**INTERNET**

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**SITTING DAYS—2015**

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<td>December</td>
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- BRISBANE 936AM
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- MELBOURNE 1026AM
- PERTH 585AM
- SYDNEY 630AM

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FORTY-FOURTH PARLIAMENT
FIRST SESSION—SEVENTH PERIOD

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

Senate Office holders
President—Senator Hon. Stephen Parry
Deputy President and Chair of Committees—Senator Gavin Mark Marshall
Temporary Chairs of Committees—Senators Christopher John Back, Cory Bernardi,
   Sam Dastyari, Sean Edwards, Alexander McEachian Gallacher, Susan Lines,
   Deborah Mary O'Neill, Nova Maree Peris OAM, Dean Anthony Smith,
   Zdenko Matthew Seselja, Glenn Sterle, Peter Stuart Whish-Wilson and John Reginald Williams
Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Deputy Leader of the Government in the Senate—Senator Hon. Mathias Cormann
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Stephen Conroy
Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield
Manager of Opposition Business in the Senate—Senator Claire Moore

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
Deputy Leader of the Liberal Party in the Senate—Senator Hon. Mathias Cormann
Leader of The Nationals in the Senate—Senator Hon. Nigel Scullion
Deputy Leader of The Nationals in the Senate—Senator Hon. Fiona Nash
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Stephen Conroy
Leader of the Australian Greens—Senator Richard Di Natale
Co-deputy Leaders of the Australian Greens in the Senate—Senator Scott Ludlam and
   Senator Larissa Joy Waters
Chief Government Whip—Senator David Christopher Bushby
Deputy Government Whips—Senators David Julian Fawcett, and Dean Anthony Smith
The Nationals Whip—Senator Matthew James Canavan
Chief Opposition Whip—Senator Anne McEwen
Deputy Opposition Whips—Senators Catrinya Louise Bilyk and Anne Elizabeth Urquhart
Australian Greens Whip—Senator Rachel Siewert

Printed by authority of the Senate
## Members of the Senate

<table>
<thead>
<tr>
<th>Senator</th>
<th>State or Territory</th>
<th>Term expires</th>
<th>Party</th>
</tr>
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<tbody>
<tr>
<td>Abetz, Hon. Eric</td>
<td>TAS</td>
<td>30.6.2017</td>
<td>LP</td>
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<tr>
<td>Back, Christopher John</td>
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<tr>
<td>Bernardi, Cory</td>
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<tr>
<td>Bilyk, Catryna Louise</td>
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<tr>
<td>Birmingham, Hon. Simon John</td>
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<td>Brandis, Hon. George Henry, QC</td>
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<td>Brown, Carol Louise</td>
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<td>Cameron, Hon. Douglas Niven</td>
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<td>Canavan, Matthew James</td>
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<td>Colbeck, Hon. Richard Mansell</td>
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<td>Collins, Hon. Jacinta Mary Ann</td>
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Pursuant to section 42 of the Commonwealth Electoral Act 1918, the terms of service of the following senators representing the Australian Capital Territory and the Northern Territory expire at the close of the day immediately before the polling day for the next general election of members of the House of Representatives.

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<th>Term expires</th>
<th>Party</th>
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(1) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice R. Carr), pursuant to section 15 of the Constitution.
(2) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice J Faulkner), pursuant to section 15 of the Constitution.
(3) Chosen by the Australian Capital Territory Legislative Assembly to fill a casual vacancy (vice K. Lundy), pursuant to section 15 of the Constitution.
(4) Chosen by the Parliament of Queensland to fill a casual vacancy (vice B. Mason), pursuant to section 15 of the Constitution.
(5) Chosen by the Parliament of Tasmania to fill a casual vacancy (vice C. Milne), pursuant to section 15 of the Constitution.
(6) Chosen by the Parliament of South Australia to fill a casual vacancy (vice P Wright), pursuant to section 15 of the Constitution.
PARTY ABBREVIATIONS
AG—Australian Greens; ALP—Australian Labor Party;
AMEP—Australian Motoring Enthusiast Party; CLP—Country Liberal Party;
FFP—Family First Party; IND—Independent, LDP—Liberal Democratic Party;
LNP—Liberal National Party; LP—Liberal Party of Australia;
NATS—The Nationals; PUP—Palmer United Party

Heads of Parliamentary Departments
Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Acting Secretary, Department of Parliamentary Services—D Heriot
Parliamentary Budget Officer—P Bowen
<table>
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<tr>
<th>Title</th>
<th>Minister</th>
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<tbody>
<tr>
<td>Prime Minister</td>
<td>Hon Malcolm Turnbull MP</td>
</tr>
<tr>
<td>Minister for Indigenous Affairs</td>
<td>Senator Hon Nigel Scullion</td>
</tr>
<tr>
<td>Minister for Women</td>
<td>Senator Hon Arthur Sinodinos AO</td>
</tr>
<tr>
<td>Cabinet Secretary</td>
<td>Senator Hon Michaelia Cash</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for the Public Service</td>
<td>Senator Hon Mitch Fifield</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for Digital Government</td>
<td>Hon Michaelia Cash</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for Counter Terrorism</td>
<td>Senator Hon Scott Ryan</td>
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<tr>
<td>Assistant Minister to the Prime Minister</td>
<td>Hon Alan Tudge MP</td>
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<tr>
<td>Assistant Minister to the Prime Minister</td>
<td>Senator Hon James McGrath</td>
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<tr>
<td>Assistant Minister for Productivity</td>
<td>Hon Dr Peter Hendy MP</td>
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<tr>
<td>Assistant Cabinet Secretary</td>
<td>Senator Hon Scott Ryan</td>
</tr>
<tr>
<td>Minister for Infrastructure and Regional Development (Deputy Prime Minister)</td>
<td>Hon Warren Truss MP</td>
</tr>
<tr>
<td>Minister for Resources, Energy and Northern Australia</td>
<td>Hon Josh Frydenberg MP</td>
</tr>
<tr>
<td>Minister for Territories, Local Government and Major Projects</td>
<td>Hon Paul Fletcher MP</td>
</tr>
<tr>
<td>Assistant Minister to the Deputy Prime Minister</td>
<td>Hon Michael McCormack MP</td>
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<tr>
<td>Minister for Foreign Affairs</td>
<td>Senator Hon Julie Bishop MP</td>
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<tr>
<td>Minister for Trade and Investment</td>
<td>Hon Andrew Robb AO MP</td>
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<tr>
<td>Minister for International Development and the Pacific</td>
<td>Hon Steven Ciobo MP</td>
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<tr>
<td>Minister for Tourism and International Education</td>
<td>Senator Hon Richard Colbeck</td>
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<tr>
<td>Assistant Minister for the Minister for Trade and Investment</td>
<td>Senator Hon Richard Colbeck</td>
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<tr>
<td>Attorney-General</td>
<td>Senator Hon George Brandis QC</td>
</tr>
<tr>
<td>(Vice-President of the Executive Council)</td>
<td>(Leader of the Government in the Senate)</td>
</tr>
<tr>
<td>Minister for Justice</td>
<td>Hon Michael Keenan MP</td>
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<tr>
<td>Assistant Minister for Multicultural Affairs</td>
<td>Senator Hon Concetta Fierravanti-Wells</td>
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<tr>
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<td>Hon Morrison MP</td>
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<tr>
<td>Minister for Small Business</td>
<td>Hon Kelly O’Dwyer MP</td>
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<td>Assistant Treasurer</td>
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<tr>
<td>Minister for Finance</td>
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<tr>
<td>(Deputy Leader of Government in the Senate)</td>
<td>Special Minister of State</td>
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<tr>
<td>Minister for Agriculture and Water Resources</td>
<td>Hon Barnaby Joyce MP</td>
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<tr>
<td>Assistant Minister for Agriculture and Water Resources</td>
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<td>Hon Christopher Pyne MP</td>
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<tr>
<td><strong>Minister for the Environment</strong></td>
<td>Hon Greg Hunt MP</td>
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<tr>
<td>Minister for Cities and the Built Environment</td>
<td>Hon Jamie Briggs MP</td>
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<tr>
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<td>Hon. Ken Wyatt MP</td>
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<td><strong>Minister for Sport</strong></td>
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<td><strong>Minister for Defence</strong></td>
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<tr>
<td>Minister for Veterans’ Affairs</td>
<td>Senator Hon Marise Payne</td>
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<tr>
<td>Minister Assisting the Prime Minister for the Centenary of ANZAC</td>
<td>Hon Stuart Robert MP</td>
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<tr>
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<td>Hon Darren Chester MP</td>
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<td><strong>Minister for Communications</strong></td>
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<td>Senor Hon Mitch Fifield</td>
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<tr>
<td>(Manager of Government Business in the Senate)</td>
<td>Senor Hon Mitch Fifield</td>
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<tr>
<td><strong>Minister for Employment</strong></td>
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<tr>
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Each box represents a portfolio. **Cabinet Ministers are shown in bold type.** As a general rule, there is one department in each portfolio. However, there is a Department of Human Services in the Social Services portfolio and a Department of Veterans’ Affairs in the Defence portfolio. The title of a department does not necessarily reflect the title of a minister in all cases. Assistant Ministers in italics are designated as Parliamentary Secretaries under the *Ministers of State Act 1952*. 
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Monday, 9 November 2015

The PRESIDENT (Senator the Hon. Stephen Parry) took the chair at 10:00, read prayers and made an acknowledgement of country.

DOCUMENTS

Tabling

The Clerk: Documents are tabled pursuant to statute. Details will be recorded in the Journals of the Senate and on the Dynamic Red.

Details of the documents also appear at the end of today's Hansard.

COMMITTEES

Economics References Committee

Rural and Regional Affairs and Transport Legislation Committee

Meeting

The Clerk: Proposals to meet have been lodged as follows:

Economics References Committee—

Public meeting during the sitting of the Senate today, from 11 am, to take evidence for the committee's inquiry into credit card interest rates.

Rural and Regional Affairs and Transport Legislation Committee—

Private briefing during the sitting of the Senate on Monday, 23 November 2015, from 3.30 pm.

Public meeting during the sitting of the Senate on Tuesday, 24 November 2015, from 3.30 pm, for the committee's consideration of the 2015-16 supplementary Budget estimates.

The PRESIDENT (10:01): Does any senator wish to have the question put on any of those three motions? There being no such request, we will proceed.

BILLS

Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015

Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015

First Reading

Bills received from the House of Representatives.

Senator RYAN (Victoria—Assistant Cabinet Secretary) (10:02): I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator RYAN (Victoria—Assistant Cabinet Secretary) (10:02): I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.
Leave granted.

The speeches read as follows—

CUSTOMS AMENDMENT (CHINA-AUSTRALIA FREE TRADE AGREEMENT IMPLEMENTATION) BILL 2015

The Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 amends the Customs Act 1901 to implement Australia's obligations under Chapter 3 of the China-Australia Free Trade Agreement (ChAFTA).

Chapter 3 sets out the rules of origin criteria and related documentary requirements for determining the eligibility of goods to obtain preferential tariff entry into Australia under the Agreement.

The complementary Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015, will amend the Customs Tariff Act 1995 to set out Australia's tariff commitments under the Agreement.

We have heard a lot about the China-Australia Free Trade Agreement in recent weeks. These amendments, and parallel amendments to the Customs Tariff Act 1995, are the only legislative amendments that the Parliament will need to pass to allow the Government to bring ChAFTA into force. The Joint Standing Committee on Treaties, under the outstanding chairmanship of the Member for Longman, is still finalising its report on ChAFTA. However, in view of the sitting schedule, the benefits to Australian businesses of a double cut to tariffs on Australian exports to China, should ChAFTA enter into force before the end of the year, and the importance to the Parliament and the community of seeing the limited changes that are required to be made, we are introducing the implementing legislation at this time. Some amendments to subordinate legislation, as set out in the National Interest Analysis, will also be required in due course.

I had the honour of signing this historic agreement with my Chinese counterpart, Minister for Commerce Dr Gao Hucheng, on 17 June 2015 in Canberra. In close consultation with the Government of China, the Australian Government is working towards entry into force in 2015 in order to maximise the business gains for both Parties.

The China-Australia Free Trade Agreement is a comprehensive agreement that will substantially liberalise trade with Australia's largest trading partner. The Agreement will create significant new commercial opportunities for Australian businesses, through increased trade in goods, investment, services and labour. Importantly, the implementation of this Agreement will boost the position of Australian businesses against competitors in New Zealand and the Association of Southeast Asian Nations who are already benefitting from preferential access into China.

On entry into force of the Agreement, over 85 per cent of Australia's exports, by value, to China will enter duty free, rising to 95 per cent on full implementation. As Australia's largest export market, the Agreement will help level the playing field for Australian resources, agricultural and manufacturing businesses.

Tariffs on coal exports to China will be eliminated within two years of implementation, helping Australian coal exporters compete with Indonesian firms, who already benefit from preferential access into China. In agriculture, full implementation is estimated to boost Australian beef production by two hundred and seventy million dollars annually. By 2030, the total benefits for beef production are expected to approach $3.3 billion. Tariffs on products such as barley, oats, sorghum and millet; certain wood and paper products; and certain base metal ores and their concentrates will be eliminated on entry into force of the Agreement.

The Agreement contains simplified and trade facilitative rules of origin and related documentary requirements. Goods imported into Australia that meet the rules of origin, implemented through this bill, will be entitled to claim preferential tariff treatment in accordance with the Agreement.
The amendments also include relevant obligations on Australian exporters and producers who wish to export Australian goods to China under the Agreement and obtain preferential treatment for those goods in China. The amendments also confer certain powers on authorised officers to examine records and ask questions of exporters or producers of goods exported to China in order to verify the origin of such goods.

CUSTOMS TARIFF AMENDMENT (CHINA-AUSTRALIA FREE TRADE AGREEMENT IMPLEMENTATION) BILL 2015

The Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 is the second bill relating to the China-Australia Free Trade Agreement.

This bill contains amendments to the Customs Tariff Act 1995 to implement part of the Agreement by:

- providing duty-free access for certain goods on entry into force and preferential rates of customs duty for other goods including certain articles of plastic, rubber, paper, textiles, clothing, footwear and base metals, and other goods also specified in the Agreement that are Chinese originating goods;
- creating a new Schedule 12 to provide for phasing rates of duty for those goods and to specify excise-equivalent duties on certain alcohol, tobacco, and petroleum products;
- phasing these preferential rates to Free in either 3 or 5 annual reductions;
- amending Schedule 4 to maintain customs duty rates for certain Chinese originating goods in accordance with the applicable concessional item.

This bill complements the amendments contained in the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (10:02): The Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 implement the commitments on tariff reductions which the Australian government has made under the China-Australia Free Trade Agreement. China is Australia's No. 1 trading partner and accounts for a third of our merchandise exports. Trade with China helped Australia to keep growing through the global financial crisis. Trade with China is critical to our economic future. China is the world's second largest economy and is set to become the world's largest economy during our lifetimes—the world's largest economy right here in our region. It represents a major new market with hundreds of millions of increasingly affluent consumers demanding new goods and services.

China will also continue to be a source of valuable investment funds, which Australia needs to create and grow new businesses and new jobs. Our proximity to China represents a tremendous opportunity for Australia, an opportunity for the jobs, growth and prosperity of future generations of Australians. Asia's middle class is now around 500 million and is expected to increase more than sixfold in the next fifteen years to 3.2 billion middle class consumers in Asia by 2030, which would be 66 per cent of the world's middle class—and a large slice of these consumers will be in China. As we articulated in government, particularly in the Australia in the Asian century white paper, these numbers will translate into rising demand from the region, particularly from China, for a range of products and services, including many things that Australia does well: food, education, tourism, health, aged care, and financial and professional services.
Growing, deepening and diversifying the trade relationship with China has the capacity to deliver jobs and prosperity to future generations of Australians. We need to export more Australian agricultural goods and food products to China. We need to export more sophisticated services to China, like education, health care, aged care and financial services, business and professional services and tourism. We need to see advanced Australian manufacturing playing its part in the global and regional supply chains, which are increasingly centred on China, and of course we need to see more investment flows between Australia and China. All this means new opportunities for Australian businesses, stronger growth for Australia's economy, better living standards for Australian families and more and better jobs for Australian workers. We are already in a strong and mutually beneficial economic relationship with China, which has been nurtured by successive governments of both persuasions, and a high-quality free trade agreement with China will improve and deepen that relationship.

Labor recognises that the China-Australia Free Trade Agreement, also known as the ChAFTA, will deliver significant benefits to Australian exporters, Australian consumers and Australian jobs. This agreement has been nearly 10 years in the making, and both coalition and Labor governments have played their part in negotiations. I pay tribute to former Labor trade ministers Simon Crean, Craig Emerson and Richard Marles for their roles in progressing the negotiations. I also acknowledge the role of Andrew Robb in bringing the negotiations to a conclusion. I also recognise the work of the diligent officials from the Department of Foreign Affairs and Trade, and those from other departments, who worked tirelessly on the negotiations which have resulted in this agreement. In this regard, I make particular mention of Jan Adams.

Labor believes that the government could and should have secured a better deal, and I will have something to say about what we see as the shortcomings of the deal in a moment. In particular, it should be recognised that in this legislation this government has allowed access to the Australian labour market to a far greater extent and at far lower skill levels or different skill levels than in any previous trade agreement—and, as yet, the government has not articulated an economic rationale as to the merit of that. But let's start first with the opportunities for Australia which are contained in this agreement, notwithstanding the shortcomings.

