the workers I would like to thank the Minister for Employment, Senator Eric Abetz, for making good on his commitment to expedite the Fair Entitlements Guarantee, to get the outstanding entitlements paid as soon as possible. Indeed, for these workers to have been paid what they were owed by Bruck Textile Technologies within six weeks the government deserves to be congratulated.
However, there are some constraints with FEG. Not all the sick leave, accrued and banked time was paid. The ex-workers feel it is not their fault that they were not paid their full dues and in normal circumstances would have been paid this money. They have a few key messages that they have asked me to pass on to this parliament: please don't let this happen again. They have asked me to protect the people still working and to ensure that there is a future for regional manufacturing in Australia. They have asked that their sick leave, their accrued time and their banked time be included in FEG, and they have asked for legislation to be drawn up so that workers are paid their full entitlement. They do not want to have to rely on charity. The workers ask that the government change this legislation to ensure that workers get the full protection they deserve.

The support these former workers need is there in our community, but unfortunately the jobs they need are not. The immediate future for them is one of completing courses, upskilling and retraining, and having the belief that things will turn around and that they will soon return to being the productive members of society that they want and deserve to be. Mr Deputy Speaker, I ask for your help to look at this legislation, to take action on behalf of the government to ensure that the full entitlements of these workers are met. Thank you.

**Hinkler Electorate: Defence Forces**

**Mr Pitt (Hinkler) (09:45):** During the parliamentary break I had the absolute pleasure of meeting with some of Hinkler's veterans at numerous events and announcements across the electorate. I joined members of the Bundaberg & District Ex Servicewomen's Association to inspect progress on an Australian service nurses memorial wall that is being constructed in the existing memorial park opposite the Bundaberg hospital. The federal government has provided two grants for the project through the Centenary of Anzac and Saluting Their Service programs. The association, led by Jenny Waldron and Leone Wilson, is to be congratulated for its tireless efforts in ensuring that the remarkable women who nursed our soldiers both on the battlefield and upon their return to Australia are never forgotten.

I visited the Bundaberg & District Vietnam Veterans Association, where I announced BEST grants for three Hinkler organisations to continue providing invaluable support to our veterans. At the Vietnam Veterans Day memorial service in Hervey Bay I stole a quiet moment and shared a joke on a park bench with Buddy Lea. Those who have met Uncle Buddy know he is never short of a joke, but he also has a softer side and is a real charmer with the ladies. He introduced me to Spike Jones, who was the first bloke Buddy saw when the armoured personnel carriers arrived at the battle of Long Tan. Buddy was badly wounded, lying on the ground. In Buddy's own words, Spike told him, 'Stop lying around; we've got work to do'. I am deeply saddened to report that Buddy has been diagnosed with lung cancer. I wish Buddy and his family well as they go through this very difficult time.

Just as our World War I and II veterans are declining in number, our Vietnam veterans are also ageing. That is why it is so important that we continue to honour them and never forget their sacrifices. My electorate has a larger than average veteran community. The Department of Veterans Affairs currently provides direct financial support to about 3,400 Hinkler residents. Additionally, 556 Hinkler residents receive Defence Force retirement and/or death benefit pensions. I was interested to learn recently that a number of young people in my electorate who are applying to join the Australian Defence Force has increased significantly. In the 2012-13 financial year, 575 Hinkler residents applied, compared with 744 in the 2013-
14 financial year. So far, 48 people have applied for the coalition's reinstated ADF Gap Year program.

In a bid to better understand the daily demands placed on our Defence personnel, I spent four days on the Australian Navy's frigate HMAS Newcastle as part of the federal parliamentary exchange program. For much of the time they conducted work-up exercises under the supervision of the Navy Sea Training Group. I had access to all operations—a flight on 'Faticat', the ship's helicopter support; boarding parties; damage control; and the general life of our Navy personnel. I would like to thank the crew of HMAS Newcastle: the Captain, the XO, and the Sea Training Group. What they all do in the service of their nation is nothing short of extraordinary. I would especially like to thank the ship's Warrant Officer, Vaughn Heath, who I bunked in with. I wish the crew of HMAS Newcastle a safe deployment and thank them and our veterans for their service to our country.

Sanderson, Governor Kerry

Ms MacTIERNAN (Perth) (09:48): I take this opportunity to congratulate Ms Kerry Sanderson and express my pleasure that all Western Australians will now have the opportunity to enjoy the grace, the charm, the intelligence and commitment to public service that is the hallmark of Kerry. I also take some pleasure in the fact that I predicted this appointment earlier this year, and I congratulate the Premier on this excellent appointment of WA's first woman Governor.

I had the advantage of working closely with Kerry for nearly eight years when I was Minister for Planning and Infrastructure and Kerry was the Chief Executive of Fremantle Ports—although, at the time we came to start our work together, we had some history of being on different sides of some very big and controversial industrial disputes. Kerry was the consummate public servant and worked so capably within the policies of the new government, while advancing the interests of the ports and the state economy.

Kerry was a product of government schools. She was one of the first group of students to attend the new high school in Churchlands in 1963. She went on to study science and economics at the University of Western Australia. The Western Australia Treasury saw the potential in this young dynamo, recruiting her as a graduate and watching her spend the next 17 years rising to the top, concluding her time there as head of the economic policy division.

From there, Kerry went to the Department of Transport and then, in 1991, she took on the challenging role of Chief Executive of Fremantle Ports, a position she held for the next 17 years. She attracted wide acclaim when Fremantle Port won the prestigious Australian Business Excellence Medal.

In recognition of her services to the development and management of the port and maritime infrastructure, Ms Sanderson was named an Officer of the Order of Australia in 2004. In 2005, she was an inaugural inductee into the Lloyds List Shipping and Transport hall of fame. She had also been a winner of the Telstra Business Woman of the Year in WA. Kerry did this while she dealt with a number of considerable personal challenges, including the loss of her beloved husband Lance and caring for her two beloved sons. (Time expired)

Ageing Population

Mr TAYLOR (Hume) (09:51): Among the statistics on our ageing population, one in particular stands out for me. About 4,000 people in Australia today are aged over 100 but by
2040 it is estimated that the number will be more than 40,000. During the winter break of parliament, I held a number of community forums across Hume in Cowra, Grenfell, Boorowa, Harden, Young and Cootamundra. The forums were to speak to and hear from senior residents about budget measures and other issues that affect them. We had terrific turnouts: 110 people in Cowra, 70 in Young, 60 in Cootamundra, 50 in Grenfell and so on. One of my opening remarks to these forums was that we should be celebrating the fact that we are living longer. It is a great thing.

Currently, 2.7 million Australians are aged over 65—that is, 13 per cent of the population. There will be four million by 2021 and 7.5 million by 2041 or 25 per cent of the population. So when government starts talking now about providing and planning for this change in our fortunes, it is the right time to be doing so. In this context, what I made very clear at the forums was the need for us as a society to make sure that we have a sustainable and affordable universal healthcare system, welfare payments such as the age pension and aged care programs. It would be politically opportunistic to say, 'Let's keep on spending,' like those opposite, but we are not going to do that.

At one of the forums I was asked, 'Why can't we just park Labor's debt and leave it sitting there for them, if and when they return?'—hopefully a long way off. We are not going to do that either because it would be irresponsible. Neither are we going to saddle our children or grandchildren with the one debt that can be passed down the generations and that is government debt. We can debate how to find the best ways to repay the debt but we are not going to compromise on the need to repay the debt.

The elderly residents I have been speaking to have been receptive and positive. They have told me that they understand and support the need to make welfare, aged care and health care more sustainable while providing for the most vulnerable in our community. The changes the government is proposing are fair and are gradual. When I am in my early 70s, so will be a quarter of the population. That is comforting—there will be a lot of us around. What is also comforting is knowing that, a generation ahead of time, the government is planning how we can afford to support that many people in retirement to best meet their health and welfare needs. We will be holding further seniors forums in Crookwell and in other centres in the coming weeks. I expect to report back on continuing support for the government's agenda. The seniors of our community have been around long enough to know who can be trusted to get this right. (Time expired)

Gellibrand Electorate

Mr WATTS (Gellibrand) (09:54): Last week I had the pleasure of hosting a variety of community members at my new office in Footscray in Melbourne's west. Opening a new electorate office is perhaps an appropriate moment to reflect on an MP's role as a representative of the local community. In that respect, it was an honour to have my office officially opened by five students from the Footscray Primary School—Nicole Tang, Lily Andrews-Quinn, Ilan Blenariu, Albert Van Gemeren and Charlie Redmond. These young ambassadors of the school marked the occasion with a speech on the importance of politics in a democratic society. In that speech they highlighted issues that were of particular concern to them, such as rising inequality in society and Australia's treatment of asylum seekers and Indigenous Australians. They stated:
We strongly believe in social justice and equality for all members of our community and believe that politicians have a big part in making sure we are looking after our community in the best ways possible.

We are concerned that we are seeing more inequality arise in areas like education, homelessness and our treatment of asylum seekers and Indigenous Australians.

Maybe Australia's treatment of asylum seekers and Aboriginals will be looked back on with shame, like the way we now look back on South Africa's apartheid regime and wonder how that could ever have happened.

I am proud that such smart young students who are so passionate about social justice were able to officially open my office. These students are willing to speak up about the issues that matter to them, express a view firmly and take their views to their elected representative with an expectation that they will be heard. I take very seriously their concerns about rising inequality in our society and Australia's treatment of Indigenous Australians and asylum seekers. These are issues that I continue to fight for, alongside my Labor colleagues, as their representative in this parliament.

Nicole, Lily, Ilan, Albert and Charlie finished their speech by saying:

The future of Australia is in our hands; a good democracy needs the people's voice, a freedom of speech that empowers everyone. We need to share the love or there might not be any left.

It is gratifying that Nicole, Lily, Ilan, Albert and Charlie feel that they can take their concerns to me with confidence that I will hear their voices as part of 'the people's voice'. I look forward to again hearing from them, and their friends, on the issues that matter to them most. I hope that they and the broader community in Melbourne's west will be frequent visitors to my office in the years to come.

I am also pleased that visitors to my office will be able to see the work of the Footscray Community Arts Centre's 'ArtLife' artists with disabilities program in my office. At present, I have on display the works of Ms Pamela Debrincat, who has worked with geometry, texture and colour in her works. Her works will be on display in my office for the next three months. I thank the Footscray Community Arts Centre for their collaboration with me on this important project and congratulate them on their longstanding work with artists with disability in my community.

**Defence Forces: Indigenous Members**

Ms MARINO (Forrest—Government Whip) (09:57): Aboriginal and Torres Strait Islander people have served Australia in war and peacekeeping service from the Boer War to the present time. Their readiness to enlist beside other Australians to fight abroad for their country and the British Empire is all the more noteworthy when viewed against their lack of citizenship rights and policies that discouraged their enlistment. Aboriginal and Torres Strait Islanders did not gain the privileges of full citizenship until 1967. The RSL, in the 1930s, made unsuccessful representations for all Aboriginals who had served in the armed forces to be given automatic citizenship and equal rights and continued to press for these rights until they were granted in 1967.

For many of the Aboriginal servicemen the greater opportunities and respect experienced in the defence forces made returning from service a particularly challenging process. They were at Gallipoli and more than 400 are known to have enlisted in the First World War. But the real number is higher than this figure as some claimed to be Pacific Islanders, Indians or Maori.
when they enlisted to ensure that their earnings were not controlled or reduced by the state. Restrictions were eased in October 1917. In the Second World War, restrictions were again applied that led to some being enlisted and others being turned away. The RAAF was the most open, allowing Aboriginal men like Sergeant Leonard Waters to be a pilot in No. 78 Squadron. A Torres Strait Light Infantry Battalion was formed.

A well-known Aboriginal soldier was Captain Reg Saunders. His father had fought in France in the First World War and his uncle Reg Rawings MM, after whom he was named, was killed in Flanders. Captain Saunders fought in the Second World War and also commanded an infantry rifle company in heavy fighting in the Battle of Kapyong in Korea. In 1971 he was appointed a member of the Order of the British Empire. His younger brother was killed in action in the Second World War. In 2009 up to 7,000 Aboriginal and Torres Strait Islander veterans and world war widows were part of the Australian community.

Trevor Kenny, of the Bunbury RSL, acknowledged quite a number of Indigenous soldiers who were with him in 4RAR Battalion. He refers to them as 'great blokes, soldiers, sportsmen and boxers'. He said: 'We trusted each other with our lives—people such as Corporal Upton; Private Chadburn Collard; George Bostack, known as the life of the party; and legend Massa Clarke, veteran from World War II until after Vietnam, because nobody knew his age. Also the Bunbury army reserves, Lieutenant-Corporal Des Ugle and Billy Turner, along with Trevor Kenny. Today we have Indigenous members serving our country in land, sea and air. The highest numbers in Australia are found in the Northern Regional Force Surveillance Units. The services are helping Indigenous people to join the services by running triservice Indigenous pre-recruit courses, as shown in recent Army newspapers. I want to acknowledge their service.

The DEPUTY SPEAKER (Mr Randall): Order! In accordance with standing order 193 the time for constituency statements has concluded.

MOTIONS

Ukraine Air Disaster

Debate resumed on the motion:

That this House:
(1) express its outrage and condemnation at the downing of Malaysia Airlines Flight MH17 over Eastern Ukraine on 18th July 2014 AEST;
(2) extend its deepest and heartfelt sympathy to the families, friends and loved ones of the 38 men, women and children aboard MH17 who called Australia home;
(3) offer its condolences to the family and friends of all those lost on Flight MH17, which also included citizens from the Netherlands, Malaysia, Indonesia, the United Kingdom, Germany, Belgium, the Philippines, the United States, Canada, New Zealand and South Africa;
(4) condemn the perpetrators of this terrible crime;
(5) note the Australian government has committed to work with the international community in accordance with United Nations Security Council resolution 2166 to ensure a full, thorough and independent international investigation into the crash, to identify the cause of the crash and those responsible; and
(6) support the Australian government's cooperation with other countries in bringing the perpetrators of this barbaric crime to justice.
Ms PLIBERSEK (Sydney—Deputy Leader of the Opposition) (10:01): Loss and grief bring people together, and that has been one of the consequences of the MH17 disaster. We have all seen images of this terrible event, on the far side of the world. We all feel we know the field in which MH17 crashed on 17 July.

So as members of the Australian community, most of us with no personal knowledge of those on board, we share the sense of grief that is felt so much more acutely by the friends and the families of those on board.

We all mourn the 38 Australian citizens and residents who died when MH17 was shot down and we honour their lives. But it is not just the Australians for whom we mourn; we mourn every life lost on MH17, the passengers and the crew.

The MH17 crash reminds us of our common humanity and of the unexpected dangers that can affect anyone at any time. It is a reminder that, even in this modern world, none of us is immune from danger.

It reminds us, too, that although Australia is a mercifully peaceful place, conflict in other parts of the globe can and does affect us. We have to be peace builders. That is why Labor fought so hard to claim a role on the Security Council and I congratulate the foreign minister for using the position we won to move the resolution that allowed access to the crash site.

As we mourn the loss of those who died, it is also important to remember what wonderful contributions they made to their communities and to our Australian community. They came from diverse backgrounds; they came from all corners of the country. But together they create a tapestry that shows the kind of nation we are.

They were retirees, children, brothers, sisters, mothers, fathers, husbands, wives, people young and old returning from adventure. Five were lost from one family and four from another family. There was a nun, doctors and business people.

There was a Glen Iris couple from Melbourne, who migrated to Australia four decades ago, and an English teacher and her husband, a novelist, from Toorak. There was a couple from the Victorian town of Mallacoota, who ran a hairdressing salon and an abalone fishing cooperative. There was a teacher from Maningrida in the Northern Territory and a preschool teacher from Sydney. There was an IT specialist, a real estate agent and his wife, both heavily involved in their local football club. There was a couple from Toowoomba, a pathologist and a GP; a former school principal from Albion Park, near Wollongong; and a public servant from Canberra. There was a couple working in finance in Melbourne, originally from Malaysia and the Netherlands.