ChAFTA will give Australian businesses greater access to the Chinese market. Some 85 per cent of Australian exports by value will enter China with no tariffs immediately, rising to 95 per cent when the agreement is fully implemented. ChAFTA will also improve market access for services like banks, insurers and fund managers, education providers, professional services firms and health and aged-care facilities. As we know, China's economy in the coming years will rebalance away from manufacturing and towards more sophisticated services, and ChAFTA's services provisions will give Australian services businesses opportunities to take advantage of this rebalancing.

So ChAFTA will deliver considerable economic benefit for Australia. But, as I said, from the opposition's point of view, the agreement negotiated by the Abbott government had shortcomings. Obviously, there were some agricultural goods which were not included or did not benefit from the deal. The deal does not contain further market access for rice, wheat, cotton, sugar, canola or vegetable oils.
But our first concern about the agreement is the investor-state dispute settlement provision. The government should not have included an ISDS provision in this agreement. There are legitimate public concerns over the impact of ISDS provisions on Australia's public policies in areas such as health care, public services and environmental protection. These concerns come from mainstream economic and legal experts. Even the former Liberal Prime Minister, John Howard, refused to include an ISDS provision in the Australia-United States Free Trade Agreement despite pressure to do so from the US. Labor's position against ISDS provisions has been clear and, in fact, preceeded much of the public disquiet about them here in this nation. In government we adopted the policy of not including these provisions in trade agreements, and in opposition we continue to oppose those provisions in trade deals.

We do not believe the government should have included an ISDS provision in the ChAFTA. If returned to government, Labor will seek to review all of our existing ISDS provisions in trade and investment agreements with our trading partners and we will work with the international community to reform ISDS tribunals so they remove perceived conflicts of interest by temporary appointed judges, so they adhere to precedence and so they include appeal mechanisms.

As I have previously said, Labor has also raised concerns about the impact of the China free trade agreement on safeguards in Australia's temporary migration system. We want to ensure that the China free trade agreement supports rather than reduces the number of jobs for Australians. That is why we have been determined to address concerns about the impact of the ChAFTA on jobs, wages and skills. It is why Labor has negotiated with the government and has achieved a comprehensive package of safeguards around ChAFTA's temporary migration provisions. Our safeguards will support local job opportunities, maintain workplace skills and safety standards and deter the exploitation of overseas workers. They will ensure that temporary migrants coming to Australia are employed in jobs where there are skills shortages, not as a way of bypassing local workers.

I think there is a very simple principle here. Australians do accept the need for a temporary migration system where there are skills shortages and where there are labour supply shortages. Australians do not accept a temporary migration system which is used to bypass Australian workers and to provide opportunities to overseas workers which are not made available to Australians.

We have designed our safeguards according to two key principles—firstly, that they are consistent with the ChAFTA and do not require the changing of the agreement and, secondly, that they do not discriminate against China. They do not discriminate against Chinese companies, nor against Chinese workers seeking to come to Australia under our temporary skilled migration system. It is true that there has been a lot of concern raised about this aspect of the agreement and it is regrettable that the government has never sought to come into this chamber or go to the public and articulate a clear economic rationale as to why it agreed to the labour migration provisions that it did in the ChAFTA.

Labor has done what minor parties in this place could never do: we have negotiated and achieved real outcomes and real safeguards so that this agreement can come into effect, unlocking economic benefits for Australia whilst ensuring local jobs are supported. I seek leave to table a letter from the Minister for Trade and Investment to me, dated 20 October 2015. I understand it has been circulated to the whips.
Leave granted.

**Senator WONG:** I table the letter in which the minister writes to confirm our agreement regarding labour market testing, project agreement and labour agreement guidelines, the temporary skilled migration income threshold and market rates of pay, and changes in relation to skills, visa condition 8107 and transparency.

I want to explain how Labor's job safeguards will work. The ChAFTA allows temporary skilled migration from China through a new mechanism known as an investment facilitation arrangement. This will allow Chinese workers to be engaged on Chinese funded infrastructure projects worth more than $150 million. The government intends to implement the ChAFTA IFAs through migration work agreements. These are agreements between employers and the Minister for Immigration and Border Protection which allow employers to bring in workers on 457 visas.

Labor's safeguards will require employers entering work agreements with the Minister for Immigration and Border Protection to conduct labour market testing before turning to overseas workers. Labour market testing requires employers to show that local workers are not available before they turn to 457 workers by providing evidence showing that they have advertised the jobs locally. The government has agreed to entrench labour market testing for work agreements in the Migration Regulations. That means it will be a legally binding safeguard, not just another coalition promise able to be broken.

In addition to labour market testing, the opposition has secured agreement from the government to implement a series of additional safeguards for migration work agreements. These include a requirement for employers to first demonstrate there is a labour market need to use 457 visa workers, to adopt training plans showing how they will train local workers to address skills shortages, and to adopt overseas worker support plans showing how they will support 457 visa holders, including by providing information about workplace entitlements and rights. These requirements will be included in immigration department guidelines for work agreements, which in turn will be underpinned by a new migration regulation.

The requirements also allow the minister for immigration to impose additional conditions on work agreements, such as specifying that a minimum number of Australian workers be employed or placing a ceiling on the number of overseas workers that may be employed. In relation to wages and conditions, we have secured a major improvement in the market salary rate requirement for 457 visa workers. The market salary rate requirement is a key safeguard designed to ensure that 457 visa workers are treated fairly and that temporary skilled migration does not undercut Australian wages and conditions. It requires such workers to be employed on market salary rates, wages and conditions that are no less than those for a local worker performing the same job in the same location. Under our agreement with the government, the migration regulations will be amended so that the wage rates under relevant enterprise agreements will be the benchmark when assessing whether 457 visa workers are being paid market salaries. This is a significant strengthening of the market salary rate requirement, and it responds to legitimate concerns that the existing arrangements do not reflect market wage rates under enterprise agreements. I want to emphasise this will apply to all 457 visa workers under the standard business sponsor stream. For 457 visa workers under the work agreement stream, the government has agreed to include a comparable requirement in departmental guidelines.
Another area of significant community concern with the ChAFTA is in its removal of mandatory skills assessments for Chinese workers. The coalition government has agreed to remove mandatory skills assessments as part of the 457 application process for Chinese workers in 10 trades occupations, including electricians, mechanics, carpenters and joiners. Chinese 457 workers will still be required to obtain the relevant occupational licences from state and territory regulators. But the removal of the mandatory skills assessments from the immigration process has raised legitimate concerns about workplace skills and safety standards. The Electrical Trades Union is concerned that state and territory occupational licensing requirements may not be adequately enforced. These are not only concerns which emanate from the ETU. The National Electrical and Communications Association, which represents electrical contractors, has said it was not consulted by the government before it made this significant change. The Master Builders Association has said that the removal of mandatory skills assessments means the immigration department will need to take alternative steps to ensure all applicants possess the requisite skills and experience. And the BCA, the Business Council, has said there will need to be greater coordination with state and territory regulators to ensure visa holders exempted from automatic skills testing meet all licensing requirements for work before working in Australia.

So Labor has secured agreement from the government to add new visa conditions for 457 workers in occupations where holding a licence is mandatory under state and territory workplace skills and safety laws. The new conditions will require 457 visa holders in these occupations, first, to not perform the occupation without holding the relevant licence; second, to obtain the licence within 90 days of arriving in Australia; third, to comply with any conditions imposed on the licence; fourth, to not engage in any work or duty that is inconsistent with the licence; and, fifth, to notify the department in writing if their application for a licence is refused or if they are granted a licence but it is subsequently revoked or cancelled.

This is a significant strengthening of the existing visa conditions in licensed trade occupations. Those existing visa conditions for such 457 workers do not put a deadline on the requirement to hold a licence, do not explicitly require visa holders not to perform any work until they obtain a licence, and do not require them to notify the immigration department if a licence is refused, revoked or cancelled. I want to emphasise that these new visa conditions which Labor has secured will apply to all 457 workers in licensed trades occupations, not just 457 workers entering under ChAFTA’s labour movement provisions. It is an overall strengthening of the temporary migration system in respect of licensed trade occupations across the board, and these are much stricter requirements.

Breach of these requirements would expose visa holders and employers to significant sanctions. A 457 worker breaching these conditions would be liable to have their visa and their right to stay in Australia cancelled. An employer of a 457 worker breaching these conditions would face sanctions, including having their approval to sponsor 457 visa workers cancelled. These requirements for 457 visa holders in trade occupations will mean immigration authorities will be better able to monitor and enforce compliance with workplace skills and safety standards. They will more effectively link the migration system and visa conditions with the state and territory trades licensing systems.

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Monday, 9 November 2015 SENATE 7887

CHAMBER
Given that unemployment under this government is increasing, it is important to ensure that trade agreements support rather than displace local employment. As I have said previously, a fundamental premise of Australia's temporary skilled migration is that it is for filling skill shortages where local workers cannot be found to fill positions. Labor's safeguards will ensure this objective is upheld. These safeguards will ensure that employers have to make genuine efforts to recruit local workers and train local workers to address skill shortages, do not use migrant workers to undercut local wages and conditions, and do not rort the system. These safeguards are also complementary to the ChAFTA and will not require renegotiation of the free trade agreement. This means the agreement can enter into force at the earliest opportunity, allowing our exporters to realise the benefits of the agreement whilst ensuring local jobs are supported.

In short, the opposition has determined to support the ChAFTA and Australia's economic engagement with China while delivering safeguards that support local jobs, maintain workplace skills and safety standards, and deter exploitation of overseas workers. This position demonstrates our commitment to an open, outward-looking, competitive Australian economy, expanding and deepening Australia's economic relationship with China, creating the opportunities for the future and, importantly, ensuring to the maximum extent possible that the benefits of trade flow to the community in the form of more jobs, higher growth and better living standards.

**Senator WHISH-WILSON** (Tasmania) (10:21): The Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 enable the so-called Chinese free trade deal. The heart of the matter for the Australian Greens is that we have a fundamentally flawed and broken treaty-making process in this country and that therefore the legislation we see before us today also reflects a fundamentally flawed and broken trade deal with China.

The Chinese free trade deal was negotiated in secret. At no stage were the Australian parliament or the people it represents asked why we were seeking to negotiate this agreement or what we wanted from it. At no stage were the expertise or insights of businesses, unions, academics or a host of other interested parties called upon to help inform the government about the implications of this deal, whether the provisions in the deal were in the national interest, or whether the whole deal was in the national interest. There was no transparency around the negotiations. ChAFTA was initiated and agreed to by the executive government and presented to parliament as a take-it-or-leave-it prospect. Once these secret trade deals are signed by the executive, there is no way of changing the detail in the deal. The melee that follows is familiar: there is an overhyping of benefits, the government literally exponentially inflates the number of jobs—and I am glad they did clear that up in the Senate recently—and there is a confected sense of urgency. The chant is: 'We must sign this now; it is absolutely critical'.

Free trade is being presented as being inherently good, and those who speak out against it are accused of being xenophobic and antitrade. I refer to the comments made by the Minister for Trade and Investment over the weekend to the ABC. After five years of secret negotiations the Trans-Pacific Partnership Agreement was released. Those who have been following this very closely, who have significant expertise in this area and who have raised
concerns were immediately called 'hysterical' and attacked by the government. After releasing a secret deal and finally providing the details—although I have to say it did not include all the details, because the details in the hundreds of side letters were not released to the public—Minister Robb had the gall, the nerve, to attack people who are questioning a fundamentally undemocratic process and the outcomes which have been given to us. They were being attacked by the trade minister for raising concerns.

Against this backdrop, the JSCOT is meant to provide a calm and reasoned assessment to inform the government of the day. To a large extent, the committee report provides this. However, as is the pattern, the subsequent recommendations are either inadequate or nonexistent and do not reflect the content of the committee report. On free trade, the committee has unfortunately become a rubber stamp for the executive.

There are serious problems with the agreement we are debating today. It is lopsided. The projected economic benefits are based on faulty modelling. On labour mobility, ChAFTA reads like the Korean free trade deal and appears to be creating a parallel industrial relations system. Let us make this very clear: this deal, like KAFTA and like the Trans-Pacific Partnership, is a deregulation agenda for the labour market. It is designed to set up a parallel industrial relations system in this country.

Let us look at this a little bit more closely. Senator Wong mentioned that the China free trade deal has taken 10 years to get to parliament and that Labor had a say in the various stages of this deal. The Korean free trade deal also took years to get to parliament—Labor did not complete that deal while they were in government. You should ask yourself what the reason for that might be. Why did Labor not complete the Korean free trade deal or the Chinese free trade deal? The labour market issues—whether it be labour market testing or labour mobility—were fundamental issues for the Labor Party while they were in government and they were fundamentally concerning issues for the union movement. We know there is a lot of concern in the union movement about 457 visas as they stand now: the rorting of the system, the lack of regulation and the lack of auditing of standards and licences. These issues are being talked about by the union movement in church halls around the country as we speak. The unions are talking to their members about their concerns about the deregulation of the labour market through these trade deals. Labor did not sign these deals while they were in government. They did not complete them.

The Korean free trade deal was the straw that broke the camel's back for the car industry. Car industry CEOs themselves said it would be the straw that broke the camel's back—hundreds and thousands of workers out of work because of these free trade deals. The question then is: why are Labor supporting these deals now if they had concerns while they were in government? I will get back to that before I finish.

I turn now to the issue of investor-state dispute settlement clauses where we give corporations special rights to sue sovereign governments if they feel that legislation or policies impact on their profits, their future profits or the value of their investment. On this issue, in the China free trade deal—whether Chinese corporations should be able to sue our government for public policy changes—Australia, our government, appears content for the EU and the US to sort that out for us at a later date. We have an open-ended ISDS clause in this Chinese free trade deal. We are told by DFAT that in a few years time they will fully finish the ISDS clause and negotiate it then—that China is not ready to finish the detail on
this yet because they are in their infancy in moving into the trade deal space. So we in this parliament are being asked to sign up to an ISDS clause that is open-ended.

The Greens fundamentally oppose giving corporations special rights to sue our sovereign government. We fundamentally oppose that. I have put up a bill in this parliament to have ISDS provisions banned. The comprehensive evidence from around the world, from a number of experts, is that we do not need them. They do not add anything to labour mobility between countries. There is no evidence at all that they support so-called free trade, but we know they add risk and directly challenge the sovereignty of our governments. We do not need them. Senator Wong's language was interesting. She said that, while Labor had no traditionally supported ISDS clauses, they would 'seek to amend these clauses when they get to government'.

Our view, as Greens, is that they cannot be amended—they cannot be fixed. They fundamentally should not be in secret trade deals. This is not the road we want to go down, giving corporations more power to influence our parliament. Anyone who has been a senator or a member of parliament, not just in federal parliament but in state parliament, knows how much power corporations already have over the functioning of our democracy. We all know about the special interest effect and the power that corporations wield on the legislation and the outcomes that we, as representatives of the Australian people, produce in parliament. But to give them special rights, to go a step further, in shading parallel legal systems with no right of appeal and no transparency, is fundamentally unacceptable.

I have not time to debate the TPP today, but there have been some attempts to try and provide some disincentives for corporations to bring these cases. But let me tell you—once again, this is evidence based—that the wording of every previous ISDS clause has failed to stop corporations from bringing strategic litigation. They are set up to give corporations the right to challenge regulations in the public interest, be it around public health, be it around environment, be it around labour laws in our country. I will be moving a second reading amendment, when I finish this speech, on that particular issue—that we remove ISDS clauses from the Chinese free trade deal. I just want to emphasise before I move on that in this case it is exceptional that we are being asked to support an open-ended ISDS clause that has not even been finished in its detail yet.

I would also disagree with Senator Wong's point that this deal brings significant benefits to this country. There is no doubt that in some sectors of our economy this deal will bring benefits to producer groups and to some industries. I want to make it very clear that the Australian Greens believe we should be seeking to consolidate economic relations with China, our largest trading partner and the second largest economy in the world. Further open and transparent trade relations help breed trust between nations which can in turn help bring a more peaceful and prosperous world. However, in its current form ChAFTA is not a good deal. It is not in our national interest, and we do not feel it should be supported.

So let us get back to these significant economic benefits. We have had a couple of interesting questions without notice here in the Senate on this exact issue. I think we all know now that the government, as is always the case with these secret trade deals, hold the cards. They have the detail. We do not see it until it is signed. By that stage they have given drops to newspapers, and stories are on the front page of the news and in the bulletins on TV about the billions of dollars of wealth that it is going to create for our country, about all the agricultural
producers it is going to benefit, and about the hundreds of thousands of jobs it is going to create. Mr Robb's direct quotes in relation to the free trade deals we signed with China, Japan and South Korea were that these were a:

… landmark set of agreements and it will see literally billions of dollars, thousands, many hundreds of thousands of jobs and will underpin a lot of our prosperity in the years ahead.

The evidence does not suggest that. In fact, it is quite the opposite. For all of these three deals—not just one, not just the Chinese deal which we are debating today—the Department of Foreign Affairs and Trade's independent modelling contradict these claims by Minister Robb. Their analysis estimates these agreements will increase GDP by 0.05 per cent in 20 years time, or an additional $780 million per year in today's terms, and would increase employment in 2035 in total by 5,434 jobs. That is very different to the hundreds and thousands of jobs that we have heard about in this place and elsewhere from the trade minister.

My point is these deals are highly politicised. When we get to the detail, governments always over-promise and under-deliver. The evidence is there from the US free trade deal, which was going to pave the roads with gold 10 years ago and has recently been modelled has having had almost no effect on our economy. We all know the technical, theoretical jargon around trade diversion with bilateral trade deals and that they never deliver what they promise. Yet we still go through this rigmarole in our national debate and in the Senate about how great they are going to be for our economy. We always ignore the risks.

There are always winners and losers in trade deals. Any first year economics student will tell you that. In theory, the winners compensate the losers, and that is how we are all better off. We do not even do an analysis of who the losers are going to be. But at least the labour movement in this country is standing up on this issue of the deregulation of the labour market, because they know they will be losers under these deals if there is not adequate regulation around labour market testing, skills assessments and other important issues. I look forward to moving amendments when we go in committee on this particular issue. So I will not go into the detail now; I can deal with that a little bit later.

Free trade deals are about spin—a lot of spin. There is very little evidence that they live up to the hype. Yet our governments are happy to shove this down our throats and attack anyone who dares criticise the minister on issues around trade or raise perfectly valid questions. I would say this view that the treaty process is broken and fundamentally flawed is not just the view of the Greens. Numerous Senate committees have made recommendations on exactly this issue. In fact, recently the Senate Foreign Affairs, Defence and Trade References Committee looked at the ChAFTA, which we are debating here today, and highlighted in chapter 5, in the conclusions and recommendations, that the Senate had completed a previous significant inquiry into the treaty-making process and made four key findings that essentially we need to incorporate into any future trade deal. The recommendations include that an independent analysis be undertaken prior to the commencement of negotiations, as well as an evaluation of likely costs and benefits after negotiations have concluded, through some body such as the Productivity Commission; that we grant access to the draft treaty text so people can see the detail; and that we create a model trade agreement that covers controversial topics. This is the conclusion that the Senate drew:
5.3 The committee's inquiry into ChAFTA illustrates that these findings and recommendations have continuing relevance. It is worth considering whether the issues with the labour mobility components of ChAFTA would have surfaced if improvements to the treaty-making processes had been made. In the view of the committee, it is possible these issues could have been appropriately resolved before the final treaty text was agreed. In this context, the committee reiterates its recommended reforms to the treaty-making process.

If we do not fix that going forward, we are always going to be having the same politicised debates about something as important as trade, where there are always winners and there are always losers.

That is why the Greens are fundamentally a party of fair trade, where the opportunities through the treaty process are not just open to a few and where the opportunities are at least there to be scrutinised by everyone—opportunity for all. At the moment, I have no doubt that those groups that have the minister's ear will be winners. We have seen with the trans-Pacific partnership agreement that 500 corporations had access during the draft treaty making process, whereas civil society and others were invited along to the odd 'show and tell' but were shown no detail at all. These corporatised trade agreements do not provide opportunity for all. That is our view as the Greens. We fundamentally question the logic behind trickle-down economics that is attached to these trade deals and what it has delivered for the community. We do support trade, but we want to see that it is fair and that externalities, such as environmental externalities and social externalities, are incorporated into these deals so that we do have a balance and that we do have fair trade—and that is going to be a big issue with the Trans-Pacific Partnership Agreement in coming months, no doubt. It is interesting to note that the Chinese free trade deal does not even have a labour chapter and it does not have an environment chapter—unlike the Korean deal, which did. It does not even include those issues.

This is the first time we have seen an investment facilitation agreement, an IFA, included in a trade deal as a side letter, as an annex. At estimates recently I asked DFAT who had proposed the IFA—knowing it must be Australia, because that is a process that we use—and they admitted that they had proposed the addition of an IFA to the Chinese to help facilitate the trade deal. That is more evidence, if you need it, that the Chinese were playing hardball on labour access arrangements and on labour mobility.

There is no doubt, there is no secret, that wherever the Chinese have invested around the world they have liked to vertically integrate. They have liked to bring in their own labour, their own expertise and their own skills, particularly around significant direct foreign investment. I do not think it is any secret that that was a barrier that had to be overcome to get the Chinese to sign this deal. I intend to go into more detail on labour mobility issues when I move amendments in committee.

This enabling legislation supports a fundamentally flawed deal, and that is because our treaty and trade negotiation process in this country is fundamentally flawed. If we do not make a stand on that, it will never be fixed. When I look at the so-called benefits of these deals, I do not believe that they are going to bring significant economic benefits and jobs to this country, but they do introduce significant risk to labour markets and to our sovereignty by allowing ISDS. The Greens fundamentally oppose corporatised, secret, trade details.
I move:
At the end of the motion, add:

"; but the Senate calls on the Government to negotiate any future articles relating Minimum Standard Treatment and Expropriation in the China-Australia Free Trade Agreement:

(a) within the terms of current international law;

(b) to exclude investor losses due to changes in government policy or regulation; and

(c) to ensure that governments can change policy and regulate in Australia's public interest, without legal resource from another party."

Senator SESELJA (Australian Capital Territory) (10:42): Before I speak in support of the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015, which I am very pleased to do, I will briefly respond to some of Senator Whish-Wilson's commentary. I take his comment that 'free trade deals are about spin' as almost summing up the Greens policy towards free trade, towards this free trade agreement and towards other free trade agreements. I think it is an interesting analysis. We heard Senator Whish-Wilson saying, 'There are winners and losers in these deals and one cancels out the other.' He did not of course acknowledge the great enabling potential of free trade to grow the world economy and to grow the Australian economy, as we have seen over decades. In fact over hundreds of years we have seen the prosperity of trading nations rise.

There seems to be this narrow focus where he suggests that it is almost a zero-sum game—that we give up a little bit and we gain a little bit and really nothing changes. But that ignores the realities of history and ignores how positive free trade and trade between nations has been. Given that the founder of the Greens talked about one-world government, you would think that they would be a little more open to relations with other countries and to trade with other countries. We should be supporting that trade. I think what Senator Whish-Wilson said represents a very small view of the world, when analysis shows that this is a historic agreement.

I am pleased to support these bills and to support the China-Australia Free Trade Agreement. These are landmark bills. I think that we should acknowledge the great work of Andrew Robb, on behalf of the Australian people and the Australian government, to get this deal done. We should acknowledge his hard work in helping bring about something which, I think, will have great positive effects for many decades on the Australian economy and our regional economy. I think that this free trade agreement sets us up for a future of prosperity. It opens up investment and gives Australian businesses the chance to break free of red tape and unnecessary restrictions on trade with one of our most significant trading partners. The two-way investments we have conducted over the years play to our strengths, and they are often complementary to our trading relationship.

Before I get into some of the key numbers, I want to take a step back and look at what this means for our relationship with China. We all know how much we rely on China buying our mineral resources. There is no doubt about that, and that will continue to be an important factor in our economy for many, many years to come. As we see other nations, such as India, growing, their increased demands will see those types of relationships emerging there as well. But as China moves away from the production phase of its economy into a greater consumption phase in its economy with a growing middle class, the demand for services and
demand for high-end goods will be greater and greater—and this is what this agreement fundamentally does.

A massive Chinese middle class demanding the kinds of things that many of us in the West have been fortunate enough to experience for a long time, will present opportunities for not just high-end agriculture, food and other areas but also a wide variety of services exports—and that is the game changer here. We will continue to export minerals and resources, but services are something that Australia does very well. They are under-represented in our exports but, with a growing middle class who are demanding those services, these kinds of free trade agreements place Australia in a fantastic position. If you want to diversify our economy and move away from, perhaps, an over-reliance on mineral exports, this is one way to do it: by growing our services sector and our services exports. That is fundamentally what this deal represents.

When you look at Australia-China trade you see total exports of $107.5 billion, total imports of $52.1 billion—total two-way trade of $159.6 billion, which is a 23.8 per cent share of Australia's total trade. A quarter of our trade is in our relationship with China. The top five exports to China are: iron ore and concentrates, $57 billion; coal, $9.3 billion; gold, $8.1 billion; interestingly, education related travel services, $4.1 billion; and copper, $2.1 billion. The top five imports from China are: clothing, $5.1 billion; telecommunications equipment and parts, $4.9 billion; computers, $4.8 billion; furniture, mattresses and cushions, $2.2 billion; prams, toys, games and sporting goods, $1.8 billion.

The Australia-China investment scenario: Australia's investment stock in China is $29.6 billion. China was the 12th largest destination for Australian investment abroad in 2013—and, of course, this will grow. China's investment in Australia is $31.9 billion. China was the eighth largest source of investment in Australia in 2013. That is an important point to pause on. We have historically relied on foreign capital. As a low population, large-land-mass economy, we have needed a lot of foreign capital to help grow our economy and exploit our resources, and Chinese investment is an important part of that mix.

ChAFTA will unlock significant opportunities for Australia. China is Australia's largest export market for both goods and services, accounting for nearly a third of total exports, and a growing source of foreign investment. Tariffs of up to 19 per cent on all dairy products, like infant formula, liquid milk and manufactured products, will be phased out completely. Tariffs of up to 25 per cent on beef and lamb will also be progressively eliminated. All vegetable, fruit and nut tariffs will be eliminated. Wine tariffs ranging from 14 to 30 per cent will also be phased out over four years. Australia's tourism sector is set to benefit from ChAFTA through encouraging investment in Australia, making it easier for Chinese students to study in Australia. A work-and-holiday arrangement concluded alongside ChAFTA will allow 5,000 Chinese work-and-holiday-makers into Australia annually, increasing demand for tourism services and supporting the development of the sector.

Importantly, these benefits flow both ways. As we invite investment, we will also have the opportunity to export into China without unnecessary red tape holding up the process and without unnecessary costs. As we see tariffs come down, there will be benefits for consumers as well. There are benefits for producers. There are benefits for jobs and for people seeking employment in Australia. But, of course, as we have seen with other free trade agreements
that are being concluded we see benefits for consumers, and surely that is something we should be in the business of promoting.

Earlier this year I had the great pleasure of participating in a seminar with small business owners from the Canberra region to discuss and learn about the historic free trade agreements the coalition government has delivered in the last two years. Around 130 interested small business owners attended the event, which was hosted by the then Minister for Small Business, Bruce Billson. The economy of Canberra and the local region thrives on the success of these businesses, and that seminar helped create some additional tailwind for those businesses who are considering international markets. Those of you in this place who come from the far-flung corners of Australia may not realise just what a vibrant small business sector we have here in Canberra and in our region. We have wineries and gourmet food, tourism, retail as well as a strong focus on education, finance and other service industries. The China free trade agreement benefits all of these industries.

In particular, it is easy to look at the billions of dollars of value in our trade with China and think this is just the realm of big businesses. It is not. This is an agreement for small businesses and medium businesses as well. This is an agreement that helps small businesses enter new markets. They can look beyond our shores and find new buyers and new investments. When small businesses take these opportunities, build wealth and grow, everyone benefits. Trade promotes growth and raises incomes, gives consumers and business greater choice, makes products cheaper and encourages innovation. These agreements extend the open trading environment in which traders and investors operate. They make exporting a more attractive prospect by guaranteeing new levels of access to these markets. This is the case whether you are large or small, whether you have 10 or 10,000 staff.

As I was hearing the arguments put forward by the honourable Senator Whish-Wilson in relation to this, I cast my mind back to some of the great debates we have had in relation to free trade in the past. You cast your mind back to those arguing against abolishing tariffs or reducing tariffs. There is always a strong argument. There is always an argument you can make to say someone might be worse off. Would anyone want to go back? Would anyone want to go back to Australia being behind the tariff wall? Is anyone seriously arguing that that would be a better place for us to be as a nation? I certainly would not support that, I do not think many in this place would, and I do not think many in the community would, because they have seen the benefits. That high level of protectionism that we saw led to inefficient industries and it led to high costs for consumers. Both sides of politics have seen reductions in that tariff wall. I am always reminded of that when I hear some of the relatively small-minded criticisms of this free trade agreement and of free trade more broadly. Those arguments were made loud and clear during the 1980s and 1990s as we were seeing these kinds of reforms, but is anyone seriously going to come into this place and argue we should go back, that we should go and construct a tariff wall again?

During that small business seminar, one of the small business owners I had the pleasure of meeting was Michael Tear of WildBear Entertainment. WildBear are a great example of a modern, innovative 21st century small business taking advantage of globalised technology and, importantly, ready to reap the benefits of the China free trade agreement. WildBear is a factual entertainment company working in television, theatre, corporate, educational and
government communications. WildBear was formed after the merger of two Australian production companies, WildFury and Bearcage.

Michael is a Canberra local who built Bearcage into a formidable production house producing award-winning television and commercial productions. His credits include Building Australia on the History Channel, The Digger, which won the Gold Dolphin at the Cannes film and television awards, as well as a number of other TV documentaries. With all of this success, Michael has been able to expand his productions, working with networks in the USA, the UK, Germany, France, Sweden and, importantly in relation to this bill, China. Michael produced a six-part documentary called The Story of Australia for Chinese TV in 2012. It earned an audience of over 21 million people and was praised by President Xi, who cited it as an example of the close relations between China and Australia.

Michael told me that China's media market is, unsurprisingly, highly regulated and complex. He said it took his company a long time to navigate and understand how the media environment worked. Simplifying the regulations for travel, visas and business transactions will make this work a lot easier for WildBear's future productions. While there will always be intellectual property laws of two different countries to navigate, breaking down some of the barriers will create more opportunities not just for companies like WildBear but for so many others in the service and innovation sectors who will have the opportunity to thrive. It is important to remember that small businesses that are adaptable and innovative will have greater chances to grow under this agreement.

As many here would know, one of the Canberra region's key overseas export markets is the wine industry. We have a sensational wine industry, with around 30 wineries operating in and around the ACT. Many of these wineries have produced world-class, award-winning wines. Over the next four years, through the China free trade agreement, we will see the 14 to 20 per cent tariffs on wine progressively removed. This will give our world-class wineries even more opportunities to break into the booming Chinese wine market. More broadly, rural Australia will benefit from not only the removal of wine tariffs but also the progressive removal of tariffs on beef, sheep meat and wool. Each of these products carry tariffs ranging from 12 to 25 per cent. Over the next eight to nine years we will see the end of these tariffs and we will also see the removal of horticulture tariffs. Already our agriculture is moving into the Chinese market and creating more and more wealth, something that will, as a result of this agreement, only continue.

Having touched on some of those agricultural exports, I come back to the services industry—financial, legal, education and aged-care services. Australia is world class in these areas. This agreement is a major breakthrough and will provide the opportunity to export those high-class services to what will be the world's biggest economy and certainly the world's biggest middle class, who will increasingly have an appetite for our services and our high-quality goods.

We are pleased that we now have bipartisan support for this agreement. That is important. It is important, notwithstanding the contribution from the Greens, who are still singing from the union song sheet on this, that we have seen some progress from the Labor Party. We hope that that will continue. We hope that they will distance themselves from some of the union scare campaigns in relation to this free trade agreement. That will be an important test of leadership. We are pleased that they have come on board and that we have been able to
negotiate a deal. I think it is a good thing. It is good to get agreement on such major issues between the two major parties of government. That is very important for confidence and for a range of other things. We are pleased with that. But the union scare campaign is dishonest and should be condemned, because it is painting a misleading picture of what this agreement means. We know that before federal Labor came on board there was support from Labor figures from across the board, including premiers like Daniel Andrews and Jay Weatherill, former Prime Minister Bob Hawke, former foreign minister Bob Carr, former leader Simon Crean, Martin Ferguson, former Premier John Brumby, former Premier Peter Beattie—there has been a chorus of voices on both sides of politics for this agreement. So it is important that we call out the scare campaigns for what they are. They are dishonest. This agreement has been thoughtfully and carefully negotiated over many years. It has been done with two fundamental goals in mind: to grow trade between our two nations whilst protecting Australia’s vital interests. Andrew Robb has balanced that very well.

In conclusion, this is an agreement we should be very proud of. It has been a long time coming. These agreements are not easy. I would again like to congratulate Andrew Robb and all those in the government who have been responsible for negotiating this deal. We cannot close ourselves off from the world. We cannot pretend that the world economy is not always evolving, and we need to respond to that. One of the ways we respond is by making sure that we break down some of the artificial barriers that nations put up between themselves that stifle trade.

There are always those who will say that any change is going to be negative and that we should argue against it, but we heard those same arguments put forward when we saw the debate about opening up Australia to the world and about lowering the tariff wall. Whilst the Greens might want to go back there, I do not want to go back there and I do not think the Australian people want to go back there. The Australian people do not want to go back to the 1970s, when we had an uncompetitive economy. We tried to close ourselves off from the world. We raised the barriers. We forced low- and middle-income earners to pay far more than they had to for goods because of a closed shop. It was not good for the economy, it was not good for consumers and, in the end, it was not good for workers—except for a select few who were being subsidised by everyone else. Those are the facts of the matter.

Senator McKim interjecting—

Senator SESELJA: We are hearing this argument—and we are even getting it in interjections—from the Greens, who would like to take us back there. We disagree with that. We reject that. I hear Senator McKim, and he is saying, ‘If we have free trade we don’t have sovereignty. We are not protecting our sovereignty.’

Senator McKim: That is not what I said. I said we want to keep our sovereignty.