Perhaps our greatest loss was of our children. It is so very easy, as a parent, to imagine the excitement of these children, excited about going on holidays and then excited to be coming home to share their experiences with their friends. It is heartbreaking.

We also mourn the victims from overseas who were travelling to Australia, particularly those researchers on their way to the 2014 AIDS conference in Melbourne, the largest ever health conference held in Australia. Among them was a giant of HIV research, Joep Lange, who was once the president of the International AIDS Society.

David Cooper, the Director of the Kirby Institute at UNSW, said that his colleague of 30 years was:
… committed to the development of affordable HIV treatments, particularly combination therapies, for use in resource-poor countries.

In his 30 years of HIV research, Lange held pivotal trials of antiretroviral therapy and had a pioneering role—

_A division having been called in the House of Representatives—_

_Sitting suspended from 10:05 to 10:22_

Ms PLIBERSEK: Before the interruption, I was speaking of the pioneering HIV researcher Joep Lange. I told the chamber that, in his 30 years of researching, Mr Lange led pivotal trials of antiretroviral therapy and had a pioneering role in exploring affordable and simple antiretroviral drug regimes for the prevention of mother-to-child transmission of HIV in poor countries.

This work really is an extraordinary gift to humanity. We know that, in countries where HIV transmission rates—or infection rates—are very high, millions of children were being born already infected with HIV, and their prognosis, of course, was never good. Being able to prevent mother-to-child transmission has been an aim of the international HIV-researching community, and Mr Lange's work in making such a contribution to that shows the very best of human endeavour. Five other delegates to the AIDS conference also died in the crash, including Lange's partner.

These people only ever wanted to do good in the world and to help others. They wanted to help people who were complete strangers, people that they would never meet, mostly living a long way from their own homes. That absolutely altruistic desire to do good in the world is such a sharp contrast to the stupidity and violence of those who fired a rocket at a passenger jet, which of course represents the worst in human nature. There could not be a starker study in contrasts. We thank those, all of those, who helped in responding to the MH17 disaster: those who worked on the ground in Ukraine; Air Chief Marshal Angus Houston; Australian, Dutch and Malaysian specialists; Australian Federal Police; Australian Defence Force personnel who were on backup; the Australian consular staff who helped the families and friends of the victims. We hold the victims, and their families and friends, in our hearts.

Ms MARINO (Forrest—Government Whip) (10:24): All of us in this House who were here on that Friday, the last Friday of sittings, will remember our own shock and horror at the news of the downing of MH17. But then, I think, the one thing that I saw in my colleagues' faces was an awareness that our shock and horror was only just the thought of it, the compounding of that shock and horror in the relatives of those who had lost family members—all of those lives that were lost in the downing of MH17.

This is a condolence motion, but there is no easy way for us to pass on our condolences to those who lost loved ones in the tragedy of the downing of Malaysia Airlines flight MH17. Whilst at times it is easy to say that we can understand, almost, the emotions and sorrows that result, really—unless you have been through it yourself, or a situation quite similar, and lost loved ones in a similar situation—the truth is we actually cannot understand it. We try our best to, but we cannot. Even though we may not personally know how the family members are feeling, we do know that, if we could ease their pain, we would. I hope that all of those who have lost in this way take some comfort from the number of people—not just in this
place but around Australia and around the world—who would actually ease their pain if they could—if they could. And we all feel that way.

Even though no members in my electorate themselves were lost on that fateful day, the grandparents of the three young Maslin children live in Dunsborough, in my electorate. And in this situation we had a grandfather, Nick Norris, with his three young grandchildren on MH17 coming back to Australia; the family had been in Europe for a holiday. And, of course, Leonie and Bob Maslin are the grandparents of Mo, Evie and Otis Maslin and they live in Dunsborough, as I said, in the south-west; and they are some of the world's beautiful people. That is the only way I can describe them. Leonie and Bob are just some of the world's beautiful people. Of course, this was just such a dreadful and tragic day for them and their whole family. What I do know in talking with them is that, for them, it is a day that has no end. The day has no end; they never wake up the next day and find things are different. It is the same day after day after day for this family.

What an incredible amount of courage the whole family has shown. I cannot put into words the respect I have for all of them, and Leonie and Bob themselves: their courage in this and their willingness to actually try to help those around them who are also suffering and wanting to offer support; their courage in dealing with people who really often do not know what to say to them. Leonie and Bob are just the best people. And it is taking a lot of courage for them and their son and the rest of the family to get through this, and particularly for Mo and Evie and Otis's parents, Anthony Maslin and Marite Norris. Marite lost her father as well: Nick Norris was on that flight and he was bringing the children home. I saw—it was only perhaps the next day or so—Anthony go to the football match to talk to Mo's mates: the boys he played footy with. The children cannot understand this. So Anthony went along, as did Rin, to talk to these young people. And as enduring an image as Australian Rules football is, so was the fact that here was this brave family talking to these young people to make it easier for them. That is what the family has done: tried to make it easier for everyone around them to try to deal with this.

The one thing I want to read into the *Hansard* is the actual words of Anthony and Marite Norris—the parents of Mo, who was 12; Evie, who was 10; and Otis, who was eight—in the message that they released. This is what they said:

A message to the soldiers in the Ukraine, the politicians, the media, our friends and family.

Our pain is intense and relentless. We live in a hell beyond hell.

Our babies are not here with us—we need to live with this act of horror, every day and every moment for the rest of our lives.

No one deserves what we are going through.

Not even the people who shot our whole family out of the sky.

No hate in the world is as strong as the love we have for our children, for Mo, for Evie, for Otis.

No hate in the world is as strong as the love we have for Grandad Nick.

No hate in the world is as strong as the love we have for each other.

This is a revelation that gives us some comfort.

We would ask everyone to remember this when you are making any decisions that affect us and the other victims of this horror.
So far, every moment since we arrived home, we've been surrounded by family and friends. We desperately pray that this continues, because this expression of love is what is keeping us alive. We want to continue to know about your lives, all the good and all the bad. We no longer have lives that we want to live by ourselves. So we'd like to take the chance to thank everyone, all our incredible friends, family and communities, and to tell you all that we love you very much.

We would also like to thank the people at DFAT; the local co-ordinator Claire and most sincerely, Diana and Adrian from The Hague, without whom we would not be here. We ask the media to respect the privacy of our family and friends — pain is not a story.

Yours truly

Anthony Maslin & Marite Norris

I think that, for all of us in this place, our thoughts and our hearts go out to all of the Maslin family, including Bob and Leonie, the grandparents. And I saw how well we worked together when I went to visit them. The community, of course, rallies, as we do very well. They had food, they had people visiting them, and even last week the arms of the community were around Leonie and Bob, as they are around the family in Perth. And so I know that they have had incredible support, but I would also—perhaps on their behalf—like to thank the Prime Minister; the foreign minister, Julie Bishop; the officials; our Public Service staff; the consular officials; DFAT; and the AFP people. The one thing that the family has had most of from all of our great people who work with us and for us in this place is incredible compassion and caring, and all the support they could possibly want. So we thank all of our people who have helped not just this family but every other family around Australia.

Mr CLARE (Blaxland) (10:33): On behalf of the people of my electorate, I would like to pass on our condolences to the families and the friends of the 298 people that were murdered in the skies above Ukraine in July this year, when Malaysia Airlines MH17 was shot out of the sky. One of those families lives in my electorate and they are the Oreshkins. On that plane was their son Victor. He was 29 years old. He was a devout Christian; he went to Regents Park Christian School, and he was a volunteer at Lidcombe's Slavic Evangelical Pentecostal Church. His job there was to set up the microphones and put the heaters on in winter. A few months ago, he went on a trip to Europe and it was a pilgrimage for him. He crisscrossed the continent to learn more about his faith. He went everywhere from Italy to Germany to Lithuania. I did not know Victor Oreshkin, but I wish I did. It would have been a privilege to know him. I am privileged to know his mum and dad, Serge and Vera, and his brothers and sisters. They are the most wonderful, beautiful people that you could ever meet. Like 297 other families, they are also the victims of this monstrous crime. They live in a nightmare that they cannot wake up from.

I have had a few chats with Victor's mum and dad in the past few weeks, and my wife and I have been privileged to be invited into their home. When we were there we saw a loving family, a house filled with family and friends, and 10 very loud and affectionate grandchildren. Serge tells me that they melt his heart. Victor's suitcase, apparently, was half full of gifts for these beautiful little children. Gifts can be replaced, but Victor cannot. Like the 297 other people on MH17 he is irreplaceable. He was Serge and Vera's gift. He has left a void in their hearts that they can never fill. He was, Serge tells me, his best friend. He tells me that they destroyed Victor's body, but they cannot take his soul; it never touched the ground.
This is just one story that is being repeated right across the country and right around the world. I hope it gives members a little bit of an insight into the sort of people that we have lost and the people that are left behind. I also think that it is important to tell the parliament that, in the midst of all of their terrible grief, Serge also told me that he was thinking about Rin Norris and Anthony Maslin—they live on the other side of the country in Perth; on MH17 were their three children, Mo, Evie and Otis. In the midst of all his pain, Serge was also thinking about those three little children and their grief-stricken mum and dad. He told me that he wanted to reach out and wrap his arms around them. Those are the sort of people that the Oreshkins are; the sort of person that Victor was. Victor was coming home on MH17 to start a bible studies course the following week. He is still not home. That is all, now, that Serge and Vera and the whole family want. They just want Victor home. I know that that is what the Prime Minister, the government, the Australian Federal Police and the Netherlands government are all working to do. On behalf of Serge and Vera Oreshkin and their whole family, and the people of my electorate, I thank them for the work they are doing.

Mr RUDDOCK (Berowra—Chief Government Whip) (10:37): I rise to join my colleagues in expressing condolences for those who have suffered as a result of the Malaysia Airlines flight MH17 having been shot down so tragically. I cannot do so representing constituents who have suffered loss of family. I have been very much impressed by those who have spoken before me who have been in touch with families who have been affected by such tragic loss. We collectively have lost 298 human beings; among them 38 people who call Australia home. I believe that what has occurred is an absolute travesty, and the reaction from those who are responsible absolutely appalling. They had been shot down far from their families and friends. As the Prime Minister has said, our job is now to bring them home.

I would like to commend the Prime Minister, the Governor-General Sir Peter Cosgrove, Air Chief Marshal Angus Houston and our foreign minister. I believe the feelings of all Australians were very well represented by them to the families, to the international community and to the world stage. I would like to thank the Dutch Prime Minister Mark Rutte, who has taken care of the bodies of Australians as though they were their own. Now we begin Operation Bring Them Home; to honour the dead by returning them to those who loved them. It is our objective to retrieve the bodies, to secure the site, to conduct an investigation and to obtain justice for those victims and their families. I agree with the Prime Minister that we should not rest until this is done. It is our duty to them.

Paragraph 8 of the UN resolution that was passed in the wake of this disaster states:

Insists on the dignified, respectful and professional treatment and recovery of the bodies of the victims, and calls upon all parties to ensure that this happens with immediate effect.

We should expect nothing less. We will bring them all home and we must bring them all home.

Mr SNOWDON (Lingiari) (10:39): The loss of the MH17 is such a random act of terror. But for the grace of God, it could have been anyone on that aeroplane. Now the families and friends of 298 people, 38 of them Australian or residents of Australia, are so shocked by the tragedy that we, with them, have cause to mourn and to grieve—mourn and grieve over lost opportunity, of lives so arbitrarily cut short. Lives of individuals who all have a story of love, achievement, ambition—the potential of contributions that will remain now forever unfilled.
Each one of these individuals was unique. One such person was Emma Bell. Emma was a resident of Maningrida, an Aboriginal community in central Arnhem Land on the coast of the Arafura Sea—a wonderfully beautiful place. Emma was a teacher and during her school break, before she boarded the doomed flight, had visited Switzerland, Czech Republic and Amsterdam, where she had a very close friend. She was just 30 years old. She was a dedicated teacher—well loved for her innovative and passionate approach to Aboriginal education in the remote Aboriginal community of Maningrida, which as I said is in central Arnhem Land; it is in fact 400 kilometres east of Darwin on the mouth of the Liverpool River.

Emma was born in Casino, educated at Lithgow for her HSC and Brisbane, and attended Griffith University. She had a graduate diploma in education in 2010, a graduate certificate in fine arts in 2012 and a masters in applied linguistics. She was a member of the Australian Education Union and began teaching at Maningrida College in Arnhem Land in 2013, and she taught class Ellemore 5. When she got home she was to have begun a new challenge, a significant and important challenge: a new job as a homeland centre teacher but sadly it was never to be.

Homeland teachers travel from the hub school, in this case Maningrida, along bush tracks to smaller communities or outstations, homeland communities, teaching students from three to 18 years of age. Emma had been adopted into the local family and it is not surprising that she was learning one of the local languages. She had been given the honour of a skin name that carried with it great responsibility. Her loss has meant a great deal to the people of Maningrida; not only her comrades in the school but the students and the community—all are grieving. A smoking ceremony was conducted in her honour. Smoking ceremonies are where special leaves are selected and burned in a ritual that is believed to heal and give strength to those grieving for a deceased person, and to call to the spirits of the dead to make them aware that those who have gathered have come as family and friends.

Emma had doubtless made significant inroads into this remote community, this very important community, and had an amazing relationship within that community, particularly with her students. Three of them: Wendy, Clare and Sarah G picked flowers for her memorial service held at Maningrida on 6 August of this year. Sarah said on her Facebook site:

We are sad for Emma's family. We hope our flowers make them a bit happy.

Wendy and Clare said:

Emma Bell is always lovely girl and very kind. Her hair colour is orange and she is the teacher for Ellemore 5.

The principal of the school, Stuart Dwyer said:

She was an exceptional teacher. She listened more than she talked. It's fairly raw here. People have been supporting one another exceptionally well.

She had really amazing attendance ratios, always a good sign in Aboriginal education of a teacher's perceived value to the community. One community member, Bernie Rose Warduguga Nethercote, said:

So shocking we lost a wonderful person who loved life, so full of fun.

The regional coordinator of AFLNT, Bernie Price, said Emma had a close affiliation working with him. He said, 'She loved working with these young kids and she was really good at it.' Emma is survived by her father, Paul, and mother, Barbara. Paul Bell said:
I don't really care about the war between the Ukrainians and Russians, but I would love to have my daughter back home. I have lost my daughter. She was only 30 years old. She was one of the most beautiful people you could ever know, but she died doing what she loved—travelling.

As I said, before boarding she had been visiting the Czech Republic, Switzerland and Amsterdam. Her previous holiday had been to Japan to see the cherry blossoms. Barbara and Paul intend to visit Maningrida to connect with those who loved her so dearly. My sincere condolences, and those of my community and the people of Lingiari, go to Barbara and Paul, family and friends, colleagues at Maningrida College, and community members of Maningrida and the nearby homelands.

I should say this as a parent: currently, I have two children travelling in Europe—one is in Amsterdam as we speak and the other was in Scotland, but I think she is travelling to Amsterdam. When our young people, our kids, go away, how could we know? How could anyone know that, with happenstance, they board a flight home, get on the aircraft expecting to arrive at a destination in Australia, and then, as I said earlier, this opportunistic random act of terror brings the plane down. I cannot understand at all how any person could want to take the life of another. I appreciate that some will say it was 'in the fog of war', but the truth of it is that when our young people go away they go away for a purpose—in this case, to visit their friends. I cannot find the words to express what Emma's parents, Barbara and Paul, must be feeling. Those of us who are parents, I am sure, share that view. It is just impossible to understand, I think, the grieving that is taking place.