The ACTING DEPUTY PRESIDENT (Senator Sterle): Order! Senator McKim, I ask that you give Senator Seselja the opportunity to complete his remarks in silence.

Senator SESELJA: The same arguments that were made by those who are anti-free trade in the seventies and eighties are now being made by the Greens and the union movement in relation to this free trade agreement. Those arguments were false then and they are false now. They ignore the outstanding benefits—
Senator Heffernan: Mr Acting Deputy President, I rise on a point of order. I want to absolutely clarify something here. In the light of free trade agreements and international tax arrangements, there is a real risk of sovereignty being—

The ACTING DEPUTY PRESIDENT: What is your point of order, Senator?

Senator Heffernan: I am not going to let someone get away with bullshit.

The ACTING DEPUTY PRESIDENT: Thank you, Senator Heffernan. I will take that as a statement.

Senator SESELJA: I should have included Senator Heffernan with the Greens on this particular point.

Senator Heffernan: I will kill him in the detail stage, because he has not got any detail.

The ACTING DEPUTY PRESIDENT: Senator Heffernan, order.

Senator SESELJA: I do not think that was a point of order, Mr Acting Deputy President.

The ACTING DEPUTY PRESIDENT: There is no point of order, but I did rule it as a statement.

Senator SESELJA: On this particular point, I lump Senator Heffernan and the Greens together. It ignores the reality of what free trade has achieved for the Australian economy and for the world economy over decades and centuries, and I therefore commend these bills to the Senate.

Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (11:02): I rise to speak on the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015. Passage of these bills by parliament will implement commitments that the Australian government has made to the government of the People's Republic of China under the China-Australia Free Trade Agreement, commonly known as ChAFTA.

Labor knows that there are tremendous opportunities for Australia as global economic activity shifts to the Asia-Pacific region. That is why Labor, under Prime Minister Gillard, developed the *Australia in the Asian century* white paper, a comprehensive strategy to ensure that Australia taps into the growth of our Asian neighbours. We understand that the 21st century will see a massive growth in the economic power of our Asian neighbours, like China and India.

Australia's trading relationship with China will be central to our economic future. China is already our No. 1 trading partner. It accounts for a third of Australia's merchandise exports. Trade with China has been critical to our economic past. It helped Australia to keep growing through the global financial crisis. China is already the world's second largest economy. It is set to become the world's biggest economy during our lifetimes. Labor believes in a confident, open, competitive Australian economy that is engaged with the world. That is why Australian Labor governments have pursued trade liberalisation for over 40 years: from Whitlam's across-the-board tariff cut to Hawke and Keating's dismantling of protectionism to Rudd and Gillard's pursuit of free trade agreements in our region.

Increasing exports will drive our economy's growth, boost living standards and create new business opportunities and new jobs for the future. As the Labor Party's national platform states, more 'Trade is a pathway to a high-skill, high-wage future' for Australians. Analysis by
the Centre for International Economics shows that one in every seven Australian jobs depends on exports—around 1.5 million jobs. Industries with the largest shares of export related jobs are mining, agriculture, metal-product manufacturing, food manufacturing, and transport and storage. The analysis shows another one in 10 jobs is involved in imports. That means around one million jobs are linked to imports in industries, like transport, storage and distribution, and wholesale and retail trade. This means that trade benefits working Australian people by giving consumers lower prices and wider choices and by driving economic growth, which creates jobs.

Exports and imports account for around 40 per cent of Australia's GDP. That means trade is inextricably linked to jobs. Our proximity to China represents a tremendous opportunity for Australia—a tremendous opportunity for the jobs, growth and prosperity of future generations of Australians. There is a major new market with hundreds of millions of increasingly affluent consumers demanding new goods and services and a source of valuable investment funds, which Australia will need to create and grow new businesses and jobs. Asia's middle class is now around 500 million. It is expected to increase more than six-fold in the next 15 years. That is 3.2 billion middle-class consumers in Asia—or 66 per cent of the world's middle class—by 2030. And a large slice of those middle-class consumers will be in China. This will translate into rising demand from China for a range of products and services, including those that Australia does well: food, education, tourism, health, aged care, and financial and professional services.

Growing, deepening and diversifying the trade relationship with China will be critical for our future prosperity. We need to export more Australian agricultural goods and food products to China. We need to export more sophisticated services to China like education, health care, aged care, financial services, business and professional services, and tourism. We need to see advanced Australian manufacturing playing its part in the global and regional supply chains which are increasingly centred on China, and we need to see more investment flows between Australia and China. This will mean new opportunities for Australian businesses, stronger growth for Australia's economy, better living standards for Australian families, and more and better jobs for Australian workers.

We are already in a strong and mutually beneficial economic relationship with China. As a senator for Tasmania, I am greatly aware of the opportunities that forming a closer relationship with China will have for Tasmania, and I am well aware of the importance of China as a destination for our wonderful fresh and manufactured foods. There was a strong push to grow the Chinese market under former Labor Premier of Tasmania Lara Giddings. Under Premier Giddings, Tasmania became the first state in Australia to have its own trade and investment representative embedded in Austrade on mainland China. Tasmania is also increasingly benefiting from Chinese tourism, with Chinese visitation to Tasmania increasing by 300 per cent in the last three years. I must say here that I am extremely disappointed that the government still has not delivered the extension to the runway at Hobart airport, which is needed for direct long-haul flights from China, and I am also still quite frustrated that this government cut the Australian Federal Police from the Hobart airport, which obviously Tasmania will need for the return of international flights.

Labor acknowledges that ChAFTA will deliver significant benefits to Australian exporters, Australian consumers and Australian workers. ChAFTA will give Australian businesses
greater access to the Chinese market. Under ChAFTA, immediately 85 per cent of Australian exports by value will enter China with no tariffs, and this will rise to 95 per cent when the agreement is fully implemented. China will remove or significantly reduce tariffs on Australian beef, sheep, sheepmeat, dairy products, horticultural products, wine, barley, seafood and processed foods. These sectors employ more than 200,000 workers. This improved market access will be critical in ensuring that Australian farmers and food processors can tap into the opportunities that will come. Those opportunities will arise, as an increasingly affluent Chinese population means higher food consumption and changing patterns of consumption towards higher value food products. The National Farmers' Federation has said the agreement could see a tripling in agricultural exports to China over the next decade, but agriculture is not the only sector that will benefit.

ChAFTA removes Chinese tariffs on Australian resources and energy commodities, transformed resources products like copper, alumina and aluminium, nickel and zinc, and pharmaceuticals and other manufactured products. Once again, my home state of Tasmania can seek to profit in particular from the export of minerals and agricultural products but also engineering expertise in the energy sector, as ChAFTA will also open up access to the Chinese market for Australian services businesses. It is expected to deliver improved access for financial services for providers such as banks, insurers and fund managers. More education and training providers will be able to market their services in China. Australian hotel, hospitality and tourism operators will be able to invest in China. Australian health and aged-care facilities will be able to be established in China. Australian law firms will be able to service the Chinese market. Australian construction and engineering companies will be able to undertake joint construction projects. It will also deliver improved access for Australian telecommunications, manufacturing services, mining services, architects, software implementation and environmental services.

As China develops and modernises, services will become a much larger part of its economy. ChAFTA will give Australian services businesses opportunities to take advantage of this growth. ChAFTA has gained support from business groups and major companies, including the BCA, ACCI, the Australian Industry Group, the Minerals Council, the National Farmers' Federation, the Commonwealth Bank, ANZ, BHP Billiton and Qantas.

This agreement has been nearly 10 years in the making. Both coalition and Labor governments played their parts in the negotiations. I particularly want to pay tribute to former Labor trade ministers Simon Crean, Craig Emerson and Richard Marles for their roles in progressing the negotiations. I also acknowledge the role of Minister Robb in bringing the negotiations to a conclusion, along with the staff in the departments that have been involved. But Labor does believe that the coalition government could and should have secured a better deal. It is disappointing that the government left some agricultural goods out of the deal. They failed to win further market access for Australian rice, wheat, cotton, sugar, canola or vegetable oils. These agricultural goods represent a significant part of Australia's agriculture sector, and the government should have fought harder to have them included.

There has been some significant concern within the Australian community about the investor-state dispute settlement, ISDS, provisions in this deal. We on this side do not believe the government should have included ISDS provisions in this agreement. There are legitimate public concerns over the impact of ISDS provisions on Australia's public policies in areas
such as health care, public services and environmental protection. The concerns come from mainstream economic and legal experts. These include the Productivity Commission; the pro-trade magazine *The Economist*; the Chief Justice of the High Court of Australia, Justice Robert French; former head of the Australian Industry Group and Reserve Bank of Australia board member, Heather Ridout; and numerous academics. The concerns also come from across the political spectrum, ranging from the union movement and the Australian Fair Trade & Investment Network on the Left to the libertarian Cato Institute on the Right. Even former Liberal Prime Minister John Howard refused to include an ISDS in the Australia-United States Free Trade Agreement, despite pressure to do so from the United States.

Labor have led the way in arguing against ISDS provisions. In government, we adopted the policy of not including ISDS provisions in trade agreements. In opposition, Labor continue to oppose ISDS provisions in trade deals, including in ChAFTA. If we are returned to government, we will seek to review all of Australia's existing ISDS provisions in trade and investment agreements with our trading partners. We will work with the international community to reform ISDS tribunals so they remove perceived conflicts of interest by temporary appointed judges, adhere to precedents and include appeal mechanisms.

Labor is also concerned about the impact of ChAFTA on safeguards in Australia's temporary migration system. We want to ensure that ChAFTA supports, rather than reduces, jobs for Australians. That is why Labor has been vocal in raising concerns about the impact of the ChAFTA on jobs, wages and skills. It is why Labor has negotiated with the government to achieve a comprehensive package of complementary safeguards for ChAFTA's temporary migration provisions. Importantly, we have secured those safeguards, which is an important outcome for Australian working people. Our safeguards will support local job opportunities, maintain work skills and safety standards and deter exploitation of overseas workers. This of course is important in safeguarding Australian jobs. Our safeguards will ensure that temporary migrants coming to Australia are used for jobs where there are skills shortages, not as a way of bypassing local workers.

We have designed our safeguards according to two key principles. Firstly, that they are consistent with ChAFTA and do not require changing the agreement, and, secondly, that they do not discriminate against China. They do not discriminate against Chinese companies and they do not discriminate against Chinese workers seeking to come to Australia under our temporary skilled migration system. Despite what those on the other side of the chamber have said, defending Australian jobs is not anti-China and it is not anti-free trade.

ChAFTA allows temporary skilled migration from China through a new mechanism known as investment facilitation arrangements. This will allow Chinese workers to be engaged on Chinese-funded infrastructure projects worth more than $150 million. The government intends to implement the ChAFTA IFA arrangements through what are known as work agreements. These are agreements between employers and the Minister for Immigration and Border Protection, allowing employers to bring in workers on 457 visas. Labor’s safeguards will require employers entering work agreements with the Minister for Immigration and Border Protection to conduct labour market testing before turning to overseas workers. Labour market testing requires employers to show that local workers are not available before they turn to 457 workers, by providing evidence showing that they have advertised the jobs. The government has agreed to entrench labour market testing for work agreements in the
migr
ation regulations so this will be a legally binding safeguard, not just another coalition promise waiting to be broken.

Labor has also secured the government’s agreement to a series of additional safeguards for work agreements. These safeguards include requirements for employers to demonstrate that there is a labour market need to use 457 visa workers; adopt training plans showing how they will train local workers to address skills shortages; and adopt overseas worker support plans, showing how they will support 457 visa holders, including by providing information about workplace entitlements and rights. These requirements will be included in immigration department guidelines for work agreements and these guidelines will be underpinned by a new migration regulation. They will also allow the minister for immigration to impose additional conditions on work agreements, such as specifying that a minimum number of Australian workers be employed or placing a ceiling on the number of overseas workers that may be employed.

Labor has secured a major improvement in market salary rate requirements for 457 visa workers. The market salary rate requirement is a key safeguard designed to ensure that 457 visa workers are treated fairly and that temporary skilled migration does not undercut Australian wages and conditions. It requires 457 visa workers to be employed on market salary rates, with wages and conditions no less than those for a local worker performing the same job in the same location. Under our agreement with the government, the migration regulations will be amended so that wage rates under relevant enterprise agreements will be the benchmark when assessing whether 457 visa workers are being paid market salaries. This is a significant strengthening of the market salary rate requirement, and it responds to concerns that the existing arrangements do not reflect market wage rates under enterprise agreements. It will apply to all 457 visa workers under the standard business sponsor stream. For 457 visa workers under the work agreement stream, the government has agreed to include a comparable requirement in departmental guidelines. The government has also agreed to consider Labor’s proposal to increase and index the temporary skilled migration income threshold as part of a review.

An area of significant community concern with ChAFTA is its removal of mandatory skills assessments for Chinese workers. The coalition government has agreed to remove mandatory skills assessments as part of the 457 application process for Chinese workers in 10 trade occupations, including electricians, mechanics, carpenters and joiners. Chinese 457 workers will still be required to obtain the relevant occupational licenses from state and territory regulators. But scrapping mandatory skills assessments from the immigration process has raised very legitimate concerns about workplace skills and safety standards. The Electrical Trades Union is concerned that state and territory occupational licensing requirements may not be adequately enforced. The concerns do not only come from the ETU. The National Electrical and Communications Association, which represents electrical contractors, has said it was not consulted by the government before it made this significant change. Master Builders Australia has said the removal of mandatory skills assessments means the immigration department will need to take alternative steps to ensure all applicants possess the requisite skills and experience. The Business Council of Australia has said there will need to be greater coordination with state and territory regulators to ensure all visa holders in
categories exempted from automatic skills testing meet all licensing requirements before working in Australia.

Labor has secured agreement from the government to add new visa conditions for 457 workers in occupations where holding a licence is mandatory under state and territory workplace skills and safety laws. The new conditions will require 457 visa holders in these occupations not to perform the occupation without holding the relevant licence; to obtain the licence within 90 days of arriving in Australia; to comply with any conditions imposed on the licence; not to engage in any work or duties that are inconsistent with the licence; and to notify the department in writing if they have been refused a licence or if their licence has been revoked or cancelled. These are strict requirements. Breaching them would expose visa holders and employers to significant sanctions. A 457 worker breaching these conditions will be liable to have their visa, their right to stay in Australia, cancelled, and an employer of a 457 worker breaching these conditions will face sanctions, including having their approval to sponsor 457 visa workers cancelled. These requirements for 457 visa holders in trades occupations will mean that immigration authorities will be better able to monitor and enforce compliance with workplace skills and safety standards. They will more effectively link the migration system and visa conditions with the state and territory trades licensing systems.

Labor has worked hard to ensure that ChAFTA works for the benefit of Australian workers, not to their detriment, and we recognise that an agreement as big and complex as this is a generational decision. We as an opposition have a duty to apply rigorous scrutiny to the flaws, risks and weaknesses that we have identified. This package demonstrates that Labor has been able to achieve significant concessions from the government to improve the ChAFTA. I therefore commend the bills to the Senate.

Senator LAMBIE (Tasmania) (11:23): I rise to contribute to the debate on the two bills before the Senate which give a green light to an unfair trade deal between China and Australia—the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015—and to indicate the JLN's strong opposition to this legislation. Before I explain the detail of my opposition to the bills before the Senate I think it is important to state an obvious fact that both Labor and Liberal party members choose to ignore. As these bills are being debated in this place, trouble on a grand scale is brewing in the South China Sea because of the expansionist, aggressive and bullying behaviour of the Communist government of China—the people we are entering this so-called free trade deal with. And no amount of name calling—like 'xenophobe' and 'racist'—from those Liberal-Nationals members opposite, in order to stop free debate and cover up the considerable faults of the legislation, will stop me from speaking the truth in this place today.

A news report from respected media source Reuters on 31 October this year leads with the headline 'China naval chief says minor incident could spark war in South China Sea'. The article goes on to say:

China's naval commander told his U.S. counterpart that a minor incident could spark war in the South China Sea if the United States did not stop its "provocative acts" in the disputed waterway, the Chinese navy said on Friday.

Everyone in the chamber knows that China's behaviour is appalling. China is behaving like an international bully in the South China Sea. But no-one in this parliament has the courage to
tell the truth. China's military right now, following orders from its President, is threatening the free movement of peaceful civilian aircraft in international airspace and shipping on international waters. And the Labor, Nationals and Liberal parties of Australia, who have all taken big political donations from people closely linked to the government of China, are prepared to reward this bad behaviour with a deal that favours a government that many respected commentators say is turning into a dictatorship. 

Shame, shame, shame is all I can say when I think of this year's approaching Remembrance Day, when we will all stop and pay our respects to those brave souls who died fighting for our human rights and our freedoms against anti-democratic, anti-human-rights governments similar to the ones we are now proposing to enter into a lopsided deal with. If China was not armed with 300 nuclear warheads fitted to sophisticated missiles and did not have one of the largest conventional armies, navies and air forces, I do not think the world would allow the Chinese communist regime to get away with the military threat they have now made to world peace and a third of the world's commercial shipping.

In a speech at a defence forum at the Ronald Reagan presidential library in California this Saturday the US defence secretary, Ash Carter, said:

How China behaves will be the true test of its commitment to peace and security. This is why nations across the region are watching China's actions in areas like the maritime domain and cyberspace. China has reclaimed more land than any other country in the entire history of the region. The United States is deeply concerned about the extent of land reclamation and the prospect of further militarization there, which could lead to a greater risk of miscalculation or conflict. The United States is responding to China's moves by putting its best and newest assets in the Asia-Pacific and investing in space, cyber, missile defence, and electronic warfare.

So, while the US government at the highest levels rings the freedom bell in the most strident fashion, there sits the Labor, Liberal and Nationals parties of Australia, deaf and dumb, with their heads buried in a very, very dark place and their hands held out to the rich businessmen with strong links to the Chinese government while they agree to do a deal that sells Australia's children's sovereignty, our workers' job security and our national security under the guise of a free trade deal.

It is just wrong and misleading to tell the Australian people that it is only the US that runs the risk of losing the lives of its military. A senior communist Chinese military officer recently warned the Turnbull government that the possibility of military confrontation 'could not be excluded' should we support our American allies in freedom of navigation exercises through vital international trade routes. Australia's relationship with China is nearing a crisis despite the misleading statements made to me in the Senate by our government's bureaucrats. Today Australian sailors and American marines run the risk of being killed by Chinese ships, bombs and missiles because we want to keep international waters free and our skies open. And today our Prime Minister and Liberal, Nationals and Labor politicians pretend that our trade relationship with China is our trade deals with our other democratic international trading partners, which is absolutely ridiculous. The bottom line is that Australia is about to sign a free trade deal with a world superpower that has just warned that it may attack members of our Australian Defence Force. I repeat today what I have been saying publicly: at the very least we should delay signing any deal with China until a guarantee is given that our sailors will be safe while they are acting peacefully in international waters.
My political network and candidates will always oppose and fight this dangerous and unfair China trade deal. Unlike the Labor, Liberal and National parties, the JLN has not and will never receive millions of dollars in funding from people linked to the Chinese government. Speaking of politicians who enjoy the financial generosity of people strongly linked to the Chinese government, *Hansard* shows that the trade minister, Andrew Robb, said in the second reading speech on 16 September:

The free trade agreement with China has secured the overwhelming support of Australian business and industry. Daily, for months now, we have seen reports of industry and other organisations, all of whom studied this agreement and feel it is a fundamental part of the future prosperity and growth of this economy. The group so isolated those who are against this. We have seen Bob Hawke and all the luminaries of the Labor Party, including the current leaders at state and territory level and former major industry and trade ministers Simon Crean, former ACTU President, and Martin Ferguson, see the merit of this agreement.

My reply to Minister Robb is: before you use the commendations of former Labor members of parliament as glowing endorsements of your legislation and deal, at least have the honesty to admit that in recent years the AEC electoral figures show that the Labor Party accepted almost $2 million in political donations from businessmen closely linked to the Chinese government—about the same amount as the Liberal Party and the Nationals. If Minister Robb is going to use quotes from luminaries of the Labor Party to justify this unfair deal, he should make sure they disclose any private deals and income that is associated or linked, once again, to the Chinese state-owned companies. Their independence may raise eyebrows once their close political business links with Chinese state-owned entities are fully explored and vetted.

During my speech I have been critical of the way this government is so eager to pretend that a private company from mainland China is just like a private company from other free trade partners, like America, Japan, South Korea and so forth. Comparing a private company from South Korea to a private company from China is absolutely ridiculous. It is deliberately deceptive. It is a deliberate strategy to talk down the very real risks of entering a deal with communist China.

Most members of this parliament will acknowledge that *The Economist* magazine is one of the world's most credible sources of well-researched economic, social and political information. The 12 to 18 September issue of *The Economist*, in a special report on business in China 'Back to business' has some very interesting things to say about the difference between private and public firms in China. Page 4 of *The Economist*'s report reads:

The distinction between China's state-owned and private firms is not always as clear-cut as it might seem. A company's formal status can be misleading … And the Communist Party is everywhere; article 19 of China's company law states that a party cell must be set up in every firm above a certain size, public or private.

On page 5 the report reads:

"There are no genuinely private companies in China," declares a veteran adviser to multinational companies.

In one sense he is right. The state and the party are omnipresent and their role is enshrined in the law. Another noteworthy comment on page 5 reads:

To find out whether a given local firm is likely to behave like a state champion or a market-minded entity, you need to ask three questions. First, how strategic is its industry? Peter Williamson of
Cambridge University's Judge Business School argues that the government will always meddle with firms in industries it sees as strategic, even if they are multinationals.

I wish we had Australian governments who naturally placed importance on strategic industries. That way we would have never lost our car manufacturing industry. Nor would we have lost our ability to refine petrol and come close to losing our steelmaking ability and Australian shipbuilding industry and our maritime skills.

Come to think of it, perhaps, if we want, we should outsource our government to China. If we are prepared to allow our mine and construction workers to be replaced by Chinese tradespeople, why not politicians? Australia would then have a hope of re-establishing a car industry and strengthening our ability to refine petrol, make steel and build and sail ships. While we are at it, perhaps we can get China to look after our defence as well. On paper it would be much cheaper. Of course, for those reading Hansard, who did not have the benefit of hearing the ironic tone in my voice, I said the last comments with my tongue placed firmly in my cheek.

The second question to ask, to find out whether a Chinese firm is likely to behave like a state champion or a market-minded entity, is: who decides on pay, promotion and the hiring? The Economist states that for big state-owned enterprises like Sinopec, an oil giant, the Communist Party organisation department deals with senior executives.

The third question, to find out whether a Chinese firm is likely to behave like a state champion or a market-minded entity, concerns the forms of relationship between the company and the Communist Party. The Economist notes:

Some business leaders proudly don the red hat. Wang Jianlin, the billionaire boss of Dalian Wanda, a vast private-sector conglomerate, was born an elite "princeling" and cunningly cultivates connections.

More comments from The Economist magazine, which prove Liberal, Labor and National party politicians are very silly to peddle the mistruth that Chinese private sector entities are the same as western countries' private sector entities, can be found on page 15 of their special report. It states:

A World Bank report published in June said that in China "the state has interfered extensively and directly in allocating resources through administrative and price controls, guarantees, credit guidelines, pervasive ownership of financial institutions and regulatory policies. These interventions have no parallel in modern market economies." The report quickly disappeared from the bank's website, to be replaced later by a more anodyne version.

Before I close, it is important to mention the proposed Chinese state-owned mine at Breeza, on the Liverpool Plains in New South Wales. The Shenhua mine at Breeza is a living example of why senators should vote against the bill. The mine itself was borne out of corruption from both Chinese and Australian sources. It is the wrong mine in the wrong place. It is a crime site, not a mine site. Under the provisions of these bills it will become very easy to employ Chinese workers instead of Australians once this legislation is passed. With regard to the international movement of natural persons ChAFTA's labour market testing provisions are set up to fail Australian workers and favour the importation of Chinese workers to Australia. If we cannot trust China to provide us with truthful financial figures about their economy how can we trust them to self-regulate and honestly test Australia's labour markets when it comes to hiring workers for their own projects?
In summary, the following are seven good reasons why I and every JLN candidate across Australia—including Rob Waterman, in Tasmania; Hugh Dolan, in Victoria; and Bob Davis, in Queensland—will oppose this legislation and unfair trade deal with China:

(1) The Liberals and the Nationals have run a $10 million taxpayer-funded panda-hugging campaign on their deal with China. Trade growth and jobs will still happen without the Liberals' deal. A better, renegotiated deal with China is still possible.

(2) China is a security threat to Australia, America and all our western allies. It is a proven bully, thief, liar and human rights abuser. Why rush into a deal—done in secret—with a bully, thief, liar and human rights abuser?

(3) Investor State Dispute Settlement in any trade deal fundamentally undermines Australia's sovereignty and our parliament's ability to make laws in the national interest.

(4) A trade deal should never open the door for Australian workers and tradesmen to be replaced by foreign workers. Let's be honest: no matter how you look at it, this deal opens the bloody door!

(5) It does not make sense to put all our eggs in one risky and unstable economic basket.

(6) Chinese political donations to the Liberal, National and Labor parties have most likely influenced ChAFTA terms and conditions in China's favour.

(7) The Chinese government has lent dangerous amounts of money to different Australian governments. Has this dangerous Chinese debt influenced the current trade deal and other Australian government behaviour?

New research shows China holds a potentially dangerous amount of Australian government debt. By one estimate it could be as much as 20 per cent. The world's second largest economy has begun to liquidate some of its US$3.7 trillion worth of foreign reserves, and that includes Australian government debt. There are fears that this could lead to higher borrowing costs.

On behalf of the people of Tasmania, and in the national interest, I strongly oppose these bills.

Senator HEFFERNAN (New South Wales) (11:40): It is not often that I get up in this place. There is nothing wrong with a free trade agreement and there is nothing wrong with foreign investment; it has just got to be on a level playing field, be captured by our revenue base, not distort the capital market and not distort the commodity market. All of these things can be at risk in a free trade agreement. I congratulate Australia for getting on and getting some free trade agreements. But it is not the free trade agreement you have got to worry about, it is what goes around it and what safety mechanisms we have within it. When we signed the American free trade agreement we were at 65c. Most people will not remember this. When we enacted it, in the following year, we were at 67c. We did away with five per cent and 15 per cent tariffs and within three years we had a 40 per cent deficit in our terms of trade because we went to parity. So the tariffs did not matter, it was the currency.

My question for this parliament—which is what I yelled out from the back of the room, as I often do, when we signed the free trade agreement over there in the Great Hall—is: when are you going to say to the Chinese officials, 'When are you going to put your currency on the market? How can you have a fair dinkum free trade agreement when your currency is a non-market currency? Please explain! Maybe the Minister for Finance or someone would like to
explain that in due course. I have asked the question of Andrew Robb and, to his credit, he was quite polite. They have worked hard to do these things but we need to look at the detail around it.

Everyone knows that in most of Asia, which is a different culture to Australia, you can get a signature on any bit of paper you like as long as you find the right person to pay the facilitation fee to—in other words, 'bribe'. To its credit, China is getting rid of some people who are seriously in that league. Most companies in China have come out of the sovereign side of it. We read about Negan Hand in recent days. A lot of that sort of money is coming into Australia out of Asia. It is hot money. And congratulations, by the way, to 60 Minutes for finding Mr Hand.

So what we have got to do with a free trade agreement is make sure there is something in it for Australia long term besides the trade. You can have as much trade as you like, but if you are not collecting the revenue, what is the point? We will be having an argument in the parliament this week about the GST and superannuation tax arrangements et cetera. But like the institutions and child abuse and the judges and lawyers who used to go to Costello's—which I note did not raise a flag even though it is true—we turn a blind eye to it; we do not want to talk about it. Last year, the World Bank estimated there was $3 trillion on the merry-go-round running away from international tax arrangements. I do not have any notes, by the way; this is not prepared. There are nine sovereign entities in the world that have zero tax for corporates. Even our own Future Fund has some tax arrangements in tax-free sovereignties. I know we are talking about the free trade agreement with China, but an important part of it is: how do we get the tax law to catch up with technology? Technology has outsmarted the law. The World Bank said that, last year, $3 trillion was running away from tax in the Group of Eight. The US estimated that, in the same year, they missed out on between $650 billion and $800 billion. Does anyone know—hopefully the finance minister does—the turnover in the derivatives market last year? It was $30 trillion—and it is one of the major ways of diverting your tax.

We have signed a free trade agreement with China. It has potential. By 2070 China will have grown, barring a human catastrophe, to just on two billion people. Asia will have lost 30 per cent of its productive land due to urban sprawl and contamination. Two-thirds of the world's population will live in that area. Darwin is closer to that market than Sydney. So there is great potential. But it is a waste of time if we do not make sure that we capture it in our revenue base and that it does not distort by direct fully interposed trading—in other words, that it does not come on the market, which distorts the commodity market. If it is hot money, the investment potential is not to get a return on your money if you are over there and you are a crook—and there are plenty of them; there is plenty of it coming into Australia—but it is to find a safe haven for your money. So we have a bit of work to do. Sure, it is a great thing. Congratulations to everyone.

I just want to go to—and I know this is rambling a bit, Madam Acting Deputy President—Landbridge Industry Australia Pty Ltd. On the front page of The Financial Review today, there is a photo of JBS Swift's boss—a Brazilian company with a Brazilian government guarantee and with a global market in beef. They are fantastic global manipulators of that market and fantastic tax avoiders in that market. We talk of Wilmar—the same in the sugar and oils industry. Fantastic. As Senator Sterle would know, before they did that deal in
Queensland a couple of years ago, I said, 'These blokes will end up screwing the sugar growers,' because they are serious market manipulators—the same as ADM was, and still is. Sure enough, they have done it. We thought it was fantastic at the time, but they are going to screw us. We really have to be careful about the detail—a bit like the TPP, but I will not get onto that. I just want to go to Landbridge, which is on the front page of The Fin Review today. They have bought the Darwin harbour lease for 99 years. They have to be looking up. They have companies based in Australia. But hidden in the paperwork is who their business partners are. I asked the appropriate people in this government and in the Northern Territory government if they knew. To his credit, the Chief Minister rang me. I have also talked to Defence. The two business partners are two provincial governments. For God's sake! We are up there fighting them in the South China Sea and we have said to them: 'Hey! Come down here. You can have the harbour.' Two partners in the Landbridge company are—according to their paperwork; God knows what it is in reality—two provincial government companies.

I got up rudely before—without a point of order, trying to pretend it was—to say to anyone who says that what we are doing now with global investment is not redefining sovereignty: it is. It is absolutely redefining sovereignty. But maybe that is the way the world wants to go—I don't know. If it is true what the paperwork says, that Landbridge have business partners, and I am unaware of the extent, the present tax law says that, if you are an sovereign investor coming into Australia and you make a passive investment—in other words, you lend Senator Cormann the money to go and do something—you, under our international convention, as the sovereign investor, do not pay any tax. But, if Senator Cormann were the receiver of it and the investor here, he would get tax deductions. So it is a double hit on the market—on the taxpayer. And, God knows, we will put up all of the other taxes and fiddle around with the GST but we will look the other way on corporate stuff. I see today in the papers the yarn around how they went to the Senate committee, with Senator Whish-Wilson and others, and put it over them with some sort of dodgy front company as to why we could not reveal how much tax people pay. The largest tax avoidance case in the US in the last financial year, to June 2014—do you know who it was with? It was with an Australian company. They got a lot of publicity at the time—and I will not name them—for rearranging their corporate affairs. They put up some BS excuse, but it was to do with tax avoidance.

So, I am afraid, I have great difficulty with just flagging through the redefinition of sovereignty. Free trade agreements are part of the global economy. We no longer get around in bloody canoes. It used to take the cricket team six weeks by ship to go to England to play cricket when you can now go there overnight. The world is changing—with technology et cetera and online buying. But what we have to consider is: do we want to protect our sovereignty? To his credit, former Treasurer Joe Hockey took it to the G20—and it will have to happen at that level—to try to get the law to catch up with technology when it comes to collecting tax in order to maintain your capacity to have your own sovereignty. What you had to bring the army with you to do 100 years ago, if you were a foreign sovereigner coming into another sovereignty, now you just bring your chequebook. Sure, as long as everyone is alert to the fact that this is happening, they may well agree to it, because we are bloody lazy. But, if we want to maintain our hospitals and schools and an ageing population et cetera, in my view we have an obligation to protect our revenue base. I will not go through some of these free trade agreements. But what I am talking about is not just peculiar to the Chinese free trade agreement. As I say, China is a huge potential market, as is, in due course, India—which is 35
years behind China. Just about everyone in India has a mobile phone, but 800,000 people do not have sewerage—so there is a bit of work to be done. China, by the way, is moving some of its labour force work into Bangladesh, where—get this—the average person, 80 per cent of the population, lives on about $34 a month. They are pretty low labour costs.

The world, because of technology, transport and modern communication, is changing, and that aids and assists free trade agreements. China are ahead of the game. They recognise they have these serious problems with going from 35 per cent urban dwelling to 64 per cent urban dwelling, with people coming from the bush, the urban sprawl et cetera. You can go to places up there and never see the sun, not because of the cloud but because of the smog. They are, to their credit, on the ball. We need to take the opportunity that that presents to us, but we need to protect our sovereignty. People do not want to talk about this and I yelled at Senator Zed Seselja because he said it is garbage to talk about sovereignty. It is bloody not garbage; it is true. It took 50 years for us to realise what was going on in the churches with the altar boys, as it were. Let's wake up early about this, before it is too late. It is not too late; we just have to get the law to catch up with where we are. The bulk of the corporates are not breaking the law; they are avoiding tax. It is just that the law is out of date. It is telegraph-era law.

The Foreign Investment Review Board did not look at the Landbridge purchase of Darwin port because that company had done a deal somewhere else in Australia and got the tick for that and, therefore, the FIRB gave it an automatic tick for Darwin. But, when I asked them, 'Do you know who they actually are?' they said, 'Yes, Landbridge—here it is, with their corporate headquarters in Melbourne or somewhere.' I said, 'There's a bit more to it than that.' They said, 'Oh, well, it's too late now.' Australia's defence forces are up in arms about that. I will not embarrass the government by telling what I hear and what I know, but it was a deal that was sort of half under the carpet.

In the future, two-thirds of the world's population will be just across the water. I think that madman in Russia, Putin, is more likely to flex his muscles than China because, I think, China are doers and goers and are having a crack. The increasing middle class there has certain expectations, and at least the leaders are trying to do something about the corruption. It is like local government in Sydney: it is fairly endemic.