I want to acknowledge that so many—298 people—lives have been so arbitrarily cut short. I want to acknowledge the work of the Australian government and all the officials and thank them for their work. I acknowledge their continuing interest in making sure that when, and if, we are able to recover further remains, they are brought home. We must give these people finality—a place to be buried, a place to rest, a place to be. Rest in peace, Emma.

Mr McCormack (Riverina—Parliamentary Secretary to the Minister for Finance) (10:49): I commend the member for Lingiari for his fine condolence speech, choked with emotion as he spoke those words. The member for Lingiari is normally a hard man, but that was the most compassionate speech I have ever heard him give. It just goes to show the emotion that all Australians have been gripped with following this recent tragedy. I know my colleague the member for Flynn is also going to speak in a few minutes, about how he has been personally touched in his electorate in Queensland by this tragedy. We heard the member for Blaxland speak earlier about somebody from his region, his district, who lost their life in that awful, unnecessary act of barbarism. We heard a beautiful speech given by the member for Forrest. Whenever these sort of tragedies arise, whether they are natural disasters, whether they are people suffering hardship, or disasters such as this, the member for Forrest always rises to the occasion with her beautiful words.

It crosses all sides of parliament, this awful tragedy, the downing of Malaysia Airlines Flight MH17 on 17 July 2014. It was an horrific and inexplicable act: 283 passengers and 15 crew on a routine flight between Amsterdam and Kuala Lumpur killed when their aircraft was downed over Ukraine. The world watched in horror. We in parliament—when the Prime Minister spoke on that Friday morning just before we went on the mid-winter recess—were all agape at the dreadful news, and then of course what followed: the pictures of the crash site, the names, the faces of those onboard and the wreckage left behind being broadcast on social
media, on television and on the front pages of our newspapers. And to think that 38 Australians—38 brave men, women, boys and girls—who should have been coming home, should have been continuing on their journeys, on their holidays, on their business, were then not coming home the way that their relatives would have wanted and expected. It is just unbelievable. As the names and faces were learned, as loved ones discovered the unimaginable loss, the hearts of all Australians went out—particularly to those 38, but indeed to all the 298 onboard. They are all family people—work colleagues and friends.

The Australian government led the international response at the United Nations Security Council in a resolution which condemned the aircraft's downing and the loss of lives. Certainly the words of our foreign minister rang true when she said:

We must have answers. We must have justice. We owe it to the victims and their families to determine what happened and who was responsible.

That is absolutely necessary, of course. The Australian nation has been moved by the heartache. Ours is a grief etched in what cannot be explained. There are no real answers, but at a national day of mourning on Thursday 7 August the nation gathered together in Melbourne to remember those whose lives were taken. As a nation we were moved by singer Katie Noonan's rendition of I Am Australian. It was an apt and fitting description of the Australian nation at that dreadful moment in time. As we saw those first images in the early hours of the morning, Australian time, on 18 July, we were all shocked and appalled. There are no words, as I said, or explanation for this dreadful event. We do, as a nation, commend those who have worked so hard in Operation Bring Them Home. We do commend the 500 personnel deployed, including the 250 dedicated military personnel and Air Chief Marshal Angus Houston, for their efforts. It is a dreadful thing to recover bodies, to identify bodies. Operation Bring Them Home is certainly going to provide some small semblance of closure, but it will never give the answers that the families seek.

It is gratifying that Russian President Vladimir Putin and Ukraine President Petro Poroshenko have had one-on-one talks, after which the Ukraine leader said that a road map for a possible ceasefire in Eastern Ukraine would be prepared as soon as possible. That is necessary. Operation Bring Them Home will bring our wonderful Australian people home. This is a dreadful tragedy. May they rest in peace, as well as all the other passengers and crew on that fateful flight.

**Mr MITCHELL (McEwen—Second Deputy Speaker) (10:54):** I rise to join colleagues on both sides of the House to express my deepest sympathies to the friends and families of those who lost their lives on MH17. It was very horrific, as previous speakers have said, that 298 people lost their lives on that fateful flight. But I want to speak about two particular passengers, Albert and Maree Rizk. Albert and Maree are from Sunbury in McEwen. They were loving parents to James and Vanessa. Albert was a director at Raine & Horne, a local real estate agent. Both he and Maree were heavily involved in the Sunbury Lions and Sunbury Kangaroos football clubs. They were active members of our community and had a very wide and very tight, close-knit circle of friends and family.

Hundreds of people attended the memorial service held for the couple recently, showing just how valued and loved Albert and Maree were in our community. Both of these wonderful people managed to create happiness and warmth wherever they went. Maree, affectionately known as Ree—or Ree- Ree to her family—was known especially for her infectious laugh.
Through the devastation and the loss of two special people, the silver lining was to see the community rally together and support each other, especially in support of James and Vanessa, who lost their parents in this tragic, devastating and horrible event.

Sunbury has always been a tight-knit community, supporting each other through happy and sad times. This is no exception. It is a horrible situation when two normal Australian people head off for a holiday and never return. According to Gisborne Raine & Horne director Ken Grech, he got a call from James at 7 am saying the plane was the one that his father was on and that he was hoping that they had transferred flights. Obviously, the family was quite devastated when they found out that something was not quite right. Our local councillor, Ann Potter, said she was sitting in a coffee shop when she heard that two of the people that she knew very closely had been killed in this horrific event and she was in total shock. Jamie Byron, another local Sunbury resident and friend, said that he purchased his first home from Albert at Raine & Horne. He said that he was a great human being who was not only a great family man but also a dedicated and hardworking member of the community, and that he will be very sadly missed.

Both of these wonderful people managed to create happiness and warmth wherever they went. We must remember that we have to make the most of each other, each and every day we have. We always should be telling our friends and family how much they mean to us and finding a silver lining in every situation, because we never know when the next day will be our last. Albert and Mare lived their lives with joy and energy right to the very end. I know that all of our community in Sunbury will remember them. We will remember them. We know that James and Vanessa have got a good solid bunch of friends and family around them to support them through what I can only imagine is a horrific time. We know that through this horrible act of deliberate terrorism many families around the globe are shattered. I hope that the perpetrators are brought to justice and that every power that justice has, every law possibly available, make these people come and be accountable for destroying a family, hurting a community and really impacting on people everywhere right across the globe. With that I will wish James and Vanessa the very best. I know it is a tough time for them; but I know that through their family connections and friends that they will be strong and that they will get through this.

Mrs McNAMARA (Dobell) (10:58): Today, I join with my parliamentary colleagues in expressing our heartfelt condolences to the victims of MH17, their families and their loved ones. Like all Australians, I awoke on 18 July 2014 to the news of an unimaginable tragedy: a commercial aircraft shot down over eastern Ukraine. The loss of an MH17 en route from Amsterdam to Kuala Lumpur claimed the lives of 283 passengers, including 80 children, and 15 crew. Of the 298 victims of MH17, 38 men, women and children called Australia home. We are still struggling to come to terms with this act of complete disregard for human life. As a mother and as a member of society, I struggle with such a tragedy. Every day millions of people across the world put their loved ones on a plane, wave goodbye, send their best wishes and say, 'Have a safe trip.' I imagine the families and friends of people travelling on MH17 saying those words at the aircraft gate, then finding out that the unimaginable had occurred.

We ask ourselves: 'How can a commercial aircraft be shot out of the sky? Why did we lose a couple, both teachers, who were on holiday celebrating their retirement? Why did the victims include young men and women who were travelling in Europe and making the most
of their youth? How can a young family returning to Australia tragically never return home? Why did so many innocent children, including Mo, Evie and Otis Maslin, have their lives tragically cut short? The families and loved ones of those lost are still searching for the answers to these questions, and so are we all.

As a nation, Australia grieves for all victims of MH17, and we share a particular loss for our fellow Australians who were returning home to the lucky country. We mourn for the scientists, medical researchers and doctors who were headed to Melbourne for the International AIDS Conference. The Central Coast Catholic community suffered the loss of Catholic nun Philomene Tiernan, former chancellor of the diocese of Broken Bay. I mourn for other types of losses. I mourn for the loss of the dreams of the people on board. I mourn for the loss of their hopes and aspirations to, one day, make the world a better place. I mourn for the loss of love and happiness that they brought to their families.

During a special national day of mourning on 7 August 2014 Australians came together to remember the victims and to celebrate their lives. On that day, as I paused in my office in Dobell, paused with the families and loved ones of those lost whilst watching the memorial on television, the enormity of this loss hit me. As a mother I simply cannot fathom the pain and the feeling of helplessness being experienced by the families and loved ones of those innocent victims.

As Australians we share our pain with Belgium, Canada, Germany, Indonesia, Malaysia, the Netherlands, New Zealand, the Philippines and the United Kingdom. As a member of this parliament I am immensely proud of the role that Australia has played in leading the international response in the wake of this tragedy. I am proud to be an elected member during Operation Bring Them Home when Prime Minister Tony Abbott sought the recovery and repatriation of victims of MH17 without hesitation.

While Prime Minister Abbott led our international effort from home, Foreign Minister Julie Bishop immediately left Australia for New York where she successfully initiated the UN Security Council resolution. Minister Bishop worked nonstop by spending the next two weeks travelling between Holland and Ukraine, tirelessly coordinating the international effort. For their dedication and tireless devotion to this cause I thank them. I thank Air Chief Marshal Angus Houston AC, AFC, retired, who led a special envoy on behalf of the Prime Minister. I also thank the 100 Australian officials from various agencies who were deployed to Ukraine and to the Netherlands with a sole determination to honour the victims by returning them to those they loved.

While we may never fully understand the loss of MH17 we stand united in the cause of justice for everyone involved in this terrible tragedy, innocently caught in the horror of a foreign war. We must never forget the passengers and crew of MH17 who were taken too soon.

I express my deepest condolences to all the families, friends and communities whose lives have been touched and changed forever by this heartless tragedy. So, hug your children a little tighter, tell someone you love them, give your loved ones a bit of warmth and compassion, perhaps through a hand squeeze, because, as this tragedy has shown, life is short.

To those on board MH17 who were tragically taken on 18 July 2014, may you rest in peace. God bless.
Ms CLAYDON (Newcastle) (11:04): I rise today to lend my support to the comments made by all my parliamentary colleagues, and to extend my deepest condolences to the families, friends and colleagues of all those who lost their lives on board flight MH17. News of this incomprehensible tragedy was unfolding on the morning of the last day this parliament sat before the winter break. Details were scant, but news updates confirmed that a passenger plane had been shot down, whilst flying at high altitude in Ukraine skies, leaving little hope for any survivors.

This was an unthinkable horror, and Australians everywhere were mourning the loss of MH17. There were 298 men, women, and children from 17 nations across the globe on board this flight whose lives were tragically cut short. Those 298 killed included: six delegates en route to Melbourne for the 2014 international aids conference; Professor Joep Lange, a pioneer of AIDS research and former International AIDS Society president, as well as his partner; fellow health professional Jacqueline van Tongeren; Glenn Thomas, a British communications officer for the World Health Organization; Martine de Schutter of AIDS Action Europe; Lucie van Mens of the Female Health Company; and Pim de Kuijer of the campaign group Stop Aids Now!

Those lost on flight MH17 included citizens from Malaysia, Indonesia, the United Kingdom, the Philippines, Germany, Belgium, the United States, South Africa, New Zealand, Canada, Australia and the Netherlands, which bore such a heavy burden with 193 of its citizens lost. Australia lost 38 of our own sons and daughters, brothers and sisters, parents and partners, friends, neighbours, teachers, mentors, and colleagues—people who were loved and who were part of our community.

For the friends and families left behind, this remains a time of great sorrow, of shock and disbelief, a time of continuous mourning. While Australians know of your grief, there is no way that we can truly understand what you are going through. The very public interest in your private mourning is tough enough, but the lack of knowing, the lack of finality and the long ongoing wait for identification and repatriation of your loved ones would be too much for many Australians to bear. I pay tribute to the extraordinary courage, strength, and resilience of the families and friends left mourning. I also want to acknowledge and thank the representatives of the Department Of Foreign Affairs and Trade, and the Australian Federal Police, who offered significant support to the families and loved ones in the days and weeks following the tragedy. I know that the affected family members in my electorate are especially thankful for the work you are doing and for your ongoing support at this difficult time.

Following the atrocity of the downing of MH17, stories emerged of the 298 on board, the contributions they made to our nation and, more broadly, to our planet. I wish to briefly recognise one Australian couple in particular who were on that ill fated flight: Michael and Carol Clancy. Michael, who grew up in Taree just north of my electorate of Newcastle, was one of five children to Joy and Brian Clancy. His direct connection to Newcastle is strong. Michael attended the Newcastle Teachers' College in the 1970s learning his trade, and a number of his siblings—Ruth, Anne and Richard—call Newcastle home today. Following graduation from the college, Michael settled in the Illawarra teaching for more than 35 years before his recent retirement alongside his wife and fellow teacher Carol. By all accounts, both
Michael and Carol were extraordinary teachers who had a profound impact on hundreds of students who had the benefit of being in their classes.

I did not know Michael and Carol myself, but Michael's sister Ruth is a constituent of mine and a longstanding friend of my sister. She is a remarkable woman full of love and compassion, even in the face of such tragedy and grief. I wish to read a statement given recently by Michael's family to pay tribute to their lives:

Michael and Carol were both devoted teachers. Dozens of tributes have been posted by past students, parents, and colleagues commenting on their personal commitment to individual students, particularly those with behaviour issues and learning difficulties. He and Carol were both humble and caring people who gave much the community over many years, touching many lives. The community has lost two genuine and inspirational human beings who contributed to others without fuss. We have lost two beautiful members of our family, who will be remembered for their open-hearted approach to life. We are focused on supporting each other through this difficult time. We hope that the repatriation is able to be completed as soon as possible so that Mick and Carol can be laid to rest with the dignity and respect they deserve and so the family can move through the grieving process. Our hearts go out to all of the other families also affected by this tragedy. The family would like to thank all the people who have provided support and offered their condolences.

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Personally, on behalf of all Novacastrians, I sincerely offer my heartfelt condolences to the Clancy family and all families affected by this tragedy. Let us remember those we have lost not for how they died but for how they lived—for their love, their laughter, their passion and the legacy they leave behind. May they rest in peace.

Ms HENDERSON (Corangamite) (11:10): I rise to join with other members to express my condolences on behalf of the people of Corangamite. On that fateful day, 18 July 2014, Malaysia Airlines flight MH17 was shot down over Ukraine and 298 people were murdered. It was a civilian commercial flight. This was a complete tragedy and a complete waste of human potential. The lives of the families and friends of those on board changed forever that day. The downing of MH17 forever changed our nation. This despicable action strikes at the heart of the freedom of movement which we so readily embrace in the globalised world in which we live. Thousands of commercial flights take off across the world every day. Flying has become a normal and frequent part of life for so many Australians whether it be for travel, work or holidays. There is a real sense that it could have been any one of us on that plane.

Today I honour the 298 innocent people who lost their lives on that day, including 38 people who call Australia home. In particular, I pay tribute to the 17 Victorians who died—Ithamar Avnon, Francesca Davison, Liam Davison, Marco Gripping, Gary Lee, Mona Lee, Emiel Mahler, Elaine Teoh, Gerry Menke, Mary Menke, Albert Rizk, Maree Rizk, Hans Van Den Hende, Piers Van Den Hende, Marnix Van Den Hende, Margaux Van Den Hende and Shaliza Dewa.

I commend our government for acting swiftly, with the Netherlands and Ukrainian governments and other international partners, to implement the highest level international
response. In particular, I wish to commend Prime Minister Tony Abbott and Foreign Minister Julie Bishop for their global leadership in instigating a criminal investigation and implementing the recovery of the bodies of those who died. That Foreign Minister Julie Bishop, along with her diplomatic team in New York, was able to secure within a matter of days a resolution of the United Nations Security Council to condemn this terrible crime and provide vital access to the crash site to begin the grisly task of sifting through the wreckage is an enormous credit to her and to this government. As the Prime Minister said at the memorial service at St Patrick's Cathedral in Melbourne on 7 August 2014, on that national day of mourning, 'We cannot bring them back but we will bring them home as far as we humanly can, and as a government, a parliament and a nation we are determined that justice be done.'

Mr STEPHEN JONES (Throsby) (11:14): At approximately 12.15 pm on 17 July Malaysia Airlines Flight 17 departed from Amsterdam airport, due to arrive at Kuala Lumpur at approximately 6 am the following morning. I know the flight well. I have travelled on it many times myself. Tragically, the flight never landed, as we know. Flight MH17 was shot out of the sky in an act of terrorism and crashed near Torez in eastern Ukraine's Donetsk Oblast region, killing all 283 passengers and 15 crew on board. There were 38 Australian citizens and residents on that flight that morning. There were five victims from New South Wales and two from Kanahooka, a suburb in my electorate of Throsby. They were Michael Clancy, 57, and Carol Clancy, 64, both schoolteachers from the Illawarra. Both of them had dedicated their lives to helping young students get the very best start they could in their lives. Carol was a schoolteacher from Lakelands primary school and Michael, who I knew—although not well, but I did know him—had just retired as Assistant Principal at Albion Park school. Together the couple were taking their dream holiday and they were on their way home from a three week trip through Germany, France, Norway and Holland to celebrate Michael's retirement.

They will both be remembered fondly. After the news of the crash made its way through the Illawarra community, stories started to flow. In the passing week there has been an outpouring of love and support from the community, because both Michael and Carol are remembered as talented educators, loving parents and loyal friends and neighbours. A tribute from young Sharon, a parent of a student from Albion Park school, really has struck a chord with me. She says: 'He was such a wonderful man and deputy principal. My daughter still laughs about him using a hammer to put kids' stickers on the sticker chart and how the hammer was bigger every time she went into his office.' Hundreds and hundreds of stories like this came forth in the days and weeks after the tragedy.

Given the impact of Michael and Carol's contribution to the Illawarra community throughout their lives, there were a number of public and private ceremonies held in the district to honour them. The largest was held at the Albion Park public school, and I attended. This was the school that Michael worked at immediately prior to his retirement. Green and white balloons were released into the sky by hundreds of students, parents and teachers who had gathered on the lawns to pay tribute. It was a musical affair. It began with a few bars of Queen's Bohemian Rhapsody, which was one of Michael's favourite songs—a song he liked to play for his students to help them settle at the beginning of the school day. A parent of a child in the school's special needs class—an area that both Carol and Michael advocated for in their work as teachers; it was one of his areas of specialty—sang the song To Sir With Love and
there was barely a dry eye in the school ground. I joined with the principal, Glenn Daniels, who has done a fantastic job. I pause to pay tribute to the work that Glenn has done. I cannot begin to imagine how you explain to a young group of kids not only what has gone on in an international sense but how somebody they knew and loved very well has been ripped from their presence. It is difficult enough to try to explain this to adults, but to have to do this to young school kids is a very difficult task. So I pay tribute to the work of Glenn Daniels and all the staff at that school. The former principal and teachers all joined there on that day, together with the Anglican ministers from Albion Park, to pay memory and help the kids through that difficult process. The Monday after the crash was a cold, wet night. Sharon Bird, the member for Cunningham, who is with me in the chamber today, and I joined more than a hundred mourners who braved the terrible conditions to pay their respects to Carol and Michael in the Civic Plaza in Wollongong.

I was surprised but very pleased that Carol's children—Jane and Andrew Malcolm, and Andrew's wife, Yuliya—joined us on that day; I could have thought of nothing harder for them to do. Jane travelled down from Sydney to be with us. Andrew had prepared a statement, which was read on his behalf. They were joined by dozens of people from the teaching community, where they were well-known and respected, by civic leaders and plenty of other people who did not know them but wanted to show their respect and support for the family and friends who are grieving. Young school students, whose lives had been touched forever by the couple, were among those holding flickering candles. It was a very moving ceremony indeed.

I had the honour of speaking. I made the observation—because a number of religious leaders from all denominations had got up and paid tribute—that, when tragedies like this occur, we often look to the heavens in search of meaning, but with something like this, meaning does not rest up there; it rests among us down here on this earth. It is our obligation not to add to the volume of hate in this world, but certainly to seek justice and to ensure that tragedies like this are not visited upon innocent civilians ever again.

In closing, can I take the opportunity to thank Air Chief Marshal Angus Houston and his team for their work, the Australian Defence Force personnel, the consular officials, the victim identification unit, the forensic experts and all the air safety investigators who are working alongside Dutch and Ukrainian forces in very dangerous and difficult circumstances to secure the crash site, to engage in identifying and recovering the remains of the victims and to help in bringing them back home.

I spoke to Carol's children, Jane and Andrew, yesterday afternoon and I asked them if there was anything that they would like me to say on their behalf; they said that they have said it all. They welcome the fact that the national parliament was going to be speaking on this motion. They did advise me that they are still waiting on the identification process as a necessary step before bringing their parents home and organising a funeral. I cannot imagine how difficult that is; on the one hand, relieved by the fact that there is so much community support and public interest in their private grief, but on the other hand, denied the essential closure of a funeral and enabling them to get their lives together and move on. My message to them is that, while your loss and grief is very private—and so it should be—you will be supported by members of this parliament and the community. To Michael and Carol, I can
think of no better way to pay tribute to your life than through some of the words of one of your ex-students who had this to say:

I had the greatest pleasure in the world as a child as I got to be able to go to school every day and spend the most enjoyable time with Mr Clancy. I live by everything he told me to work towards in life when I was a child and I wouldn’t be half the person that I am today without his guidance. Rest in paradise.

This is nothing short of a tragedy, but I am certain, Mr Deputy Speaker, that there would not be a man or woman in this parliament who would not enjoy that sort of tribute being spoken in their favour after they have passed from this earth.

The DEPUTY SPEAKER: I thank the member for Throsby for his condolence motion. The question is that this motion be agreed to. I call the Deputy Prime Minister.

Mr TRUSS (Wide Bay—Deputy Prime Minister and Minister for Infrastructure and Regional Development) (11:24): I would like to join the Prime Minister and the Leader of the Opposition and other members in extending my sincere condolences to the families and friends of the 298 passengers and crew who died on Malaysia Airlines flight MH17.

On 17 July, Malaysia Airlines flight MH17 was travelling from Amsterdam to Kuala Lumpur when it was shot down over eastern Ukraine killing all on board including 38 people who called Australia home. This was an appalling act of violence that has taken the lives of innocent civilians flying in what was clearly a non-military aircraft, flying high on a recognised international air route. There can be no excuse for the perpetrators of this criminal act. The loss of these 298 innocent people has affected so many families and communities around the world. Millions fly every day and they have a right to expect that they will safely reach their destination.

So, rightly, we offer our condolences to all who have suffered and our support to all who are grieving. I acknowledge the extraordinary work of Foreign Affairs and other staff who have assisted families through their grief. The very moving national memorial service in Melbourne was a truly extraordinary occasion and gave the nation a chance to share its grief for those lost Australians.

There are so many devastating stories of loss and heartbreak from this tragedy. We heard a number during this condolence motion today. I officially opened the International AIDS Conference in Melbourne, attended by some 10,000 experts from around the world, but the focus was shifted to the small number of empty chairs—the doctors and the researchers who were on their way to Melbourne and were on board MH17. There was the story of the three small children from Perth, travelling home with their grandfather for the start of the school term.

Sister Philomene Tiernan, a nun who taught at Kincoppal Rose Bay for 30 years, was returning home after attending a spiritual retreat in France. Sister Tiernan was originally from Murgon in my electorate. She, together with a group of family members and community leaders, led by Mayor Wayne Kretzmann from the South Burnett, had travelled to Dodewaard in the Netherlands to honour the memory of her uncle, Patrick Tiernan, on the 70th anniversary of his death during World War II, when his Halifax 715 was shot down over Holland. Particularly, this delegation went to Dodewaard to thank the local people for having tended his grave for 70 years as though he was one of their own. Sister Tiernan stayed on in Europe to attend a retreat after the rest of the group had returned to Australia and was making her way home on MH17 when the plane was shot down.
The Tiernan family are now trying to come to terms with the loss of Sister Philomene in such a shocking and tragic circumstance. The family had suffered tragedy a couple of decades ago when Sister Philomene's brother, Dermot, who was a councillor and community leader, was killed while trying to make peace in a violent disturbance outside the family's Australian Hotel in Murgon when he was still a relatively young man. I was pleased to meet one of Dermot and Jillian's sons at the memorial service in Melbourne for the MH17 victims. So there were many, many sad stories of lives that were cut off that should not have been cut off—all loved, all missed and mourned by their family and friends.

In particular today, I extend my thanks to the more than 500 Australian officials who have been working in the Ukraine and the Netherlands as part of Operation Bring Them Home to complete the grim task of returning the remains of the Australian victims of this tragedy to their families. I mention especially the military, the police, the accident investigators, the diplomatic staff, and those with the awful task of identifying the bodies and linking together the body parts to return them to their loved ones. Angus Houston and his team led the Australian response. I also want to acknowledge the Prime Minister, whose personal commitment put Australia at the front of the response to MH17 and helped to steel other nations into doing what needed to be done. Australia stood tall amidst our grief. This has been a complex undertaking, but we can be proud that these people, these Australians, have fulfilled their duties with distinction, professionalism and respect.

The Australian government will continue to work closely with the Dutch authorities to ensure that the process is undertaken as swiftly as possible. As the repatriation continues, Australian experts are also assisting Dutch and Malaysian authorities in the formal investigation of the crash and are working with the International Civil Aviation Organization task force on the risks to civil aviation arising from conflict zones. The Prime Minister has announced that a permanent memorial to the victims of MH17 will be constructed in the grounds of Parliament House, here in Canberra. This will provide a lasting memorial to the lives that were tragically cut short and ensure that they will be remembered by all Australians into the future. Gone but never forgotten.

Mr THISTLETHWAITE (Kingsford Smith) (11:29): On behalf of the people of Kingsford Smith I offer our sincerest condolences and thoughts to the families and friends of the victims of the unspeakable crime and tragedy that was the downing of Malaysia Airlines flight MH17.

I wish to pay particular tribute to the life of Sister Philomene Tiernan. Sister Philomene was a resident of Kingsford Smith and her light shone brightly, touching the lives of countless people in our community and beyond. Sister Philomene, as the Deputy Prime Minister has pointed out, was returning home from attending a spiritual retreat in Joigny, France, where she boarded the ill-fated flight MH17. Sister Philomene's passing was especially devastating for the students and staff of the Kinoppal-Rose Bay School of the Sacred Heart, where she worked as a teacher and a spiritual leader.

A tragedy of unfathomable proportions, the downing of MH17 and the loss of 38 Australian citizens and residents is intensified by the exceptional character—and the stories that we have heard here in the parliament today—of those who, unfortunately, lost their lives. Sister Philomene is proof of that.
She was born on June 17, 1937 in Kingaroy, Queensland, the second of four children to Jim Tiernan and his wife, Mary. Mary Philomene Tiernan grew up in the small town of Murgon, in Queensland's South Burnett farming region before joining the Society of the Sacred Heart soon after leaving school. She would go on to work and study in Brisbane, Sydney, Melbourne, Boston, Chicago, Rome, Paris, Grenoble and Manila before coming to the convent and school at Rose Bay in Sydney in 1957. Over the next three decades, she completed several bachelor's and master's degrees as well as diplomas in theology and clinical pastoral education. Sister Phil, as she was affectionately known in the community, worked in different roles for the Society of the Sacred Heart on four continents, and spoke English, French and Italian.

I was fortunate to attend the memorial service, where the pain of those mourning the loss of Sister Philomene was acknowledged but also, importantly, the contributions that Sister Philomene made in many different walks of life in our community were celebrated. The parish priest of Rose Bay, Monsignor Tony Doherty, described Sister Phil as ‘a woman of astonishing grace, great charm and above all, a gentleness. I think the first thing that you were struck with was her gentleness and her courtesy. Her character had a profound effect on people.’ That character was visible and noticeable in the effects on the children, the students of Kincoppal-Rose Bay, when I attended those memorial services. This is a person who spent her entire life helping others through pastoral care and of course bringing out the best in young Australians through education.

Her legacy will live on in the young women who have learnt from her humility and her spirituality. Philomene Tiernan is survived by her sister, Madeline, two sisters-in-law, one brother-in-law and 63 nieces, nephews, great-nieces and great-nephews. One of those is George Wright, the National Secretary of the Australian Labor Party, who spoke to me fondly of the memories of his wonderful aunt. Her brothers, Ray and Dermot, predeceased her. May she and those who lost their lives in this terrible tragedy rest in peace. Our condolences and thoughts are with their families and friends.

Mr O’DOWD (Flynn) (11:36): Along with other members here today, I pause to offer my condolences to the families of the victims of the Malaysia Airlines flight MH17. It is a tragedy that goes to the heart of all Australians. In this address, I speak for all the people of Flynn. There were 298 victims of this atrocity, including 38 Australian victims—innocent people caught up in an undeclared war they had nothing to do with. Why, why, why? These are the questions we all asked but they remain unanswered.

My heart goes out to one particular family. We heard the family mentioned here today by other members. Members of that family were Albert and Maree Rizk of Victoria. Like all victims of this tragedy, they had many family members and friends across Australia. But the link with my electorate is that Irene and George Burrows, who have lived in Biloela in my electorate for many, many years, are part of their extended family. Sadly, the Burrows family were still coming to terms with the death of their son and daughter-in-law in the previous disappearance of Malaysia Airlines flight MH370, and we all know that that flight just disappeared out of the sky. They have had no closure from that tragic—well, we cannot call it an accident because we do not know what happened—but they had had no closure when this latest tragedy hit their family. We cannot understand or describe the grief attached to losing a son and a daughter-in-law on MH370 and then losing very close family in MH17. When they
were hit with the news that their relatives had been killed in this tragedy, it was just total despair in their household and in their community of Biloela. This is one of the saddest stories that has come out of a very sad and shocking tragedy. We stand as Australians to help them as much as we can through their moment of need.

I would like to thank our Prime Minister, our Minister for Foreign Affairs, our Governor-General, Angus Houston and all of his men and women—about 500 in total—who went over to the Ukraine to help with the recovery of bodies and body parts.

The repatriation of bodies is so vital and so important for closure of this horrific incident, and our hearts ache with sadness for the people who are left behind. May the victims all rest in peace.

Dr LEIGH (Fraser) (11:40): My community in Canberra's north was just one of hundreds of communities worldwide to suffer a terrible loss on Friday, 17 July this year. When Malaysian Airlines flight MH17 went down it took with it someone who was from around here, someone who will leave a great gap where she lived, someone who resembled the rest of us in many ways.

Liliane Derden was a citizen of the world and a servant of the public. Like so many locals, she could tell you what year she moved here. Like so manyCanberrans, she could tell you where she worked when she met her closest friend. For many years, she lived not far from my family home—and, indeed, not so very far from where we meet today. Liliane Derden was a person entirely characteristic of this city and we all feel the effects of her loss. But she was also a person with a private 'life entire' whose death brings her closest friends and family inexpressible pain.

Today I acknowledge Liliane, and we acknowledge the people who miss her most: her partner, Craig; her daughters, Cassandra and Chelsea; and her family in Australia and in Belgium; the Canberrans she worked with at the NHMRC and at Calvary Hospital; and the communities of Ainslie and Hall, where her loss is so deeply felt. Chelsea wrote to me this week about her mum, 'She is very loved and missed by us all.' Canberra is a considerate community. We would never intrude but we will never forget, either, and we are here if you need us.