My message to the parliament is: sure, these things are good—and good on you, Andrew Robb—but we need some safety measures and there has to be a caveat. Australia on its own cannot be the solution. These free trade agreements will be good for certain parts of the economy. Doing away with tariffs or whatever and selling more wine to China are good things, but we have to make sure there is something in it for the Australian taxpayer so that we do not get smashed. We do not want to get to where the US got to at one stage. If you got sick, they left you in the gutter unless you had a shitload of money. It is endemic.

I will say another thing. A meat company in New South Wales—I will not name them because I do not want them knocking on my door—have just taken on an equity partner from Asia. Their adviser, a major, major accountancy firm in Australia, is having a blue internally with some of the people in the company because the major, major accountancy firm wants them now, with the opportunity they have, to do all transfer pricing of their products so their profit gets moved away to a low-taxing regime. This is a well-known Australian company. I think it is a disgrace, and I think it is a disgrace that people are not prepared to get up and say, 'We're living in the generation that may see sovereignty redefined.' It may be the way it has to
go. I do not know; it might be like local government amalgamations. But I cannot see how we can maintain the expectations of Australia. Australia is still the best place in the world to raise a family, breathe fresh air and drink clean water. If we turn a blind eye, I cannot see how we can expect our hardworking taxpayers here, when they get to the frail-age stage in life, to look after themselves.

When the US objected to some of the tightening of tax arrangements, the US corporates lobbied the US politicians. If it cost $1.4 billion for Hillary Clinton's campaign for the presidency—and they are corporate donations—you can imagine that the corporates have the ear of the particular politician. I am not saying there is anything going wrong there, but then the corporates get up and say, 'We're not worried about the amount of tax we're not paying in America. We're supplying employment.' Hello? They wonder why the health system is breaking down, along with all the other things.

So, while free trade agreements are a great idea, they have to have some safeguards around them. I go back to my first question: how can you really have a free trade agreement and not have it shoved up you—I had better not say where—when your trading partner's currency is not on the market? There is an old bush saying where they shove something up you. You can have the potential to have something shoved up you if the country you have the free trade agreement with will not put its currency on the market. On the day I yelled that out here, luckily for me Mr Obama, in different language, said the same thing in America, urging China to come to the market with their currency. Otherwise they could just play with us to suit themselves. I am not saying there is an easy solution. Certainly there is potential because, as world experts say, between 2050 and 2070, barring a human catastrophe—Senator Sterle, who is in the chamber, has heard me say this many times—there will be about one billion people on the planet unable to feed themselves, which is not much different to today. Fifty per cent of the world's population will be poor for water. Two-thirds of the world's population will live in Asia. Thirty per cent of the productive capacity of Asia will have gone out of production. There could be up to—get this—1.6 billion people displaced on the planet.

We have to develop Northern Australia. We have to do it so there is something in it for the Australian taxpayers. I welcome all that northern development, being the original Chair of the Prime Minister's Taskforce on Northern Australia. Cape York Peninsula is twice the size of Bangladesh and has 14,000 people, who live out off the city of Cairns and down the coast. Bangladesh, at half the size, has 160 million people, who, if the sea rises to 40 per cent of what is predicted, will have to find somewhere else to live. We have got some issues. We should not shy away from them.

Senator POLLEY (Tasmania) (12:00): I rise to speak on the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015. In doing so, I reinforce Labor's support for the China-Australia Free Trade Agreement. This agreement has been in the making for the last decade and will deliver significant benefits to our Australian exporters, to Australian consumers and, importantly, to Australian workers. I am pleased that the government has agreed to Labor's amendments which will ensure that this legislation goes through with safeguards to put in place protection for Australian jobs.

I would like to acknowledge at this point the leader of the opposition in this chamber, Senator Penny Wong, for her leadership in negotiating, which, at times, I am sure, was quite
difficult, on getting the Australian government to actually concede that Australian workers do in fact need protection. Nevertheless, she did a great job on behalf of the Labor Party and the Labor government in ensuring that Australian workers are protected.

But, as most of our contributors this morning have been saying, we are all in agreement that trade is essential to the Australian economy and essential for Australia’s future. This is something that Labor has always understood, and Labor’s amendments ensure that Australian jobs are protected and that Australian people get the first chance at any new jobs that are created. This is something that would not have happened without Labor standing up in defence of Australian workers.

Labor has always been engaged in trade liberalisation, and we have a very strong track record highlighting this. Our stance on trade liberalisation can be traced back to the 1940s, and it is something that we have pursued in government over the last four decades.

Both coalition and Labor governments have played their part in negotiations, but I think that any objective observer would agree that Labor governments have led the way on engagement with China. We have never needed to be given any lectures by those opposite on the importance of China.

I want to pay tribute to the Labor former trade ministers Simon Crean, Craig Emerson and Richard Marles for their role in progressing the negotiations. But I would also like to acknowledge and place on record our thanks to Minister Robb in bringing the negotiations to a conclusion. As Senator Penny Wong acknowledged in her contribution, it is also those within the departments of our bureaucracy who have worked tirelessly over a long period of time to ensure that the best negotiated agreement could be reached. And, as I said, it has only been made better and strengthened because Labor negotiated to ensure that Australian workers are protected.

Perhaps it had something to do with the government realising that they had dropped the ball on the issues that they came to the negotiating table and we finally had an agreement. But there is no doubt that the government could have, and should have, negotiated a better deal. Labor has led the way in arguing against investor-state dispute settlement provisions, and we do not believe the government should have included the ISDS provisions in the ChAFTA. Labor has improved the agreement, but there is still work to be done.

So the agreement may not be perfect—and I know there are still some in the community who have concerns—but it is a good start now. We have made significant provisions to ensure that the benefits do flow into the Australian community, and we need to weigh up the good and the bad and determine what is in the best interests of Australia—and that, of course, is to enter into this free trade agreement.

In my area of responsibility, of aged care, there are some wonderful opportunities for our Australian aged-care sector to lead the way in aged care in China. There are also added benefits to my home state of Tasmania, and already we see local government, through our councils, engaging in sister-city relationships with China, and they have been for quite some time. You would recall that recently the President of China visited Tasmania, in response, primarily, to a school in Launceston that had written to him and suggested that Tasmania would be a perfect place for him to visit when he came to Australia. So already we have increased numbers of Chinese visitors coming to our state, which is wonderful for our tourism
industry because they understand the uniqueness of Tasmania in terms of our clean environment, wonderful food, open spaces and low population. And that is why Asians—those from China in particular—enjoy coming to Tasmania. That is something that we can still build upon. That is even without the exports that will be beneficial to our primary industry in Tasmania.

We are proud to support this agreement which now has been improved substantially by the safeguards that we were able to negotiate and for which we fought long and hard. Trade is vital for Australia's prosperity and growth into the future. Labor will always stand up for Australian workers. Without the leadership of the opposition in ensuring our workers were protected, this agreement would have left those in the Australian workforce at a disadvantage as to any new jobs that were going to be created. So this has been a fantastic outcome. This is what the Labor Party has always done: we have and will always put the best interests of the Australian community first, and we will always ensure that the best possible agreement can be put forward. I commend these two pieces of legislation.

Senator LEYONHJELM (New South Wales) (12:07): Today we debate the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015, which are intended to cut tariffs on imports from China, in line with the promises made in the China-Australia Free Trade Agreement. I support these bills, but, with the conclusion of this free trade agreement, as well as the Trans-Pacific Partnership, the key trade issue before us now is: what should we do next?

I believe that we should abolish our tariffs on imports from all countries. I believe this because free trade is fair trade. It is fair because of what the abolition of our tariffs would do for everyday Australians. There is a lot of talk about how the GST is regressive, but tariffs are far more regressive than the GST. Tariffs are imposed on products that everyday Australians use, like pasta, towels and umbrellas. But, unlike the GST, tariffs apply only to goods and not to services. Compared to rich people, poor people spend more of their money on goods rather than on services. So, even more than the GST, tariffs hit poor people harder than rich people.

Free trade is fair trade. It is fair because of what the abolition of our tariffs would do for poor people overseas. Because of our tariffs, poor people in both developed and developing countries sell less of their product into Australia. By abolishing tariffs, they will sell more to us. This will boost our living standards a little, and it will improve the living standards of the world's poor a lot. It will also be a sustainable boost, based not on aid and dependency, but on usefulness and self-worth.

Unlike the coalition, the Liberal Democrats have specific plans and the guts to make wide-ranging cuts to government spending. So, unlike the coalition, the Liberal Democrats have the credentials to make wide-ranging tax cuts. The Liberal Democrats would abolish all of our tariffs, which amounts to a tax cut, and we would fund this by reducing government spending. But even without spending cuts, the coalition could abolish tariffs responsibly by concurrently extending the GST to include fresh food, while still having revenue left over to provide income tax cuts. This would represent an improvement in the fairness and efficiency of the tax system.

Our tariffs are a make-work exercise for customs officials. We apply tariffs on almonds but not on walnuts, on maple syrup but not on golden syrup, and on biscuits but not crispbread.
There is a tariff on guitars and drums, but not on violins and pianos; on calendars but not on diaries; and on granite and sandstone if it is in blocks, but not if it is roughly trimmed. And there is a tariff on flat steel if it is coated with zinc, but not if it is coated with tin.

The coalition wants to retain our tariffs on products imported from overseas as long as other countries impose tariffs on products they import from us. This is akin to shooting yourself in the foot as long as the bloke next door also shoots himself in the foot. The Liberal Democrats are the only free trade party in this parliament, and only Liberal Democrats stand for true tax reform in this country.

Senator BACK (Western Australia) (12:11): I thank you for the opportunity to speak on the Customs Amendment (China–Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China–Australia Free Trade Agreement Implementation) Bill 2015, in my capacity as the chair of the Foreign Affairs, Defence and Trade Legislation Committee.

Can I first acknowledge the cooperation of the opposition, through Senator Wong, who negotiated with the government the conditions upon which the opposition is now to support the China–Australia Free Trade Agreement legislation. Those areas of agreement are these. Firstly, in relation to labour, with a view that Australians should always have priority in the labour market, and that overseas workers should be recruited only in circumstances where suitably qualified local workers are not available. I endorse that. As a Western Australian we have of course seen that in projects like Roy Hill, the iron ore project development in the Pilbara region of Western Australia. The amendment that has been agreed will be the existing requirement under policy that employers seeking to sponsor skilled workers on 457 visas under work agreements will have to demonstrate that they have made recent and genuine efforts to recruit local Australian workers first, and I endorse that.

The second relates to amendments to guidelines, which are now agreed, for companies seeking a work agreement. These amendments will incorporate additional criteria for the minister to consider in approving work agreements. To ensure observance of those guidelines they will be referenced in a new regulation, and I support that.

The third relates to the Department of Immigration and Border Protection including in its annual report details about the number of work agreements signed, including the number of 457 visas engaged under the agreements, so that we have program transparency for the Australian community.

Fourth, with regard to subclass 457 visas for overseas tradespersons, the government will amend a visa condition to make it clear that visa holders must also obtain licences, registrations or memberships, as required under Commonwealth, state or territory law. Further, the visa holder will be obliged to notify the immigration department if their licence or their registration is refused, revoked, ceases or is cancelled. That should give a high degree of satisfaction to those who expressed so much concern in the negotiations leading up to this agreement. Finally, the Department of Immigration and Border Protection will continue to investigate the evidence-based allegations of noncompliance with visa conditions.

I would like to make the point in general terms that we are a trading nation. Continentally, we are the geographic landmass of the United States of America, with the exception of Alaska, and we have the population of greater New York—23 million people. We are not
My state colleague Senator Cormann is present, and his own family is very heavily involved in grain production. We export 95 per cent of the 16 million tonnes that we produce in our wheat crop every year. What hope does Australia have to consume 95 per cent? None. Again, if you take our home state of Western Australia with its iron ore production of about 300 million tonnes-plus a year—almost one million tonnes a day—we do not have the capacity in our country to be able to locally use that iron ore to turn it into steel for various construction and other purposes. The same would apply with other commodities such as coal from Queensland and New South Wales and others. Therefore, we are a trading nation, and we must trade with those countries who desire our products and with whom we can work in terms of our trade agreements.

I want to make this point strongly: trade with China is worth in excess of $100 billion a year—$2 billion a week. It is interesting that our exports—Australia's exports to China—are more than the combined value of our exports to the United States of America, Germany, the United Kingdom, South Korea, France, Canada and all of South-East Asia. That is the scale of Australia's trade with China. How tremendous it is that we are able to negotiate this trade agreement with this country. I will comment a little further in a few moments and refer to the statements of some of our trading partners about just how important this agreement is. China is our largest two-way trading partner in goods and services. When you add goods and services, imports and exports, that $100 billion a year goes up to $160 billion a year—for the last financial year. China is our largest destination and our largest source of merchandise imports—valued in excess of $50 billion. But we face increasing competition from countries like the United States and Canada, and the European Union, that are looking eastward into our very sector of the world. For how many years has Australia been that little country Down Under in the bottom right-hand corner of the world? And here we are today as front and centre in Asia. In my own state of Western Australia the time zone is within one hour east and west of something like 60 per cent of the world's economic activity now. This is the agreement that is going to open up that opportunity even more for us. It is imperative, of course, that we are able to proceed as we are.

If I may, I want to go to the comment of Jennifer Westacott from the Business Council of Australia. She made the point that so many of us are aware of: if we are not able to reach the agreement that I hope we are going to reach today, the failure to be able to ratify this agreement before the end of December and the failure to get the two levels of tariff reductions—one for 2015 and one for 2016—will mean that within days in early January agriculture alone will stand to lose more than $330 million. Further than that, Ms Westacott made the observation that, if we do not ratify the agreement, the cost in the financial services sector by 2030, in her estimate, will be A$4 billion and 10,000 jobs. At a time when the world is in a position of economic stalemate, there are opportunities for this country, and it is fantastic that the opposition have seen the value and the opportunity.

I want to refer to the comments of the chairman of Mitsui Australia, Yasushi Takahashi. As we know, Mitsui is an enormous local company with Japanese equity. It has $8 billion of annual sales here in Australia—iron ore, coal and LNG agriculture. This is the point that this leading Japanese businessman has made about the China-Australia Free Trade Agreement:
that Australia has been offered, in his opinion, a unique competitive opportunity through the agreement that we must not miss. I quote from Takahashi in a speech from 18 September:

It is an important fact that China has not made agreements with any other countries that compete with Australia in beef or iron ore or raw materials and other things like that.

His quotation concludes:

Australia has been given a great opportunity to have a competitive advantage over other exporters to China, so I sincerely hope the Australian government and Australian parliament will not miss this great opportunity.

Isn't it interesting that that is the statement of a leading Japanese businessman about the opportunity that Australia has with a country with whom they see an enormous competition, and that is China.

I would like to address a couple of questions—one of them being the investor-state dispute settlement scheme. There seems to be great argument and concern about its impact here in Australia. I want to relate to you my experience doing business in the oil and gas industry in India, a country with whom we do not have a free trade agreement and no opportunity of investor-state dispute settlement. Of course, there is the circumstance in which you negotiate in good faith with your client. You sign contracts and you commence your work and the government of the day says, 'We're going to put on a two or three per cent cess'—they use that term, being a tax or a tariff on all business associated with overseas companies; in their case, on this occasion for the purpose of educational advancement—not into the future but on all existing contracts.'

The point I want to make about ISDS is that it helps companies enormously that will be doing business in China or, respectively, in Japan or Korea. Without this there is limited scope for an Australian company to put itself up against the might, for example, of the Chinese state in a dispute situation. So I say to people who are so concerned about the provision of ISDS in these agreements that it is equally there for the protection of Australian businesses and the opportunities we will have into the future.

It is a fact that, when we started negotiating this China-Australia Free Trade Agreement 10 years ago, commodities were the area in which China and Australia saw the opportunities. Ten years later, in 2015, it is as much about services as it is about commodities. Why is that the case? China today sees itself in competition with the United States of America to become the greatest economy in the world, but they recognise they have deficiencies in their services sector—potential regulation, corporate governance, insurance, banking and ACCC type activities—and they have recognised, fortunately for us, that Australia actually has these skills in services, in aged care and in health and in architecture and in a range of areas that the Chinese need. They do not want to go to the United States to get that expertise because the United States is their competitor. We are not a competitor of China.

The scope, as mentioned by Ms Westacott, for provision of services to China is enormous. For those of us with children and eventually grandchildren who will be looking for future employment in the highly paid skilled areas, let us look no further than the capacity to be able to provide those services in China. One example alone is that today there are more than 1,100 architects engaged on projects in China—not all of them are in China; many of them are here in Australia—and we have not signed or ratified the free trade agreement yet. The Chinese recognise that we have high-value, high-paying skills that are useful to them. We have often
heard the criticism: why can the Chinese come here and take equity in our assets and yet we cannot do the same in China? The free trade agreement changes that. An example is Ramsay in the aged-care sector. Under the terms of the new agreement, Ramsay could establish a chain of aged-care facilities in China—own the land, operate the facilities, put Australian staff in there, along with Chinese staff, and expatriate the profits back to Australia, if and as they so desire. The same applies to the health sector and the education sector. We already know that the largest number of overseas students in this country are Chinese. We know that 10 per cent of the Australian population has a Chinese language as their first language in their homes. We know the influence now and we are so uniquely positioned.