This event was tragic but it was not a tragedy; this was a crime. Let the guilty be brought to justice, let the innocent rest in peace, and let those who remain know they are not alone.

Mrs ANDREWS (McPherson) (11:42): I rise today on behalf of my constituents to express the heartfelt shock, grief and sorrow that we all felt and continue to feel about the shooting down of flight MH17. It is a very sad reflection of the terrible barbarism that exists in parts of our world—where life is held cheap and politics or ideology trumps reason. Our TV screens seem to be flooded with appalling images of violence these days. The shooting from the sky of flight MH17 is seared in our consciousness and is a reminder of the many threats to our security and our way of life.

But the evil that resulted in this tragedy is not something I want to dwell on in this motion. In fact, I would like to spend this time celebrating a very special woman, a constituent of mine, Helena Sidelik, who lived a life of joy, generosity and strength. She embodied all that is good and right with the world—the complete opposite of those who committed the atrocious act of shooting down the plane in which she was travelling.
Last Saturday I joined with well over 200 friends and family members at the Burleigh Heads Mowbray Park Surf Life Saving Club to remember Helena, to celebrate her life and to mourn with them the loss of a remarkable lady. Helena was obviously very, very loved. Friends travelled from Perth, Adelaide, Melbourne, Canberra, Sydney and New Zealand to attend the memorial on Saturday. I am reliably informed by her good friends Paul Wyeth and Ian Morice that in true Helena style, her 'after party', as she liked to refer to a wake, continued until 2 am on Sunday. It was a fitting tribute to a woman who loved life and who had a tremendous generosity of spirit.

I was given the honour of reading a personal message from the Prime Minister at Helena’s memorial. The Prime Minister outlined some of the challenges Helena had faced including the death of her long term partner and her decision to relocate to the Gold Coast three years ago. She had just completed a major renovation on her apartment in Burleigh a week before she left to go on her overseas holiday. As the Prime Minister described it, after having dealt with the loss of her partner, joy and happiness were again in her life.

What I learnt at her memorial, however, was the incredible joy and happiness that Helena brought to the lives of others. As her friend Sally Dunn described her, she was larger than life, a barrel of fun and she collected friends wherever she went. Despite having moved to the coast just three years ago, she was very big part of the Burleigh community and had made very dear friends. She was adored by her workmates at Vision Burleigh. She was loved and will be terribly missed by her brother Hans. Her generosity and kindness was such a big part of who Helena was. While she was away she actually let two different lots of friends in her very newly renovated apartment on the Esplanade so that they could enjoy the lovely home that, sadly, she only spent a week in.

I have heard stories of how when a friend's husband took ill she would go around and collect the couple's children and take them bowling just so the couple could spend some time together. She was affectionately known as 'Big H'. The 'Big' referred to her heart, her generosity and her love of life.

The loss of Helena, just like the loss of the other souls who perished on MH17 leaves a hole in the hearts of so many people. It is a difficult loss to overcome given the senseless nature of this act. It simply just should never have happened. As the Prime Minister pointed out in his message at Helena's memorial, we are a nation united in grief and in our determination to see that justice is done. I am proud to be member of this government that has taken a leadership role to ensure that the international investigation got under way swiftly. We are very determined to ensure that the perpetrators of this crime are brought to justice. When I asked two of Helena's very dear and oldest friends what message they might like to convey to the federal parliament, they said they would very strongly support any moves to ban Vladimir Putin from entering our country for the G20. It is entirely understandable that those who loved and who will always love Helena Sidelik should hold this view.

As the Prime Minister said recently, it is one thing to do the wrong thing; it is another thing to persist in wrongdoing. Russia armed and assisted separatists in eastern Ukraine and supplied these separatists with sophisticated weaponry including the sophisticated weaponry that we are very confident was responsible for this particular atrocity. In two or three months, the government will be in a better position to make a final decision on this invitation. Right now, the ball is clearly in Mr Putin's court. Australia and the world will be looking to him to
cease destabilising eastern Ukraine and fully and openly cooperate with the international criminal investigation now under way.

I extend the condolences of the people of my electorate to all of Helena's family and friends, to the family and friends of the other 37 people on flight MH17 who called Australia home, and to the loved ones of the other 260 people on board who lost their lives. May this loss make us ever vigilant to the evil that threatens our security and safety. It should be a reminder to everyone in a leadership position of the heavy responsibility we have to try to make our world a safer place.

Ms BIRD (Cunningham) (11:49): I want to add a few words to the condolence motion before the chamber today. My colleague the member for Throsby spoke earlier about the impacts of this terrible tragedy on our local community so I want to endorse his comments. More broadly, I join my colleagues from this parliament in supporting the statements of both the Prime Minister and the Leader of the Opposition in the parliament yesterday offering the condolences of the nation to the MH17 victims and confirming our resolution to seeking justice, not only for the 38 Australians killed in what was a barbaric act but for all of those who died from nations around the world including so many from the Netherlands.

The horror that this act struck in the hearts of people around the world was so powerful, I believe, because it was a civilian aircraft carrying people undertaking simple acts of everyday life. They were holidaying, visiting family or working—indeed, as we know, many were attending the international conference on AIDS here in Australia. As the Leader of the Opposition said, they were sons and daughters, brothers and sisters, partners and parents, friends, teammates, classmates, colleagues, wonderful people who loved and were loved, people who laughed and learned and made a life under the Southern Cross. They could easily have been any one of us. They could have been our families, our friends and they were, as many colleagues have indicated, they were members of our local communities.

I join my colleague the member for Throsby in recording in our parliament the sentiments that we were able to share at the condolence events in our own area over the loss of two wonderful locals in this terrible event: retired teachers Carol and Michael Clancy. The local paper, the Illawarra Mercury, obviously reported on this terrible tragedy and how it had affected us so close to home and opened a condolence book on their site. I thought it was one of the great opportunities that social media provides—for people to find that space and be able to express their sense of loss and grief for the family, and for our community more broadly.

I think it was particularly moving for many of us because both Carol and Michael as teachers had given a lifetime's dedication to enriching the lives of others. I know many of my colleagues would hold their own teachers from their younger years in great esteem, and it is a very noble profession. That was absolutely reflected in the case of both Carol and Michael by the many, many former students who went on to the website to record their expressions of appreciation, of how they had touched their lives as students—and the member for Throsby read some of those comments into the record today. There was also a recollection of how Michael would play Queen's Bohemian Rhapsody at the beginning of lessons to settle students down and to get the day underway, and recollections of how he knew every student's name. He would wander around the school and greet not only them by name but their family as well if they were on the grounds.
There were some lovely comments from the family as well in the paper and some, I think, very moving reflections on how they were managing their own grief and how appreciative they were that the community more broadly had indicated its absolute determination to stand with them at a very difficult time.

In that vein, I would like to also commend the Lord Mayor, Gordon Bradbery, and the council, who very quickly organised the candlelight ceremony on 21 July. It brought together religious leaders of many denominations and representatives of all levels of government. As the member for Throsby indicated, the family members did not at that point feel able to speak themselves but had written down what they wanted said, and that was read by the mayor to the crowd on the night.

Also, my great personal commendation goes to the principal of the Albion Park Public School, Glenn Daniels, and to all the staff there. As the member for Throsby indicated, it is really difficult to work our way through understanding an event like this as adults, but it would be a really difficult task for primary school age children to understand that people they loved so well, Michael and Carol, had been lost. The school itself had an assembly and a follow-up ceremony for the community to come along to. That is really tough. I think we should record our great appreciation for the work of the principal and his staff in working through that.

Finally, like so many here, I would also like to add my words of appreciation to the Governor-General; to all of the specialist expertise; to the Australian people on the ground in a very, very difficult circumstance, whether they are part of forensic or air crash investigation or policing-type authorities—all of those people doing work for us in that circumstance. The fact they go into very difficult circumstances is a great strength of our professional people, whatever area they come from. Let us hope that their skills are not needed in the longer term, because we have seen that in Bali, as a previous example. I too would just like to place on record my appreciation for the work that they have done and to join both the Prime Minister and the Leader of the Opposition in all of their sentiments that were expressed in the House yesterday.

Mr Hutchinson (Lyons) (11:55): That was indeed a moving contribution by the member for Cunningham. I rise to speak on this motion on behalf of the people of my electorate of Lyons. We all watched in disbelief when flight MH17 was shot from the skies over the Ukraine in July. Many of us could find no words to explain why.

As we well know, MH17 had 283 passengers and 15 crew on board, who all died in the crash. Tragically for Malaysian Airlines, this followed the disappearance of flight MH370 on 8 March, en route from Beijing to Kuala Lumpur. The lives of 38 Australian citizens and residents were lost in the downing of MH17 over Ukraine. I know the names of those people who died, but I knew no-one. I knew no-one on that flight. I have no connections to those people on that flight. But, as Australians and as citizens of the planet that we are on, it was truly terrifying to see what humans are capable of doing to other humans. In some respects it is quite depressing that it took a tragedy like this to bring our nation so clearly together. I pay tribute on behalf of my electorate for the needless loss of life and indeed the anger, and acknowledge the anger that was felt by many Australians. I want to personally thank my Prime Minister on behalf of many people in my electorate who also felt that anger but who
I wonder what those who fired the missile that brought down this plane feel. I wonder if they sleep at night. I wonder if they can imagine and feel the anguish of the families who lost loved ones. I wonder whether the leaders in Russia ever lose sleep or whether they pause to contemplate the tragic consequences of their actions.

I was unable to attend the memorial service held in Melbourne on behalf of those who lost their lives. I trust and I pray that this provides some comfort to the families of those who did lose mothers, fathers, sons and daughters and grandchildren. They must know that we as Australians are grieving with them. We cannot imagine the pain, we cannot imagine the suffering, we cannot imagine your sense of loss, but rest assured that we are grieving with you. As to the question why, indeed Australia is used to natural disasters. We see them every year, be they floods or bushfires. Natural disasters can be explained. We do recover. Nature has a way of recovering. But I think it is the emptiness that is left after such a tragedy that asks us the question, why?

I think it is very appropriate, and I commend again the initiative, to have a memorial placed in Australia's Parliament House to remember those people whose lives were tragically cut short. We move on, but many of those families will never be able to recover. But we must—as individuals, as communities, as a nation—look to the future in a positive way. Again, on behalf of the people of my electorate and personally, I want to thank the Prime Minister. I want to thank the foreign minister. I want to thank the departmental staff. I want to thank the experts who have helped in the identification of bodies. I want to thank the public servants who clearly have gone above and beyond. I want to thank Air Chief Marshal Houston. I want to thank the Governor-General, Sir Peter Cosgrove. I want in time to come to thank the counsellors who will support the families as they struggle to understand the tragedy. I want to thank the family members who will come together and remember those they lost. I want to thank the friends of those families who will support them when that is needed. And I trust that those responsible will one day be brought to justice swiftly. Thank you.

Ms OWENS (Parramatta) (12:01): I did ponder whether I would speak today on this motion on MH17, trying to balance the community expectation that members of parliament acknowledge the appalling event and those who lost their lives with a personal reluctance to intrude on what is a very private grief of a family in my community over the loss of a son. Jack does not belong to us. We in this place know more about the manner of his death than the wonder of his life. We are shocked, outraged, afraid and reminded of our own vulnerability by the circumstances of his death, and we seem to have a need as a nation to mourn together when these events occur. But there are people—friends and family of Jack's—for whom the manner of Jack's death does not define their grief, whose very lives were interwoven with Jack's, who not only know the quality of his life but were part of it before he drew his first breath and as he grew into a boy and a man.

I will not speak much of Jack today, because I believe that should be left to those who lived his life with him. But he was loved—genuinely, passionately and unconditionally—and he knew it. And from the strength of that love and support he went forth to explore himself as a man and to explore the wilder parts of the world before returning home on MH17 to the bonds of his family. To Jon and Meryn: some day, if you feel you can share it, I would like to read
the story of Jack, not because of the way he died but because the small excerpts you shared with us at the private memorial to his life reminded me of all those small moments we experience every day that make up a life and just how wondrous Jack's life was. Vale Jack O'Brien, 25 years.

Mrs GRIGGS (Solomon) (12:04): I rise on behalf of all Territorians to offer our condolences to the family and friends of the victims of MH17. The shooting down of Malaysia Airlines Flight MH17 was an act of unspeakable brutality and an atrocity that sheds new light on the West's relationships with Russia and the motives of its President, Vladimir Putin.

I hope and pray that the loved ones of the victims of this terrible tragedy get answers to the questions they have about this disaster, and that the perpetrators are brought to justice as quickly as humanly possible. But I know that time will never fully heal the grief and despair they have at the enormous loss they have endured and the senseless and shocking way it occurred. My thoughts are with all those people affected by the tragedy, and also with the recovery teams that have been to the crash site as part of Operation Bring Them Home.

Of the 298 passengers on board MH17, 38 called Australia home. Three were from the Northern Territory. One of those, Emma Hall, was a much loved school teacher in the coastal Top End community of Maningrida. She will forever be remembered for her commitment to education, and for the generosity of spirit and enormous kindness that led her so far from home to teach in a remote Indigenous community.

The other two, Theresa and Wayne Baker, were long-time Territory public servants who loved the Territory and had so many friends and family around the Top End. Wayne and Theresa's sons, Geoff and Steven, are well-known in the Territory, and our thoughts are with them. Wayne and Theresa's ties with the Territory are very deep. In fact, Wayne was the best man of a good friend of mine, local businessman Tony Skelling. This linkage only serves to illustrate the reach that this tragedy has had around the globe.

Last month I attended a multifaith commemorative service at Darwin's St Mary's Star of the Sea cathedral for the victims of the tragedy. It was an extremely moving service against a beautiful backdrop that gave Territorians, and those close to those killed, the chance to pay tribute to the people who lost their lives when the plane went down. It was a reminder, as Bishop Eugene Hurley said at the service, that peace and love must begin at home—that goodness must be nurtured with the family.

I would like to finish by quoting Bishop Hurley, who spoke passionately about the innate goodness of people and the consequences of straying from this path. He said: 'If we don't take seriously the command to love one another, then the consequence is we must accept that atrocity, hatred, war, death and sadness are in some way inevitable and expected and maybe even somewhat normal. When any of us refuses to forgive, or harbours prejudice, or accepts injustice of any sort then we add to the hatred and the madness that leads to the tragedy that we are witnessing. War and hatred are not inevitable. We are not hard-wired to hate each other … these are the things we choose to do.'

May the victims of MH17 rest in peace, and may their families and friends know that we are thinking of them and that we wish them well during this terrible, sad time.
Ms BRODTMANN (Canberra) (12:08): It is with a heavy heart—a heavy heart I share with my colleagues, who have made some incredibly compelling and deeply thoughtful speeches this morning—that I rise to pay my condolences to the 298 victims who lost their lives on flight MH17, including 38 Australians and one Canberran.

The shooting down of MH17, as has been acknowledged over the last month or more and by my colleagues today, was a horrific act. It was a violent act. It was an unimaginable crime. It was also a timely reminder that although we here in Australia live on a peaceful island nation, we are not isolated from the horrors of war that occur in this world. In an instant, war and conflict can reach out and touch every one of us.

This horrific crime shocked our nation, but it also united us. Before I talk about how it has united Australians, and particularly the Canberra community, I want to acknowledge the Canberra victim, Liliane Derden. She was a 50-year-old mother of two daughters, Cassandra and Chelsea. She was the youngest of four brothers and four sisters who grew up in Belgium and moved to Australia in 1989. When the flight was shot down over the Ukraine Liliane was on her way back to Canberra via Perth after visiting her siblings in Belgium and travelling with her daughter Chelsea. Liliane was a Public Servant. She worked for the National Health and Medical Research Council, which issued a statement calling her a valued colleague and friend. There were many heartfelt memorials to Liliane when the news came that she was on that MH17 flight. She was a dedicated Public Servant and a valued team member and she made a significant contribution to Australia's health and medical research.