Let me also make an observation, if I can, surrounding the whole question of sovereignty. The parliament at all times is able to protect the sovereignty of this nation and the people in it under our Constitution. The question has been asked: do we limit our sovereignty? Is our sovereignty diluted as a result of signing an agreement such as this one? I say the answer is no, it does not. The parliament at any time can rescind any agreement with any country if the parliament believes that our sovereignty is at risk or is being or has been diluted. I also make an observation, if I may, about commentary regarding currency—the fact that China has a regulated currency and ours is a free-floating currency. The simple point is that this free trade agreement and any other free trade agreement that we are negotiating or have negotiated do not have currency provisions. Many countries peg their currencies, for example—wisely or unwisely, in the case of some South American countries—to the US dollar. It is a question for those countries, but nothing at all impacts on our competitiveness as a result of signing this free trade agreement.

Let me conclude, if I may, with the value of this and other agreements to this country. We now have signed free trade agreements with Korea and with Japan, and we will hopefully ratify this one. But there is another point that the community needs to be aware of and that is that the minister and his negotiating team have negotiated most favoured nation status between Australia and those countries. What does that mean? It simply means that if the Koreans, sometime in the future, participate in a free trade agreement with another country—let's say it is associated with a commodity that we also export into that country—we must enjoy at least those conditions: the best most favoured nation conditions. It is important that we realise that each of these free trade agreements—while they are ratified and signed by the parliament—is only the beginning of a new relationship. I will give you an example: our relationship with Japan, in which rice was not included to anywhere near the extent of other commodities. We know there are very high tariffs on the import of rice into Japan. Why do I make that observation? Because the average age of Japanese farmers is now 68. The size of their land titles is too small for economic production of rice. The title system for purchase and sale of agricultural land in Japan is so tight that it is now simply impossible, or very difficult, to produce agricultural land of a critical mass sufficient to be able to economically produce rice. Also, the younger members of the Japanese community are now mainly in cities and are not following their families into farming. Why is this important? It is because if Japan gets to the stage where they will no longer be self-sufficient in rice production—and they are getting very close to that now—they will look to Australia under the Japan-Australia free trade agreement and the most favoured nation status. They must, inevitably, look to us as being those who can produce and export rice of a price and quality that they want.
The point I want to leave the chamber with is that each of these agreements builds on the other. Each of these agreements is the starting point for an absolutely new wave of economic activity. In the case of the China-Australia Free Trade Agreement, this will be in services, in commodities and in future wealth—in growing the size of the cake. If we are going to see continued economic advancement, continued employment and continued investment into and from this country it is going to be because we continue to understand and remember that we are a trading nation—that we are a nation on a huge landmass blessed with plenty of commodities and blessed with a well-educated population of people but a very small population. We always know that the best way of avoiding soldiers coming over borders is to make sure trade and investment cross those borders.


The customs tariff bill will be amended by, firstly, giving free rates of customs duty for most goods that are Chinese-originating goods in accordance with the division under the Customs Act; amending schedule 4 the Customs Act to maintain customs duty rates for certain Chinese-originating goods in line with the applicable concessional items, and then phasing the preferential rates of customs duty for certain Chinese-originating goods to be free of customs by the fifth year of phasing. Ultimately, that will mean that, over time, those custom rates will be phased down. It will also insert a new schedule to accommodate the preferential and phasing rates of customs duties and maintain excise equivalent rates of duty on certain alcohol, tobacco and petroleum products. This is done to achieve parity with rates of duty that would be payable if those particular products were manufactured in Australia.

The Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 also amends the Customs Act 1901 to introduce new rules of origin for goods imported from China. In addition, all of this will allow these goods to enter Australia at preferential rates of customs duty. The bill imposes record-keeping obligations on Australian exporters and producers of goods being exported to China under preferential Chinese tariff rates. These record-keeping obligations are designed to allow Australia's customs officials to verify that goods qualify for preferential access to the Chinese market under the China free trade agreement rules of origin. All of these are the mechanics of how we implement a China free trade agreement—important pieces to the machine—but, ultimately, the goal here is to achieve the signing off of the China free trade agreement.

Labor has been a party of trade liberalisation and Asian engagement for decades, and continues to be so. China is already our No. 1 trading partner, accounting for one-third of Australia's merchandise exports. Under ChAFTA, China has made commitments to Australia to remove and reduce tariffs on imports of Australian goods and to improve access for Australian services. It will also mean closer engagement with the People's Republic of China, which presents great opportunities for Australia that will lead to more growth and more jobs for the people of Australia. Increasing exports will drive our economy's growth.
One of the potential benefits of the agreement for Australia is removing Chinese tariffs on 95 per cent of Australian exports, which is particularly important for boosting our farm exports to China and improving access for agricultural products into China. I know many in the agricultural community have been strong supporters of this agreement because of the benefits that it will bring for them to improve and increase the export into China of our wonderful agricultural products. Also, it will mean that they will get better access through lower tariffs over time. Access for our services industries is just as important to the Chinese market.

This agreement has been 10 years in the making and will deliver significant benefits to Australian exporters, Australian consumers and Australian workers. Despite the obvious economic benefits, there have been serious concerns raised by Australia about temporary skills migration through the two mechanisms of the investment facilitation arrangement and movement of natural persons. Both of these mechanisms are argued to erode one of the key safeguards in the 457 visa system, which is labour market testing. In relation to the investment facilitation arrangements, Labor has delivered on safeguarding Australian jobs through labour market testing by introducing a new legal requirement in the Migration Act regulations that require labour market testing for work agreements. This requires the Minister for Immigration and Border Protection, when deciding whether to enter work agreements, to have regard to whether the agreements will support or create jobs for Australian citizens or permanent residents. The minister will also have the power to impose that a minimum number of Australian workers be employed or a maximum on the number of overseas workers that may be employed.

In respect of the movement of natural persons, Labor has delivered on upholding Australian pay and conditions through a better wages system for 457 workers. Labor's amendments will increase the temporary skilled migration income threshold for 457 visa holders from its current level of $53,900 to $57,000. The coalition have abandoned this area. They have failed to index the temporary skilled migration income threshold to wages growth for the past two years. In failing to do this, the coalition have lowered the skills threshold for the 457 program and undermined protections for overseas workers. Under the China-Australia Free Trade Agreement the coalition agreed to remove the mandatory skills assessment for Chinese workers in 10 trade occupations. Labor had fought, and continues to fight, to maintain Australia's skills and safety standards in this area by ensuring foreign workers have the relevant licence under Australian law. Following Labor's amendments, there will be a requirement for 457 visa workers in trade occupations to obtain a licence within 90 days, not work without holding a licence, and notify the Department of Immigration and Border Protection if a licence is refused or revoked.

I participated in the inquiry by the Joint Standing Committee on Treaties which looked into the China-Australia Free Trade Agreement. We heard from many submitters about these particular issues. Many others also provided submissions about the benefits that would accrue to Australia as a consequence of the Australian government signing the free trade agreement. What I said then, which I will reiterate briefly now, in additional comments to the report on the China-Australia Free Trade Agreement, is:

Trade drives growth, creates jobs and improves living standards.
Labor has been the party of trade liberalisation – and Asian engagement – for decades. Closer engagement with the People's Republic of China is critical for Australia's future. China is set to become the world's biggest economy in coming years.

That growth presents great opportunities for Australia.

However, as I said during the inquiry, a number of serious concerns were raised by submitters, some of which have since been addressed by the government, agreeing to Labor's safeguards.

The memorandum of understanding, the MOU, on an investment facilitation agreement—more commonly referred to as an IFA—establishes arrangements between the Department of Immigration and Border Protection and an eligible Chinese project company. A project company is eligible to establish such arrangements either where a single Chinese enterprise owns 50 per cent or more of the project company or, if no single enterprise owns 50 per cent or more of the project company, where a Chinese enterprise holds a substantial interest in the project company. The project company then must be involved in a proposed infrastructure development project with expected capital expenditure of $150 million over the term of the project. That means the infrastructure development project must be within the food and agribusiness; resources and energy; transport; telecommunications; power supply and generation; environment or tourist sectors. It is about building our economy in this critical areas of need.

Evidence to the treaties committee indicated that the low threshold for IFA projects could capture the majority of infrastructure projects in a wide range of industries. One of the submitters, the Electrical Trade Union of Australia, identified large residential and commercial construction ventures, mining operations and tourist development as well as power supply companies as falling within this threshold. They said:

There are a number of Chinese companies considered likely buyers for the privatised New South Wales power transmission and distribution networks. The maintenance and upgrade contracts for these assets, as well as those in the Victorian energy sector that are already owned by Chinese companies, are well in excess of $150 million.

Although the government has compared the IFA arrangements with enterprise migration agreements, the Australian Council of Trade Unions pointed out that the threshold for the EMA is capital expenditure of $2 billion. It just does not hold water to make that comparison.

Additionally, the EMAs apply only to the resources sector and are available to projects with a peak workforce of more than 1,500 workers, while the IFAs themselves have no minimum workforce requirements. Finally, EMAs require labour market analysis to show detailed projected shortages to justify the need for 457 visa workers in semiskilled and skilled occupations. IFAs, on the other hand, have no requirement for labour market testing. This is why, on this side, we did want to examine this with a great more detail than the coalition's cursory look at it.

In addition to the labour market testing regime, the requirements for sponsors to undertake labour market testing—or, in short, LMT, if you forgive the acronyms—before employing temporary foreign workers under 457 visa arrangements ensure that Australian workers are given priority in the labour market. Chapter 10 of ChAFTA, on the movement of natural persons, specifically states that there will be no requirement for LMT or economic needs testing for temporary Chinese skilled workers, including contractual service suppliers and
installer and servicers. Neither Australia nor China will impose any limits on the total number of visas granted under these provisions. This does raise concerns that unlimited numbers of Chinese workers could be brought into Australia to fill vacant positions without first checking if qualified local workers are available. These matters were raised during the treaties committee hearings, and I do not think the coalition adequately addressed these issues in the report. That is why I provided additional comments—to bring a little bit more scrutiny to these issues.

Under 457 temporary work visa arrangements, skill level 3, mostly trade-level, occupations have been subject to labour market testing since 2013. Skill levels 1 and 2 occupations have been exempted from labour market testing, except engineering and nursing occupations, by ministerial discretion. The provisions in chapter 10 of ChAFTA appear to remove ministerial discretion, suggesting that even engineering and nursing positions would no longer be subject to labour market testing. In addition to the provisions in chapter 10, the IFA arrangements will extend concessional 457 visas to semiskilled workers. The IFA states that there will be no requirement for LMT for these concessional 457 visas. The IFA is the first step in a three-step process to make these projects operational: the IFA, a project agreement and a labour agreement.

The government maintains that LMT will be applied at the second step in the process, the project agreement stage. The department says that 'labour market analysis would be required' to demonstrate a labour market shortage and labour market analysis is only a projection of possible market conditions at a future date. At stage three of the process, the labour agreement, the department says that 'labour market testing may be required'. But clause 8 of the IFA says that, under the labour agreement, direct employers will have to meet the 'sponsorship obligations associated with the labour agreement, including any requirements for labour market testing'. But we then go a little bit further and look at the footnote, which says that only 'where labour market testing is required' will employers need to demonstrate that there are no suitable Australian workers available. So, ultimately, the process depends on departmental guidelines, not legislation or regulation, and is therefore subject to change. There is no indication that LMT will be mandatory at any stage of the process.

The Migration Council of Australia, who otherwise support ChAFTA, have called for the government to clarify whether or not LMT can occur for an IFA or whether it is precluded by the provisions in chapter 10. The government has argued that the IFA 'does not form part of the formal treaty agreement' and therefore 'is not bound by international treaty law or the commitments made under the ChAFTA'. According to the government, the commitments under ChAFTA will be provided for through the 'standard' subclass 457 visa program while the IFA will be provided under the department agreement program and will be 'facilitated by the subclass 457, but it is not part of the 'standard' subclass 457 visa program'. That demonstrated to me during the treaties committee that the coalition government had taken their eye completely off the ball in this area and had not bothered to ensure that Australian jobs would continue to be protected as they have been. Labor has argued for and delivered a new legal requirement in the Migration Act regulations that requires labour market testing for all work agreements. Labor argued for that because, ultimately, what we want is the best of both worlds—and that is achievable here: a China free trade agreement that provides,
economic growth and a potential for increased trade whilst maintaining a skilled workforce in Australia which we do not compromise through a trade agreement.

Witnesses at that treaties committee also voiced concerns over safety standards being compromised by the new arrangement, particularly with regard to the electrical trades area. Nobody wants to compromise safety in these areas. We want to continue to ensure that we have safety standards that are high and continue to remain high. Labor has ensured a new legal requirement for visa conditions and that 457 visa workers in trades occupations obtain licences within 90 days, do not work without holding licences and notify the department of immigration if licences are refused or revoked. All of this is important to ensure that the community and the public have confidence in this free trade agreement.

Senator Whish-Wilson interjecting—

Senator LUDWIG: Of course, the Greens just oppose everything. So I am not surprised. They are also opposing economic growth and opportunity for Australia. I am distracted by their interjections.

Senator Whish-Wilson interjecting—

Senator LUDWIG: Ultimately, I support free trade agreements. I know you are implacably opposed to them.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Address your comments through the chair, Senator Ludwig, and ignore the interjections.

Senator LUDWIG: I am sorry. I had been distracted—and I did say that. You do have to look at the record of the coalition, though. With the unemployment rate increasing under the coalition government, it is important to ensure that trade agreements support rather than replace local employment. This continues to be a fundamental premise of the Labor Party. We support Australian opportunities in Australia, we support skilled Australian workers and we support, and continue to support, programs that allow temporary skilled migration—but it is about filling skilled shortages, where employers cannot find local workers to fill vacancies.

Labor's safeguards are about ensuring that that is the system that we have in place and that the China free trade agreement, when it enters into force at the earliest opportunity, allows Australian exporters to realise the benefits of the agreement while also ensuring local jobs are supported. That is what Labor stands for. In short, Labor will support ChAFTA and Australia's economic engagement with China while making improvements to support local jobs, maintaining workplace skills and safety standards and deterring exploitation of overseas workers.

Senator WILLIAMS (New South Wales) (12:51): I rise to contribute to this debate on the legislation relating to the China-Australia Free Trade Agreement. And I will tell you a little story about when I was a pig farmer. I set up our piggery back in the late eighties. My brother and I did a lot of hard work. We shovelled about 120 tonnes of concrete and gravel into the cement mixer and built the large sheds and set up in the pig industry. We knew when we went into the pig industry that there would be some tough times. Pig prices go up and down, and grain prices certainly fluctuate according to the season. But we never, ever thought we would see a situation in which Australia would be importing pig meat from Canada and Denmark and places like that. The Hawke-Keating Labor government allowed the importation of pig meat, and it had a devastating effect on the pig industry in the Inverell area, where I live.
There were five or six large piggeries—and when I say large I mean 100- or 200-sow piggeries. When you run 100 sows you are feeding about 1,000 pigs a day and when you run 200 sows you are feeding about 2,000 pigs a day. When the importing of these pork products from overseas was allowed, I thought, 'This is crazy.' The effect was that it shut down the piggeries.

What I am saying is that we led the world in removing tariffs, barriers, quotas et cetera, and I thought: 'Why are we doing this on our own? The rest of the world is lagging way behind.' Since then we have developed trade with Chile, America and Thailand and now South Korea, Japan and China; we are up to China now. I will say, first of all, that this is not a free trade agreement; this is a fairer trade agreement. To me, a free trade agreement is when the country you are trading with removes all barriers—all tariffs, all quotas, everything. Then you actually have free trade. So, this is what I call a fairer trade agreement that is much fairer than what we had before—the status quo.

This agreement is good for rural Australia. It is good news that Labor has decided to support the free trade deal, or the fairer trade deal, even though the unions are carrying on with their campaign of misinformation. This is probably why the Greens are opposing this. No doubt they will be getting a cheque, come election time, from the CFMEU and the other unions. They are taking the funds off the Labor Party and—

Senator Sterle: Not the TWU, they won't, mate!

Senator WILLIAMS: No, they would not get any off the TWU, Senator Sterle. I will take that interjection.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Ignore the interjections, Senator Williams, and address your comments to the chair.

Senator WILLIAMS: I thought it was a very good interjection, though, but I will disregard it.

The ACTING DEPUTY PRESIDENT: That may be the case, but you should ignore it.

Senator WILLIAMS: No doubt the Greens will be lining up a cheque from CFMEU, saying, 'Give us a cheque; it's campaign time.' Graeme Wood, with his—what was it, $1.58 million, Senator Macdonald, the biggest donation in the history of politics in this country—

Senator Ian Macdonald: Yes, the biggest ever.

Senator WILLIAMS: might have shut the cheque book up. He might have said, 'We've given them enough.' So, they will stick with the unions. I just cannot believe this. Why do the Greens hate farmers? That is the question I ask. What do they have against us exporting more of our products overseas at a better price?

Senator Waters interjecting—

Senator Whish-Wilson interjecting—

Senator WILLIAMS: I know the Greens are very close to PETA, People for the Ethical Treatment of Animals. One day this lady rang up Senator Heffernan. Her name was Claire Fryer. She said we should not run any sheep or any cattle in this country, that they should all just be exterminated. What a crazy situation. These are the friends of the Greens. This is what they do. You would think people like Senator Whish-Wilson would be keen to see exports in
the wine industry. He has an interest in the wine industry himself, of course. And that is what this free trade agreement does.