I also want to acknowledge the six victims who were on their way to Melbourne for the International AIDS Conference. We saw the response of those who were awaiting their arrival in Melbourne for that major international conference. It absolutely shocked the Melbourne community and particularly the AIDS and HIV community and all those who were attending. They were six world-leading activists, researchers and international communications experts. These were people who had made a significant contribution over many, many years. They had dedicated many years of their lives to improving the situation for HIV and AIDS sufferers, raising awareness about what these sufferers were going through and the whole notion of HIV and AIDS and, most importantly, trying to come up with a cure for this disease. Those six victims who were on that flight made a significant contribution with respect to this dreadful disease.

As I mentioned, Australia, the world and Canberra were united in their grief over this tragic crime. It was unexpected and the circumstances were surreal—almost unspeakable and incomprehensible. The world united in its grief, and what particularly moved me was the fact that the Canberra community reached out its hand particularly to the Dutch community here. I saw the Dutch ambassador at a number of occasions during the period when these memorial services were being held. She was deeply moved, as was her government and the Dutch community, by the level of support she was receiving not only from the Canberra community but from the Australian community as a whole. On the Sunday afternoon after this horrific event occurred, I went for a walk past the Dutch embassy. On the stark granite walls at the front of the embassy was a mountain of flowers, little teddy bears and tributes and cards from people who were overwhelmed in their grief and their sympathy for the Dutch victims and also the Australian victims. It was a lovely gesture. There were lots of little teddy bears and angels, lots of teddy bears with hearts and lots of toys that had been dear to Canberra families.
and Canberra children. They had reached out in their compassion by giving them something quite heartfelt and close to them and shared in their grief. It was deeply moving to see those tributes out the front of the Dutch embassy—and I am sure they were not just from Canberrans but also from people right throughout Australia and possibly the world who wanted to share their grief with the Dutch community, who bore the heaviest loss.

Canberrans also commemorated those who passed, those who suffered, those who lost their lives in this dreadful tragedy by sharing their concerns with the families through a range of memorial services. One of them, again deeply touching, was at the Ukrainian Orthodox Church in Lyneham. It was a beautiful service attended by the diplomatic community, as well as the Ukrainian community from across Canberra and the region. The church is very traditional, with icons all around the quite small space. What really struck everyone who attended that beautiful service was the haunting music. They had brought together a number of choirs from the Catholic community and the Orthodox community in Canberra. The choirs had not actually rehearsed together. They probably had five minutes beforehand to share what they were going to do. They sang the most deeply haunting and beautiful music in tribute to those who lost their lives on the flight and their loved ones. This deeply moving commemoration of the victims of this tragedy was beautifully subdued and haunting because in the centre of the church they had 298 candles marked out in the sign of the cross.

On the national day of mourning, I also attended a service in my electorate at the multi-faith church in Barton. That service was a subdued affair. It only went for a very short period of time. It allowed the Jewish community, the Anglican community, the Catholic community, the Hindu community—a range of communities from across Canberra—to come together to make tributes and to leave some sort of message showing their concern for the families, expressing their sadness at the loss of all the people from throughout the world—young lives, people whose bright futures were cut off unnaturally in a very short and very cruel manner, and small children. Eighty children died in this dreadful tragedy. It deeply touched the world.

Before I close, I would like to acknowledge the work and commitment of the Department of Foreign Affairs and Trade staff, the AFP and the defence personnel who travelled to the crash site, led by the wonderful former Chief of the Defence Force Air Chief Marshal Angus Houston. I would also like to acknowledge the work and the wonderfully bipartisan approach adopted by the Prime Minister and the foreign minister, by the Leader of the Opposition and the shadow foreign minister during this tragedy. This is what is required to unite the world. I commend all those politicians for showing such united leadership.

I also want to touch on the fact that, to a very, very small level, I understand some of the agony the families may have gone through while waiting for news. My dear friend Liz O'Neill died on the Garuda flight that ran off the runway a number of years ago in Yogyakarta. It was agony waiting to find out whether she was on that flight. I remember a day or two after, when we still had not heard whether she was on that flight, thinking possibly she had escaped the flight, that she had got away. Then there was the agony of waiting for DNA results and for the return of the body. With Liz, the DNA results were returned after a number of days and the body was returned after about a week. We had confirmation that she was on that flight probably within about 24 hours.

My heart just goes out to those families. Can you imagine what it is like waiting, wondering if your loved one is actually on that flight and then finding out that they were
actually on it? Then there is the agony that they have endured for weeks waiting for the DNA results, waiting for the confirmation that it was actually their loved one and then waiting—still waiting in many cases—for the bodies to be returned home. The agony is just beyond imagining and my heart does go out to all of them for the suffering that they have endured. This is a tragic situation; it is an incomprehensible situation. It is made all the more tragic by the tension in the region—the families are going through all this grief and uncertainty and fear, and they also have got that tension in the region and all those geopolitical strategic dynamics as backdrop.

Before I close I want to touch on the speech that Dutch Foreign Minister Timmermans made to the UN Security Council. I think it resonated with everyone who heard it. Just extracts were played in the media but it was an incredibly powerful speech. It was a raw speech but it was a real speech at a time when people were just trying to understand what was actually going on. I want to highlight two elements here because, having experienced, as I said, some uncertainty and having experienced the agony of waiting to find out what has happened to someone who has perished in a plane accident, I do, to some degree, understand the situation. To me this speech was so powerful in summarising the views and thoughts of the world. He said:

We are here to discuss a tragedy: the downing of a commercial airliner and the death of 298 innocent people. Men, women and a staggering number of children—80 children—lost their lives, on their way to their holiday destinations, their homes, loved ones, their jobs or international obligations … Since Thursday, I have been thinking: how horrible must have been the final moments of their lives, when they knew the plane was going down. Did they lock hands with their loved ones, did they hold their children close to their hearts, did they look each other in the eyes, one final time, in a wordless goodbye? We will never know.

Then he went on to say—and I think this really resonated with the world in the fact that, as I said, these families were facing such tragedy, dealing with such deep raw emotion and grief against this dreadful tension in the region:

The last couple of days we have received very disturbing reports of bodies being moved about and looted for their possessions. Just for one minute … imagine that you first get the news that your husband was killed, and then within two or three days, you see images of some thug removing the wedding band from their hands.

To my dying day I will not understand that it took so much time for the rescue workers to be allowed to do their difficult jobs and that human remains should be used in a—despicable—political game. I hope the world will not have to witness this again, any time in the future.

I think that everyone in this chamber and probably right throughout Australia—I know in Canberra—conurs with his views.

In closing, I offer my deepest sympathies to the families, the friends, colleagues and loved ones of the 298 victims whose lives were tragically cut short. I trust that the loved ones of the victims of flight MH 17 know that they are not alone in their grief. They have the full support and condolences of the Australian parliament, of the Australian people and of the Canberra community. May they rest in peace.
The DEPUTY SPEAKER (Mr Whiteley): I thank the member for that excellent speech. The question is that the motion be agreed to. I call now not only the member for Gippsland but the Parliamentary Secretary to the Minister for Defence.

Mr CHESTER (Gippsland—Parliamentary Secretary to the Minister for Defence) (12:23): I would associate myself with the comments by the member for Canberra and also the comments in the chamber yesterday by the Prime Minister and the opposition leader. As with all members, it is with a very heavy heart that I join this debate on this condolence motion. This parliament, as we know, is often bitterly divided but today we stand united as elected representatives from all corners of our wonderful nation, thoughtfully reflecting the grief and the compassion of the many different communities that we represent. It is days like these when the Australian people have their faith restored in our wonderful democracy. On issues that really matter, this parliament is as strong and as resilient as the people we seek to represent.

I must admit that when I woke to the news of the MH17 disaster my first thoughts were quite selfish. I guess it is just human nature but, on learning about this tragedy, I thought to myself: I hope there is no-one that I knew on the flight. I hoped there were no Gippslanders. I hoped there were no Australians on the flight. And, as I said, I acknowledge now that that is probably quite selfish, but I guess that is human nature. Unfortunately, within a few hours, it was very apparent that on all counts I was going to be bitterly and sadly disappointed. There were 38 Australians on board MH17. Two of those people who perished on the flight were from Gippsland and one passenger was a lady I had met personally during my campaigning for the seat of Gippsland in the beautiful coastal village of Mallacotta.

In speaking on this condolence motion today, I wish to share a few stories from the lives of those two Gippslanders: Gerry and Mary Menke. But, first, let me give you a little bit of context and my comments a bit of context to the community we are talking about. As the nation and the world recoiled in horror from the stories and images of MH17, the last place in the world that you would expect to be directly impacted would be Mallacotta. It is a refuge from all of the bad stuff that happens somewhere else. We see images of war and destruction, but it is not something you would imagine that our little community of Mallacotta, on the east coast of Australia, would be directly impacted by. People live in Mallacotta for a whole host of reasons. Surely, one reason must be the beautiful sanctuary that it offers. It is an unspoilt wilderness, with a very close-knit community. People do not just know each other in Mallacotta; they know their pets' names, they know each other's kids, they know which university their kids are at, what job they are doing, what course they are doing, they ask about each other and are a very close-knit community. Sure, there are disagreements, there are arguments and disruptions to community life, but people care about each other. We have about 1,000 or so full-time residents. They are passionate about their community and proud of their community. It is a little slice of paradise. It is restful, it is calming, it is relaxed, in an otherwise increasingly busy world.

Mallacotta is famous for its world-class abalone industry. It has a tourism industry dating back many decades, a small business and services sector and it has a vibrant visual and performing arts community as well. And, for at least nine months of the year, it is a very quiet place to go and recharge your batteries. In the tourism season, however, the town's population multiplies to about 8,000 people, as visitors—primarily from Melbourne and also Canberra—
come to Mallacoota to try to soak up a little bit of that Mallacoota special atmosphere. So it is indeed a very special place. It has a unique mix of lakes, wilderness and ocean frontage that welcomes both locals and visitors.

And so it was that, on 2 August, the town gathered on Captain Stevenson's Point for a memorial service for Gerry and Mary Menke, two of Mallacoota's best-known and much-loved citizens. As always, it is hard to paint a picture in just words alone, but imagine a grassy, elevated parkland, overlooking a pristine inlet, the sun rising and the water shimmering in the sun and the gentle pounding of the shore break in the background. That was the setting for the memorial service for Gerry and Mary Menke.

Thankfully, the weather was kind to us on that day. It was a bright sunny day. It was still chilly, as you would expect in late winter in Victoria. It was chilly, but the air was fresh with the morning dew and typical of what we like to think of as an East Gippsland masterpiece at that time of year. It was the type of day that made me think it would have convinced Gerry and Mary Menke—all those years ago—that they had made the right decision to settle and raise their family in Mallacoota.

More than 500 people gathered on Captain Stevenson's Point that morning to commemorate the lives of two of the community's most-respected citizens. It was held in a spectacular open-air cathedral, a very fitting environment in which to listen as family members and friends told stories of a couple who lived their life to the full and led by example, as business people, as community members and as loving parents. I must acknowledge that it is moments like these that I, as a local MP, find the most difficult of all. We have bushfires, we have droughts, we have floods, which often impact our lives and test our resilience in Gippsland. And as politicians, as local leaders in our community, we are expected to provide comfort, support and leadership in such difficult times. But normally in those natural disasters you can make some sense of the event, even when lives have been tragically taken or people have been seriously injured. Normally, in a natural disaster you can make some sense of the event. But there is no making sense of the MH17 tragedy. How do you make sense of the loss of 298 innocent lives from Australia, Malaysia, Indonesia, the United Kingdom, Germany, Belgium, the Philippines, United States, South Africa, New Zealand, Canada and of course the Netherlands, which bore the heaviest burden of all?

Indeed it was with a very heavy heart that I accepted the invitation to attend the memorial service and offer words of condolence on behalf of the Prime Minister and the Australian nation. I read the following message to the gathering which I will repeat here today for the sake of the public record. This is a letter from the Prime Minister:

To the family of Gerry and Mary Menke

During the weeks ahead, all around our country, at services like this, Australians will gather to mourn the dead of Flight MH17.

All of us grieve for everyone on Flight MH17.

We mourn for everyone, especially the 38 men, women and children who called Australia home.

Today, we mourn for Gerry and Mary Menke.

Gerry and Mary provided our country with the greatest possible complement: they chose Australia. Gerry migrated from the Netherlands and Mary travelled 'across the ditch' from New Zealand,
Over forty years ago, they met in Mallacoota and they stayed in Mallacoota. They raised a family, ran small businesses and gave back to their community.

Their last days were amongst their happiest: celebrating Gerry's 70th Birthday in France.

Gerry and Mary were good, honest people. The contrast between their lives and that of their killers could not be clearer. This, at least, shines through in these sad times.

My prayers are with Gerry and Mary's family and the community of Mallacoota.

May all who gather to mourn Gerry and Mary draw comfort from a nation united in grief and in our determination to ensure that justice is done.

It was probably the only small comfort that people could draw from these events that they were not alone—that the nation and the hopes, the prayers and the love of the civilised world are with the families and the friends who have suffered such tremendous losses. It may be hard for those who were not there on that occasion to understand this, but the memorial service was also quite a joyous occasion. One after another we had family members and friends who spoke about the special bond the Gerry and Mary shared, and their life stories, adventures and triumphs, and the difficulties they overcame. They shared a remarkable life. It was quite an uplifting experience, as there were plenty of tears but also much laughter and music as people fondly remembered a remarkable couple. We heard about the Menke family's struggles after World War II, about their move to Australia, about Gerry's courtship of the young New Zealander whom he first met at the Mallacoota Pub, about the early days in the abalone industry, and about their wonderful birthday celebrations in France. The family has drawn comfort from the fact that Gerry and Mary's last days together were happy ones indeed.

I have had the opportunity to talk to the family after the memorial service, and also during the national day of mourning. They are very thankful for the words of support they have received, and the comfort they can take from knowing that the nation is united and that the civilised world is united in pursuing the perpetrators of this heinous crime.

I also asked the family if they would like to place on the public record a tribute to Gerry and Mary, and I am honoured today to read from an address that was given by the children Sara, Brett, Anna, and Paul at the memorial service:

Mer and Ger, Mum and Dad, Oma and Opa

Our hearts are heavy. Our bodies are weak with grief, and our heads still trying to comprehend that we will never see, talk, hold or kiss the two people who raised and nurtured us to be the people we are today.

What can we say that hasn't already been said? What can we feel that we aren't all feeling together? What can we do to fill the gaping hole in our hearts?

You both know how much we loved you; You both know how much we all admired you. You were always there for us with love, support, guidance and generosity.

We can all remember the last cherished moments that we had with them. A kiss and embrace from Mum&Dad, 'See you back at home and have a good trip', they said. All we can remember are the good times, the happy times. Maybe this is why it is so hard.

Mum&Dad were the most loving and inspirational people we know. They loved their family to no ends and were very much the caring and nurturing grandparents. Valuable life lessons and family values that Mum&Dad instilled in us are now blossoming in their grand-kids.
We were taught that family is important, that family love carries you through the good times and hard times, and as a family unit we can and could get through anything. They would make times for us and held no grudges.

Family holidays in the caravan, camping trips to the Thurra River, trips to the many beautiful destinations and even the simple things such as blackberry picking for jam, chopping wood for winter and growing veggies in the garden.

Mum was so vibrant, always riding her bike, playing tennis or playing the piano with Dad in tow or Dad sitting in his favourite chair listening to Mum play. You could always hear and smell Mum before her vivacious personality filled the room. Family dinners were exceptional with Dad on the pasta machine and Mum cooking up a storm. Her spontaneous nature was infectious and her desire to watch us achieve our goals was heart-warming. "Live life (and shop!) in the now!"

Dad was full of knowledge. If you didn't know the answer, he would! He would never have idle hands, always in the shed tinkering around, in the garden, or down at the boat yard organising things. And more often than not had a bump on his head!! He is a great mentor and was known to laugh harder at his own jokes than anyone else!

We especially remember the early guidance with the help of the wooden spoon -yes Mum you did go thru a few!!! And if that didn't work and we got away, Dad always said "they have to come in to eat sometime!"

When people talk about marriage, it is a unison like yours that people have in mind. Your devotion to each other is unwavering. Your commitment to each other is an inspiration. You were never swayed by anything that was put in your path. It is this total love for each other that brings us some comfort that you are together now and always. Selfless, not selfish. Help and seek nothing in return.

All the people here today is a testament to the far reaching love of Mary&Gerry Menke, our Mum&Dad, a love that is TRUE, PURE & UNDYING.

Grab your family, grab your friends. Tell them you love and care for them and that you will be there thru thick or thin.

You both wanted the best for us and we hope that we will continue to make you as proud of us as we are of you as our parents.

Mum&Dad, we know you are together, laughing and dancing to an endless song looking after us all. We miss you and we love you.

It is an extraordinary family, a remarkable family, and I did feel privileged to play a very small part in that memorial service at Mallacoota on behalf of the Prime Minister and the Australian people and, of course, my electorate of Gippsland.

Finally, I would like to make some general comments on the nature of the motion before the House and the views expressed by both the Prime Minister and the opposition leader, and I do join with the Prime Minister in supporting the motion that is before the House. I would like to take the opportunity to commend the Prime Minister, the Deputy Prime Minister, the Leader of the Opposition, the Minister for Foreign Affairs and the Minister for Defence for the manner in which they have conducted themselves and led our nation in the most trying of circumstances. Let no-one listening at home today misunderstand that the members of parliament, our leadership team, feel their grief and experience it like anyone else. To see the strength of character of our leadership team in these most trying of circumstances has been something which we should all be proud of.

I also, at this time, extend my personal thanks and join with other members who have extended their thanks to the men and women of our Public Service—particularly the
Department of Foreign Affairs and Trade, but also the men and women of the Australian Defence Force and the Australian Federal Police, who have to this day continued to place themselves in harm's way and to provide a service to our nation which can only be described as first class. I cannot imagine the hardship, the hurt, that they must have experienced on the ground as they set about their work in those early days. They face the most difficult task of their lives to do that work in a war zone, made all the more complex and more challenging, and a simple thank you does not seem enough.

I said at the outset that it is times like these when we see the best of this parliament and the best of our democratically elected leaders. I attended the national memorial service on the national day of mourning at St Patrick's Cathedral in Melbourne, along with the representatives of the Menke family and the loved ones of other victims of this tragedy. It was the most extraordinary service: It was a moving and compelling tribute to those who had lost their lives and, again, it must have given some comfort to their loved ones. I think it reminded the families that they will never walk alone on the journey they face now. Our nation is united in its grief and we are united in our resolve to do whatever is humanly possible to bring the perpetrators of this heinous crime to justice. I think it goes without saying—but I will repeat it here again today—that the world community stands with us and stands with us in our commitment to bring our people home and to seek the justice they deserve. I commend the decision announced yesterday by the Prime Minister to establish a memorial garden in the parliamentary gardens as a public sign of respect to the 38 Australian victims, and I commend the motion to the House. May the victims rest in peace.

Mr HAYES (Fowler—Chief Opposition Whip) (12:39): I compliment the Parliamentary Secretary to the Minister for Defence on his contribution: a very heartfelt and genuine account, particularly of his attendance at the national day of mourning.

I, like all members, support the Prime Minister's motion of condolence in respect of the MH17 victims. I support the words of the Prime Minister, as I do the words of the Leader of the Opposition. There is no doubt that this is a terrible tragedy—an unspeakable event that has occurred on foreign soil but which to some extent is very close to home.

As members of parliament we are not foreign to being on international aircraft as we go about doing our duties. Some of those involve visits to other parts of the world. Some of us have had the privilege of visiting other areas in the Middle East and some of those have been troubled zones. But none of us undertake that with the view that it may be our last trip because disaster looms around the corner.

I cannot imagine the situation for the 298 people on the aircraft because I imagine it would have been pretty instantaneous when MH17 was shot down. But what I can empathise with is the hurt and the grieving that all the families of people who were on that aircraft have gone through and will continue to go through for a long while to come.

On 17 July, Malaysia Airlines flight MH17 was carrying 283 passages and had a crew of 15. It was travelling from Amsterdam to Kuala Lumpur when it was shot down over the airspace of eastern Ukraine. It is a fact that this airline was travelling at an altitude internationally approved for travel over Ukraine. It had been cleared. It was known to be a commercial passenger jet. Of those 298 citizens on board that aircraft—people who came from all over the world—absolutely regrettably, 38 were citizens or residents of Australia.
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I take this opportunity to express my deepest sympathies to the families of victims on board the aircraft at this terrible time. I acknowledge in doing so that this is not just to be put down as an accident. I know this was a violent and heinous crime that was committed and which took the lives of these people. I am proud of the way that Australia has handled that situation. I support the Prime Minister's call that justice must be answered in respect of those innocent lives lost on MH17.

Throughout my electorate of Fowler, which is a very multicultural electorate, are many places of worship. Most of those places have conducted religious services in memory of the victims. Indeed, the Buddhist temple, Mingue Lay in Bonnyrigg established a shrine constructed by local residents to pay their respects to all those innocent lives lost aboard MH17. Fairfield City Council and their staff joined together last month on the national day of mourning to express their condolences. I am aware that that one of the council staff members at Fairfield City Council in particular is mourning the loss of a family member who was on board the aircraft.

It is also a matter of fact that among the losses that occurred on 17 July were some of the most renowned experts—researchers and medical health workers—working tirelessly to find a solution to the AIDS epidemic, particularly as it applies in Africa. Regrettably, it is possible that with the downing of MH17 perhaps we lost the very people who could be delivering the keys to the challenges of AIDS and who could have been out there doing a very good and necessary job of looking after victims of AIDS. Therefore, this crime impacts on the lives of many and, as I said, I understand that the grief and the sorrow will be felt for many years to come.

It is just unbelievable that a country such as Ukraine, despite turmoil within its domestic politics, can in such a short period of time descend into a situation where armament capable of shooting down a plane at 32,000 feet—or equivalent to about six miles high in the sky—are used, taking innocent lives. I would have thought for all those involved in the debate in terms of Ukraine's sovereignty that some civility, and certainly some humanity, should apply when they are pressing these claims against one another.

On behalf of all the constituents in my electorate of Fowler, I pass on my deepest condolences to the families and friends who have lost loved ones in the MH17 disaster. Our thoughts and prayers are with them at this very difficult time. May all victims rest in peace.

Ms SCOTT (Lindsay) (12:46): It is with a heavy heart I stand today, joined in grief with all Australians—in fact joined in grief with much of the international community. Together we are saddened by loss, horrified by a heinous crime in the shooting down of Malaysia Airlines flight MH17—tragically shot down over the skies of Ukraine.

This was a senseless murder of 298 innocent lives—298 innocent lives lost forever. They were children, mums and dads, grandmothers and grandfathers; people returning home from a magical holiday, some bursting with optimism of the adventures they were going to have in a land faraway and many others travelling for business. All in all, 298 lives lost too soon—298 victims; 298 too many. This abhorrent act has further changed the lives of so many, right around the world. The unspeakable grief now with the living and the murder of the innocent. Let us be absolutely clear—what happened when MH17 was shot down was murder. There were 298 innocent people that were murdered and 38 men, women and children that called our Australia their home too. Those responsible must be brought to justice.

FEDERATION CHAMBER
Today, I think we have seen the very best of the parliament—people from all sides representing all areas of our country, talking together and united in grief; sharing stories of people lost from their own communities. I, from the electorate of Lindsay, have a wonderful region as well, and in the grief of this I have had so many people contact my office and with your indulgence, Mr Deputy Speaker, I would love to read some of their comments.

From Sue:
We should be thinking about those who have lost their loved ones, in a blink of an eye their lives changed forever. Never take a life or a family for granted because it could have been our friends or family that are now lost, or even us, so tragically and sad. May we pray for peace in our world as the fighting is not the answer.

From Gina:
Just horrible, regardless.

From Bob:
A dreadful piece of terrorism which caused the deaths of many people including innocent children. What has the perpetrator gained from this?

From Terry:
What a crazy world we live in. All those people killed for no reason.

From Dave:
These criminal actions must be accounted for. Anything less is absolutely unacceptable. Please continue to be our voice of disgust and demands for justice.

From James:
I hope the truth can be found … soon to help the … families grieving the loss of a loved one.

From Craig: 'Can't imagine the pain families are enduring at the moment and glad we as a nation are getting involved.' From George:
My prayers are with the victims and their families and friends god give all strength …

Finally, from Monica:
My gut was in knots for the families of the victims … and their loved ones.

The comments from my own electorate of Lindsay are reflected right around the country. Unfortunately, we cannot bring them back, but what we can do is to bring them home as humanely as we can. I would like to extend my gratitude for the actions of the Prime Minister and the stellar performance of our foreign affairs minister in working to send 500 Australians in Operation Bring Them Home.

In our grief, we must now remember how they lived—the footprints forever left on our hearts, gone but not forgotten. May they rest in peace.

Mr DANBY (Melbourne Ports) (12:51): Let me preface my remarks by saying there is no-one in this parliament who has more involvement and respect with Russian culture and literature than I do. In my electorate, we hold Victory Day every year with the Russian Ambassador to commemorate the great role that the Russian people played during the Second World War, and I have large Russian and Ukrainian communities in my electorate. However, I do not think, like others who have made great contributions in the debate today, that I have ever been angrier about an international incident involving Australia than the MH17 tragedy. I ask the hapless Russian Ambassador Morozov: Ambassador, please take a report to Moscow
of this debate that has just taken place in this House and in the Prime Minister and the Leader of the Opposition's remarks the other day. This is evidence and a reminder that international politics can intrude into the lives of ordinary people. In a global village, was it ever clearer that we can never adopt the attitude that Mr Chamberlain once said of Czechoslovakia: 'It is a faraway place of which we know little.'

Of those nearly 300 people on MH17, most of them were coming to Melbourne for holidays or an important international conference on AIDS, or returning home from travelling to Europe. No-one could have predicted that the imperial delusions of Russia would directly lead to their deaths. Let us be frank about it, it is the Russian leadership who are responsible for this terrible tragedy and its President Putin in particular. How directly responsible he or his military are remains to be seen. But without a doubt, it is he who sponsored and controlled the gangsters who shot this missile in eastern Ukraine who are responsible for this.

The Leader of the Opposition expressed the emotion of the Australian people yesterday, when he said:

… let me be clear, I have the gravest reservations welcoming to Australia anyone in the future who is engaged in this act of terror—and we will support the strongest possible reaction from the Government on this matter.

Belarus has finally done something useful in providing a place where Russian President Putin and Petro Poroshenko, the new Ukrainian President, are meeting today on political developments that will help with discussions that will hopefully avoid further conflict in that region. It is always good to attempt peace to prevent further tragedies like MH17. Mr Poroshenko being there at all is evidence that democracy is a common aspiration of all people and the fact that the Ukrainian people were able to hold an election in the middle of the military threats by Russia is a positive answer to such military aggression. It is because the Ukrainians have been increasingly successful in securing the autonomy of the Ukrainian state that Mr Putin and Russia and the thugs of the so-called Donetsk People's Republic have employed such brutal tactics, such as using ground-to-air missiles that have altitudes that can hit civilian airliners flying at 35,000 feet. Let us be clear: such weapons systems are normally operated after several levels of sophisticated command and control are exercised, and only by nation states—not by a motley gang of brigands. Whether that missile system was exercised by Russian military people or not, whoever gave that weapons system to the people who shot those poor civilians down is to blame.

I commend the Prime Minister for his behaviour during this crisis and, obviously, the Leader of the Opposition, whom I have quoted. I commend the AFP, the RAAF, the Governor-General and our colleagues in the Dutch government, including my friend the Dutch ambassador here. It is impossible not to say that Foreign Minister Julie Bishop has done a good job, particularly with the Security Council. It is great that the Australian Federal Police got to the crash site. I was very moved to hear that broad Aussie accent, when I was overseas, on CNN and the BBC, talking about what needed to be done at the crash site.

It has become obvious, after this episode, that Australia needs an embassy in Ukraine. Australia is the 12th largest economy in the world but ranks very poorly in terms of the number of our diplomatic missions—markedly smaller than both the OECD and G20 average for comparable populations. It is impossible to represent Kiev from Moscow. I commend our ambassador in Poland, Jean Dunn, for her incredibly hard work. She is responsible not only
for the Czech Republic, Hungary and Slovenia but also for our Australian embassy in Warsaw.

I commend the Prime Minister for the proposal of the memorial garden, which I assume will be in the same place as our memorial for the victims of the Bali bombings. I commend this motion to the House. I hope all the victims may rest in peace and that their families may have good memories of them.

Ms JULIE BISHOP (Curtin—Minister for Foreign Affairs) (12:57): This condolence motion is an opportunity for us to reflect on the tragedy that befell a number of Australian people—citizens and residents—and their families on 17 July. It is an opportunity for us to express our deepest condolences, in this parliament, for the victims and their families.

We live in an increasingly interconnected world, where an event on one side of the world can have significant implications for Australia. That was brought home to me in the most graphic way on the morning of 18 July last. When my mobile phone started going off at about 2 am, my heart sank, for it is rarely good news at that hour. But not in my worse dreams did I imagine that a commercial airliner—a Malaysia Airlines plane no less—in commercial airspace would be shot down by Russian backed separatists over eastern Ukraine, and that the wreckage would essentially be landing in a war zone. As daylight came, a fuller picture of the situation emerged and it was clear what confronted us: an aeroplane full of happy families, academics and medical professionals, business men and women, and other travellers were flying from Amsterdam to Kuala Lumpur when the plane was shot down. Two hundred and ninety-eight passengers and crew were killed, including 38 people who called Australia their home—innocent victims of a war in which they had no involvement, they chose no side.

Even at that early stage, on the morning of 18 July, our advice indicated that it was a surface-to-air missile from Ukrainian territory under the control of Russian backed rebels, and nothing I have learned since that date has changed my view. It was and is a crime that requires an independent, impartial international investigation. But the government knew that bringing the Australian victims home with all the dignity and respect they deserved was our priority, and that meant we had to access the crash site. For that to happen, we needed to gain the support of the international community. That was essential.

We made calls to counterpart ministers in affected countries: Ukraine, the Netherlands, Indonesia, Malaysia, the Philippines, Germany, Canada, the United Kingdom and Belgium. Over two days in New York, the Australian delegation worked tirelessly to build support for access to the site by international investigators because we were determined to bring our people home. I thank Ambassador Gary Quinlan for his advice and assistance in building a coalition of countries demanding a clear and unequivocal response by the United Nations Security Council.

I take this opportunity to acknowledge the remarkable work done by the officials and staff at the Department of Foreign Affairs and Trade who worked around the clock during this period. Immediately upon hearing the news, the department established a 24-hour crisis centre. That centre would continue for a 68 eight-hour shifts involving 115 staff. A six-member MH17 task force was created, headed by Justin Brown, to lead on policy coordination, briefing and liaison. They would produce 70 briefs for the government, 55 situation reports and 20 briefings to the National Security Committee of Cabinet as we worked hard to ensure that we could fulfil our mission to bring our people home and establish
an independent investigation. Fifty-six Department of Foreign Affairs and Trade staff were deployed to Ukraine, 18 to the Netherlands, as part of a specially trained emergency response team. The leadership provided by our special envoy in Kiev, Angus Houston; the Australian ambassador in Warsaw, Jean Dunn; and Angela Macdonald and Amanda Gorely in Kiev was invaluable. The work of the dedicated consular case officers assigned to each MH17 family, perhaps the most difficult of all assignments, deserves the highest praise. Having spoken to the families of the victims, I know how heartbreaking this work must have been. So I thank everyone in my department involved in bringing home the Australian victims—and I know their work is ongoing—on behalf of the families and the Australian people. They have served our country with distinction.

The pain and the anguish felt by the families will continue, but the Australian government were determined, with the support of the opposition, to do what we could to ensure that they were enveloped within the Australian community. We will continue to support them in their hour of need. The Australian people can be assured that, when our country faces a crisis or a challenge of this magnitude, we can rise to the task.

Ms ROWLAND (Greenway) (13:03): I endorse the comments of the foreign minister and I acknowledge, as parliament did yesterday in this debate, her efforts and her role in dealing with this tragedy. But I want to confine my comments today to a local resident of Greenway who was unfortunately one of the lives lost on MH17. In the aftermath of the MH17 tragedy I was very saddened to learn that a member of our community, Stanhope Gardens resident Ms Gabriele Lauschet, was amongst the victims. I wish to pay tribute to Ms Lauschet’s memory and convey my deepest sympathy to her son and the rest of her family. Ms Lauschet, a German national, had been living and working in Australia with her son since 2000.

Until this tragedy, Australians were able to observe from a distance the conflict that has been taking place in Ukraine. That is no longer the case as our community struggles now with the reality of it having claimed one of our own. My thoughts and prayers are with the families of all the victims of this terrible tragedy.

The local media in Greenway rightly focused on the life of someone who was obviously a very special person. Ms Lauschet—as I said, from Stanhope Gardens—had just got engaged. She had been a preschool teacher at the German International School at Terrey Hills since 2000. It has been said that she will be remembered as a much-loved and caring teacher.

She was 47 years old and she had become engaged to another member of the school staff, business manager Mr Andreas Schaaf, in February. They lived together with Ms Lauschet’s adult son, Tim. So Tim lost a mother, and Andreas was denied a life with the woman he loved and planned to spend the rest of his life with.

Originally from the West German town of Aachen, Ms Lauschet had been in her native country visiting her mother while on holidays, and had planned to return to Sydney before the start of the school term the following Monday. She was travelling on a German passport. Her German International School colleagues returned to school, with students due to start the term that Wednesday.

As further reports from our local media indicated, Ms Lauschet had, as well as her 23-year-old son, a twin sister who lives in Brisbane.

An ABC News online report carried comments from the principal of the school:
Principal Erhardt Seifert said she would be missed.  
"[She was] always joyful, very optimistic that something she can spread around the children so everyone around her also feels the same way," he said.  
"Lots of children will be touched by this, at the last graduation we had quite a few children who went with her from preschool through to the whole school so once the children come back, it will be really hard because every class has some connection to Gaby."

In a report from the *Rouse Hill Times*, her neighbour Peter Arnold said that Ms Lauschet was a lovely woman. The report goes on:

"She would spend every spare holiday going to visit her mother," Mr Arnold said.
He said the teacher was a gentle woman.
"She was the kindest, sweetest lady you could ever meet," …
"The tragic thing is she just got her back garden done while she was away and the sad thing is she will never get to see it."

The report goes on to quote from Principal Seifert:

German International School Sydney principal Erhard Seifert said there was "devastation" at the school following the news.
"Still sometimes disbelief because you feel like she will come in any minute ... you can't believe she is dead," Mr Seifert said.
Mr Seifert said Ms Lauschet was "like a second mother" to her students.

May Ms Gabriele Lauschet rest in peace and may her family be comforted by the efforts and the thoughts of all Australians.

**Ms O'DWYER** (Higgins) (13:07): I would like to associate myself with the comments of the Minister for Foreign Affairs, the Prime Minister, the Leader of the Opposition and all of my colleagues who have taken the opportunity to speak in this place.

On Thursday, 17 July 2014, Malaysia Airlines flight MH17 from Amsterdam to Kuala Lumpur was shot down over eastern Ukraine killing all 298 of the innocent people aboard. News of this mass murder soon spread across the globe and was rightfully met with shock, abhorrence, anger and, ultimately, grief. Among the dead were 193 Dutch, and 38 people for whom Australia was home.

This tragedy has brought the conflict between Ukraine and Russia abruptly to our shores. Its victims now number among our fellow Australians—our family, friends, neighbours and coworkers.

Included in those lost were Gary and Mona Lee of Glen Iris. I wish to respect their privacy, and the grief of their families and loved ones, but do feel compelled to extend my heartfelt sympathies to their daughters. The loss of a parent is always difficult, but to lose both mum and dad, in such shocking and senseless circumstances, is a truly terrible ordeal. On such occasions words seem completely inadequate; however, neither is silence appropriate. I wish them the strength to endure, in the hope that, in time, they will go on to lead happy and full lives. After all, happy children, leading full lives, is the wish of every parent.

Another fellow Higgins resident, Dutch national Itamar Avnon, was also confirmed among the dead. Itamar was a 27-year-old young man who had been returning from visiting family in Amsterdam to resume his studies at Swinburne university while living in Windsor. My
sincerest condolences to Itamar's friends in Australia, as well as his family and friends in Holland and Israel.

These are three people who called my electorate home who have been killed without cause or explanation. However, the impact of every person lost will be grievously felt by their whole communities across Australia, and, by those who loved them most, forever.

As we now know, many foreign nationals on board MH17 had connecting flights to Melbourne in order to attend the 20th International AIDS Conference in Melbourne.

Another Higgins resident, Professor Sharon Lewin, Local Co-Chair of AIDS 2014, Head of the Department of Infectious Diseases, Alfred Hospital and Monash University and Co-Head of the Centre for Biomedical Research at the Burnet Institute in Melbourne, spoke for all when she drew attention to the fact that the loss of each life extends beyond the very personal to the contribution that they have yet to make to lives of others. It is a timely reminder of people's extraordinary capacity for good and stands in stark contrast to the evil of those who perpetrated this heinous crime.

As the Prime Minister reiterated two weeks ago in his joint press statement with the Prime Minister of Holland, the murder of innocent Australians must evoke the strongest response from our government. This random attack on a commercial flight could not have been foreseen. However, what can be done when disaster occurs is for community and government to do everything within their power to console and support those affected. For the federal government, this means enabling the community to grieve their loss and extending their love and support to the bereaved; assisting with the recovery, identification and repatriation of those Australians who have died; and finding answers to questions that remain unresolved in the hope that, for some, this may provide some solace and that those responsible will be brought to justice. To this end, on 7 August 2014, a national day of mourning was held and a national memorial service took place at St Patrick's Cathedral in Melbourne.

The Commonwealth of Australia has also established a condolence book to enable all those who wish to record their condolences to the families and loved ones of those lost on MH17 to do so. In time, a copy of the condolence book will be provided to each of the Australian families affected. I hope that, at their lowest ebbs, they will find some consolation in knowing that while we cannot grieve for them it does not mean that we do not feel for them. Yesterday the Prime Minister, supported by the Leader of the Opposition, announced that there will also be a memorial at Parliament House, where family members may remember those who lost their lives.

A team of nearly 200 Australian Federal Police have been involved in the initial phase of searching the crash site in eastern Ukraine, with the support of well over 100 officers in Australia assisting in the process of victim identification. I think it should be remarked upon that the person who has been most tireless in ensuring that the international community gets behind Australia and also the Dutch in their attempts to gain access to the site has been our Minister for Foreign Affairs, Julie Bishop. She has worked to gain the support of the international community through the UN Security Council resolution that was passed.

In addition to the Australian Federal Police, Australians from a range of policing, forensic and forensic medical backgrounds are working alongside counterparts from the UK, Germany, Malaysia, Indonesia and Belgium, ably lead by the Dutch authorities in Hilversum,
Holland. While access to site is currently being hampered due to ongoing hostilities, Australia stands resolute in the need to do the work required to bring home every Australian lost, with dignity and respect.

There is no doubt that we live in an unpredictable world. Perhaps it has ever been thus. However, in less than two decades we have seen a technological revolution that has affected so many aspects of our lives and indeed our world. Communication of news and knowledge is now global, devolved and direct. Travel is more accessible than ever, while the means for assisting our fellow man through medicine is matched only by our means for reaping destruction upon each other.

I am mindful that this is a motion of condolence. However, a government's first duty is to protect its citizens from harm wherever possible. We will do what we can to keep our citizens safe.

To some extent our island nation has served to isolate us from some of the worst events of the 20th century. Yet advances in technology and improving living standards have meant that more and more Australians are venturing beyond our shores and, even for those who do not, we cannot be complacent in thinking that ill fate will not seek them out at home.

The loss of 38 well-loved Australians is a truly terrible reminder of the uncertain nature of our world and the fragility and value of life. Unfortunately it is very difficult to prevent what we cannot foresee. Nor can we undo what has been done. However, we can and will stand together with those who grieve and support them in the journey ahead. I commend this motion to the House.

The DEPUTY SPEAKER: I understand it is the wish of honourable members to signify their respect and sympathy by rising in their places.

Honourable members standing in their places—

Ms O'DWYER (Higgins) (13:15): by leave—I move:
That further proceedings be conducted in the House.
Question agreed to.

Federation Chamber adjourned at 13:16
QUESTIONS IN WRITING

School Attendance
(Question No. 62)

Mr Kelvin Thomson asked the Prime Minister, in writing, on 24 February 2014:

In respect of a statement he made at a press conference following the December 2013 COAG meeting, that urgent work is being done to ensure that all kids attend school, (a) what is the rate of school attendance for both government and non-government primary and secondary schools in Victoria, (b) what steps has the Australian Government taken, or will it take, to ensure that all children throughout Australia attend school each day, (c) can he indicate whether the Victorian Department of Education Early Childhood Development employs school attendance officers; if they do, (i) how many, and (ii) what are their roles and powers, and (d) are penalties applied to parents whose children do not attend school; if so, what are they; if not, can he indicate how Victorian schools and the Victorian Department of Education and Early Childhood Development ensure that all eligible children attend a school.

Mr Abbott: The answer to the honourable member's question is as follows:

(a) The following information is sourced from the Report on Government Services 2014. Data is provided for each year level. The rate of school attendance \( \frac{\text{student days}}{\text{possible student days}} \) in Government, Independent and Catholic schools in Victoria in 2012 for each year level is as follows:

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<th>Year</th>
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<th>Independent</th>
<th>Catholic</th>
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Attendance rates are the number of actual full time equivalent 'student days' attended as a percentage of the total number of possible student days attended over the period.

(b) The Australian Government is taking the following steps to ensure that all children throughout Australia attend school each day:

Working with jurisdictions to progress school attendance measures agreed by the Council of Australian Governments on 13 December 2013.

Proposing to add a new Closing the Gap target for school attendance to the existing Closing the Gap targets, with the aim of closing the gap between Indigenous and non-Indigenous school attendance within 5 years.

Implementing the Remote School Attendance Strategy. Rollout to 40 schools in NT, WA, SA, QLD and NSW commenced in Term 1 2014, with the programme to be expanded to a further 30 schools in Term 2 2014.

Using the improving School Enrolment and Attendance through welfare reform Measure (SEAM) in the Northern Territory.

(c) This is not a matter of Commonwealth responsibility. I suggest that you contact the Victorian State Government for this information.
This is not a matter of Commonwealth responsibility. I suggest that you contact the Victorian State Government for this information.

Aung, Dr Tun
(Question No. 198)

Ms Parke asked the Minister for Foreign Affairs, in writing, on 26 June:

In respect of Dr Tun Aung, has the Government –
(a) made any representations on Dr Aung's behalf in response to the call by the United Nations Special Rapporteur on the Situation of Human Rights in Myanmar for Dr Aung to be granted presidential amnesty; and
(b) taken any other steps to support calls for his release.

Ms Julie Bishop: the answer to the honourable member's question is as follows:

(a) The Australian Embassy in Rangoon makes regular representations to the Burmese government on human rights issues, including the case of Dr Tun Aung.
(b) Yes. Australia has long advocated for the release of political prisoners and prisoners of conscience in Burma and we continue to do this. Most recently, on 24 July, Charge d'Affaires raised Dr Tun Aung's case in the context of a broader discussion on political prisoners with Burma's Ministry of Foreign Affairs.

On 7 January, I (Ms Bishop) welcomed the release of political prisoners but also welcomed ongoing dialogue between the Government and interested parties to clarify cases where the status of prisoners is unclear.

The Australian Embassy in Rangoon also meets regularly with civil society groups such as the Association for Political Prisoners – Burma (AAPP-B) to discuss issues regarding outstanding political prisoner cases. Most recently, the Embassy received an update from AAPP-B on the status of remaining political prisoners on 5 June.

During my visit to Burma (2-4 July), I (Ms Bishop) registered Australia's concerns about human rights in Burma, including the situation for the Rohingya.

Renewable Energy Sector: Employment
(Question No. 218)

Mr Zappia: asked the Minister for Industry, in writing, on 14 July 2014:

How many jobs in the renewable energy sector have been lost since 7 September 2013?

Mr Ian Macfarlane: The answer to the honourable Member's question is as follows:

The Department of Industry and the Australian Bureau of Statistics do not hold employment data for the renewable energy sector on 7 September 2013. The Clean Energy Council reports that approximately 21,000 people were employed directly in the renewable energy industry at the end of 2013.

Automotive Industry
(Question No. 220)

Mr Zappia: asked the Minister for Industry, in writing, on 14 July 2014:

(1) How many automotive component supply firms closed since the announcement by Holden, Ford and Toyota that they would cease production in Australia by 2017.

(2) What will be the net effect on Australia's balance of trade that results from the end of automotive manufacturing in Australia.

QUESTIONS IN WRITING
(3) What was the cost of the Productivity Commission's inquiry into Australia's Automotive Manufacturing Industry, and on what date (a) was the report provided to the Government, and (b) will the report be publicly released.

Mr Ian Macfarlane: The answer to the honourable Member's question is as follows:
(1) It is estimated that four firms have closed since April 2013.
(2) The net effect on the balance of trade is difficult to quantify as it depends on numerous factors such as domestic and foreign incomes and price levels, and the value of the Australian dollar that might prevail at the time of closure of automotive manufacturing.
(3) The cost of the Productivity Commission's inquiry into the Australian Automotive Manufacturing Industry is a matter for the Treasurer, and (a) the report was provided to the Government on 31 March 2014 and (b) will be tabled in the Parliament no later than 26 August 2014.

Economies: South Australia and Victoria
(Question No. 221)

Mr Zappia asked the Minister for Industry, in writing, on 18 December 2013:
In respect of the reviews of the South Australian and Victorian economies announced
(a) what was the cost, (b) why were no employee representatives appointed to the review panels, and (c) were any of the members nominated by the (i) South Australian Government, or (ii) Victorian Government; if so, what number(s).

Mr Ian Macfarlane: The answer to the honourable member's question is as follows:
(a) $4,606.60.
(b) Employee representatives were included in the consultation process. Economic Review panel members met with representatives of the Australian Manufacturing Workers Union on 25 February 2014.
(c) The South Australian and Victorian State Governments nominated panel members for consideration.

Tools For Your Trade Scheme
(Question No. 222)

Mr Zappia asked the Minister for Industry, in writing, on 14 July 2014:
In respect of payments made under the Tools For Your Trade scheme in 2013-14, how many (a) were received by apprentices, and (b) were provided to each of the different skills categories.

Mr Ian Macfarlane: The answer to the honourable member's question is as follows:
In respect of payments made under the Tools For Your Trade programme in 2013-14:
(a) apprentices received a total of 254,814 payments, and
(b) the following payments were made split by Training Package:

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<th>Training Package</th>
<th>No. of payments</th>
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<tr>
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QUESTIONS IN WRITING
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