Senator Whish-Wilson: I am happy to sell local.

Senator WILLIAMS: Senator Whish-Wilson is happy to sell local. Well, perhaps he does not realise that we have had a huge oversupply of grapes, for about a decade—a huge oversupply of wine. That is why in some cases you will see wine—the cleanskins—cheaper than bottles of Coca-Cola, or about the same price. So, let's not grow that! That is their attitude: let's shut it down, let's all go and live in caves again, get three sticks of wood to keep ourselves warm and cook our food for the week! So, you keep your carbon emissions down, and don't worry about the rest of the world. We produce about 1.3 per cent of the world's emissions, so we will do what the Greens say and go and live in a cave! That is about the attitude. The farming community is furious with the Greens. But they are looking for the cheque. They have the unions backing them and they are just waiting for the cheque to come to them from the CFMEU with their scare campaign.

The scheduled tariff cuts are based on the calendar year, which means that entry into force this year will deliver an immediate round of tariff cuts, followed by a second round of cuts on 1 January 2016. More than 85 per cent of Australian goods exports will be tariff-free upon the agreement's entry into force, rising to 93 per cent in four years. Some of these goods are currently subject to tariffs of up to 40 per cent. This agreement will eliminate tariffs on many key products, mostly within four to eight years, including beef, sheepmeat, hides and skins, livestock, dairy, wine—Senator Whish-Wilson, wine—seafood, sorghum and barley. Let's talk about the beef industry. Seventy per cent of the beef we produce is exported. As living standards grow in huge-population countries such as China, they can afford to buy good-quality, high-quality beef—and they want to buy it from Australia.

I took Chinese buyers to the Bindaree Beef abattoir only a couple of months ago. They were keen to buy beef here because of our reputation: clean, green, top-quality, safe to eat. That is the reputation we have overseas. It was amazing: Mr John McDonald, the founder of Bindaree Beef, told me some time ago now that in December 2012 Bindaree Beef sent six containers of beef to China and in December 2013 they sent 60 containers of beef to China. That is the growth. That is what is happening. And at last we have decent money at the farm gate for the beef producers, which is good for our rural communities, good for our regional towns, good for our environment. If you want to look after the environment, how can the farmers be green when so many—

Senator Waters interjecting—

Senator WILLIAMS: You ought to listen to this, Senator Waters; you might learn something.

The ACTING DEPUTY PRESIDENT: Address your comments to the chair, Senator Williams.

Senator WILLIAMS: And I will ignore the interjections.

The ACTING DEPUTY PRESIDENT: Yes, please ignore the interjections.

Senator Waters interjecting—
Senator WILLIAMS: It is very hard to ignore them. I will do my best. It is very hard for the farmers to be green when so many are so far in the red. It is as simple as that. Look at a map of Australia: about 60 per cent of this whole island continent is in the hands of farmers and graziers. We expect them to look after the land, to farm the land and care for it—not mine the land, and they were forced to mine the land in a situation where commodity prices have been so low for so long. Now we have an opportunity to raise those prices, to bring money back to the farm gate, to look after the farms better, for young ones to say: 'Hell, life on the land's looking pretty good now. I always had the attitude that I'm not going onto the land. I've seen my father and my mother work pork and beef for decades and go nowhere.' That is probably why the average age of farmers is around 56 or 57 years.

Senator Cameron: They should have joined their union!

Senator WILLIAMS: Now we are getting back to getting decent prices at the farm gate—something Senator Cameron would have no idea about, absolutely no idea. He will just be here like most of them on that side, doing what the unions tell them to do. That is who pays their way. That is where they all come from—the union movement.

Senator Cameron interjecting—

The ACTING DEPUTY PRESIDENT: Order! It has been very quiet.

Senator WILLIAMS: Thank you, Mr Acting Deputy President. That makes it a lot better now. I know Senator Cameron really wants to listen to what I have to say. Let's look at those tariff reductions. Dairy: tariffs of up to 20 per cent eliminated within four to 11 years. Let's look at the dairy industry. We produce around nine billion litres of milk a year. We only consume about 4½ billion litres here in Australia, so half our milk production relies on exports. Here is a huge market. Already now, Norco in northern New South Wales are flying fresh milk into China, retailing for around $8 a litre. They are prepared to pay it because they know it is good—the quality is perfect and it is safe. That is to start with, the dairy industry. The beef industry: tariffs of 12 to 25 per cent eliminated over nine years. This will make us even more competitive. As Senator Heffernan said, perhaps, hopefully, China will float their exchange rate one day and make us even more competitive.

Removing the barriers, and the lower Australian dollar, is good for exporters. Wine tariffs of 14 to 20 per cent will be eliminated over four years, giving us that edge over other countries. I notice that China was not part of the recent agreement on the Trans-Pacific Partnership, so when it comes to exporting we have an edge into China that that those other countries do not have. It gives us a price edge, a quality edge and a marketing edge. That is why the demand is so good and prices are heading in the right direction.

Wool will have a new Australia-only duty-free quota in addition to continued access to China's WTO quota. The wool industry has been terrible since the early 1990s. I know it pretty well and I have not forgotten about it. At last we have seen an indicator of over 1,200 cents. The price is getting up there. The volume of wool has decreased enormously. We used to run 180 million sheep in Australia, in the late 1980s, during the wool boom. We are down to around 70 million now. Of course, a lot of those are meat sheep with poor quality wool—cross-bred sheep, first-cross ewes et cetera. The wool industry is looking much better as a result of this agreement.
ChAFTA will not allow unrestricted access to the Australian labour market by Chinese workers. I want to make that point very clear. It will not allow Australian employment laws or conditions to be undermined, nor will it allow companies to avoid paying Australian wages by using foreign workers. That is very clear. We have seen the wrongdoings in the *Four Corners* story by my good friend Adele Ferguson about the disgraceful treatment of workers by 7-Eleven. The situation is that those on 457 or 417 visas come here to Australia and, under the visa, the students are not allowed to work more than 20 hours a week. What did 7-Eleven do? They said, 'You will work 40 hours week, we will pay $8 or $10 an hour, and if you dob us in we will dob you in to the immigration department for breaching your visa and you will get kicked out of the country.' What a terrible blackmailing situation that is. I am glad that we are catching up with those who are not treating our workers properly. A fair day's work for a fair day's pay is something that I have always believed in.

As a result of this agreement we will see more demand, especially for our rural products. We will see more jobs in those industries and more processing. The growth in exports will see more money coming back into our regional communities. I have seen too many towns now that have not grown, with too many empty shops in the main street and high unemployment levels. Bringing wealth into rural Australia is a good thing for our nation, and it is an especially good thing for people who live in those regions. That is what this agreement does.

Without speaking for my full 20 minutes, I want to say that I support this agreement. I congratulate Minister Andrew Robb. I think he has done an excellent job in his portfolio with South Korea, Japan, China and now with the 12 countries involved in the TPP, which no doubt has to be finetuned or finalised.

I am simply amazed that the Greens would oppose this agreement, which brings more wealth into our nation, creates more jobs, brings certainty and brings more money back to the farm gate in rural Australia. Yet the Greens oppose it. There are some crazy things going on around here and I think that is one of the craziest. I suppose we will hear why in the near future.

**Senator IAN MACDONALD** (Queensland) (13:04): I rise to speak on the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015. This is a very serious debate about an act that will implement a scheme that I believe is very important for Australia and is so very good.

In this debate I have been very pleased to listen to the very thoughtful contributions made by Senator Williams, Senator Back, Senator Heffernan and even, might I say, Senator Leyonhjelm. That does not mean that I agree with everything those speakers said, but I very much appreciated their thoughtful contribution to this very serious debate. I do not make much reference to the Labor Party except to say that there is one element of Senator Ludwig's speech that I do agree with. That is when Senator Ludwig said, talking about the Greens political party, 'The Greens political party oppose everything.' I certainly agree with that bit of Senator Ludwig's speech.

This is a very important measure and one which I wholeheartedly support. I must indicate that I originally had some reservations when, unfortunately, sugar could not be included in the China-Australia Free Trade Agreement. Sugar is the industry that thrives in the town where I live and in North Queensland and northern New South Wales generally. When Mr Robb rang
to give me that bad news, I indicated to him that if his assurance that it would be included in
the TPP was not met I would be voting against the TPP. I intended to support the China
agreement because of all the good things that it does for every other part of Australian
agriculture and manufacturing although, regrettably, sugar was not included. Sugar has been
included in the Trans-Pacific Partnership. Whilst this is not to the extent that I would have
liked to have seen, it is certainly a start and it will give the sugar growers in my area, the
sugar industry of Queensland and New South Wales, some toehold into the American market,
which has, so far, been very strictly controlled against Australian sugar.

I appreciate the support of the Australian Labor Party. You will recall that, when this first
came out, at the behest of the unions the Labor Party were totally opposed to the China free
trade agreement in spite of the fact that all the Labor state premiers, former premier and
former union leaders said to the Australian Labor Party: 'Look guys, this is good for Australia.
Get on board.' But in those early days the Labor Party here was more influenced by the union
movement and so they came out in full-scale opposition to it. They have now realised
the error of their ways. They have taken notice of some Labor luminaries and have understood
just how good this is for Australian jobs, Australian workers, Australian businesses and
Australian farmers.

I very much appreciate the Labor Party's about-face. Sometimes I am critical about about-
faces but in this case I am not. They have been able to support the agreement with, I concede,
some concessions made by the government—as I understand them they are concessions of
words only and not much more. The amendment regarding 457 visas simply prescribes the
existing requirement under the policy that employers seeking to sponsor skilled workers will
have to demonstrate that they have made recent and genuine efforts to recruit local Australian
workers. That has always been the case. What the Labor Party insisted upon is that it be
codified. If that was the price of getting their support, it was a cheap price. Certainly, it is just
stating the process that had always happened. It is important to note that labour market testing
is already a mandatory requirement under current government policy, and that is detailed in
the existing DIBP guidelines.

The government also agreed to make some minor amendments to guidelines for companies
seeking a work agreement. To ensure observance of the guidelines they are going to be
referenced in a new guideline. Those things already happen, but the Labor Party wanted them
in writing. So they are there. Again, that is a small price to pay to get the agreement passed.
The Department of Immigration and Border Protection will include in its annual report details
about the number of work agreements signed, including the number of 457 visa holders
engaged under the agreements, together with the occupations and industries which are
engaged. In talking about 457 visas, it is important to understand that they were at their
momentous peak at the time of the Labor government. In the six years of Labor government,
there were more 457 visas holders working in Australia than there have been since the Abbott
and Turnbull governments have been in power. Of course, we all remember that even the then
Prime Minister's chief of staff was brought in on a 457 visa because apparently there was no-
one good enough in Australia to run the Prime Minister's office. With the way that office was
run, one would wonder whether the 457 visa holder who took on that job actually earned his
money.

Senator Cameron: Even I agree with you!
Senator IAN MACDONALD: As we all know from history, that office was dysfunctional. The unions keep running this campaign against Labor—and I hear Senator Cameron. The Labor Party represents the unions, but who do the unions represent? I used to say that they represented only 17 per cent of the Australian workforce, which means 83 per cent do not support the unions and do not join a union. But I am now wrong. Those figures are outdated. The Bureau of Statistics has issued new figures. Actually, the figure is now 15 per cent. Unions in Australia, across the board, only represent 15 per cent of all workers. That means 85 per cent of workers choose not to join a union—and you can understand why when you see the latest revelations coming out of the royal commission about the corruption, dishonesty and theft that occurs in the union movement. The case of the National Union of Workers in New South Wales, which is very closely aligned to the New South Wales Labor Party, is just the latest in a series of disclosures that have shown how corrupt many of these unions are. One can only wonder why there are still 15 per cent of workers joining unions.

And in the private sector—that is, the non-government sector—that figure has fallen from 12 per cent to 11 per cent. So now only 11 per cent of workers in the private sector—which is, of course, the biggest employer group in Australia—choose to join a union. That means 89 per cent of all workers in Australia choose not to join a union, and yet the union controls the Labor Party and the Labor Party is an alternative government. So those figures need to be taken into account when you understand that the Labor Party were originally told by the unions to oppose this agreement despite Labor luminaries urging the Labor Party to support it. I am delighted—and credit where credit is due—that the Labor Party has woken up to itself and agreed to the China free trade agreement with a number of very minor regulatory arrangements which only codify the practices already involved.

I also want to laud the Minister for Trade and Investment, Andrew Robb. The work he has done with not just with the China free trade agreement but also the Japan free trade agreement, the Korea free trade agreement and the Trans-Pacific Partnership is miraculous and it is already legend.

I have just flown back from Darwin overnight where, unfortunately, I was able to attend only the first day of the Northern Australia Investment Forum because I could not get leave from this place. Having gone all day in Darwin yesterday, Sunday, the forum is also being held today and tomorrow. Coincidentally, it is being hosted by Andrew Robb and the newly appointed minister for northern Australia, the Hon. Josh Frydenberg, with the attendance of several other senior coalition ministers and state ministers. In my estimate, there were over 350 people at the forum; 250 of whom were foreign investors—people with money from overseas wanting to look at investments in northern Australia. The number of people there and the names of some of the people there—due to their commercial standing, particularly throughout South-East Asia—were something magnificent to behold. It was a wonderful start to the forum yesterday. There were a lot of positive words said. Today and tomorrow, the investment forum will continue its good work. This can only be good for Australia. It is related to investment in northern Australia, but investment in northern Australia means good things for the rest of Australia as well. It will help increase investment, increase business and increase jobs. That means a better living standard for us all.

I want to pay tribute, as well, to Mr Adam Giles, Chief Minister of the Northern Territory government. He is a very involved participant in the Northern Australia Investment Forum in
Darwin. In fact, his government is hosting the facilities there. The attendees had a wonderful welcome to Darwin last night. They had some wonderful Northern Territory seafood, beef and other produce. This welcome demonstrated to the large number of potential investors there just what can be done in the Northern Territory. Mr Adam Giles is, as I say, a wonderful and exciting Chief Minister of that territory. I foresee that, under his leadership, the Territory will continue to go from strength to strength. Naturally enough, my interest in the China free trade agreement relates to northern Australia. It is where I come from. Senator Williams, Senator Heffernan and perhaps Senator Reynolds as well are the only three senators in this chamber who actually live in a small country town. In the case of Senator Williams and Senator Heffernan, they are actually farmers. They know firsthand the benefits that can flow from this.

I want to, just briefly, mention some of the benefits to northern Australia, particularly for my own state of Queensland and the Northern Territory. Tariffs on beef into China, currently between 12 and 25 per cent, will be completely eliminated within nine years. I am the patron senator for the electorate of Kennedy—and I must say, with some modesty, I do most of the work in that electorate because the current member is completely inept when it comes to assisting his constituents. Perhaps Ms Price, the member for Durack, will argue with me, but I would suggest that the electorate of Kennedy is probably the biggest beef electorate in Australia. Perhaps Durack might give us a run for our money, but I will go with Kennedy. What does the current local member do about the China free trade agreement? He says it is the worst thing that has happened to democracy in 300 years. Yet the tariffs on beef into China come off. You would think that would be a very, very strange comment from the guy who, supposedly, represents what I claim to be the biggest beef cattle electorate in Australia.

Also in Queensland, horticulture tariffs of 30 per cent will be eliminated progressively over the period. The tariffs of 14 per cent on rawhide and skin will be eliminated over two to seven years. I want to refer to the coal industry—and the Greens will be, I am sure, supportive of this! The three per cent tariff on coking coal into China will be eliminated when this agreement comes into force. The six per cent tariff on non-coking coal will be eliminated within two years. What a wonderful thing that will be for the coal industry up where I come from in the Bowen Basin—an area suffering huge unemployment at the present time because of the activities of the previous government in relation to coal and the unmitigated campaign against coal by the Greens political party and their fellow travellers. This free trade agreement will make it easier to take coal into China. Contrary to the claims of the Greens political party, China continues to use coal. The claims by the Greens that the Chinese coal use has fallen dramatically are, according to recent reports, dramatically overstated. So that is good news again for northern Australia.

Tariffs for liquefied propane and butane, currently at five per cent, and for refined petroleum, crude petroleum and LNG, all between five and nine per cent, will be eliminated when this agreement comes into force. Tariffs of one to two per cent on refined copper and alloys—very important in places like Mount Isa and Townsville—will be eliminated. The eight per cent tariff on alumina will be eliminated on entering into force. What a wonderful thing that will be for Weipa and all of the workers at Weipa. For those in the Gladstone area, represented by my friend Ken O'Dowd, the elimination of tariffs into China for alumina and aluminium sheets and plates will be a huge boost for jobs.
The Northern Territory—again, a very big beef producer—will do very well out of the reduction in beef tariffs. Mangoes currently attract a 15 per cent tariff into China. That tariff for mangoes, grown again, in the electorate of Kennedy, on the Atherton Tableland, and in the Northern Territory, will be completely eliminated within four years. What wonderful news that is for the mango growers in the electorate of Kennedy and the electorate of Lingiari. As I mentioned, tariffs on hides will go, and I have mentioned alumina. Precious stones currently have tariffs of three to eight per cent. Diamonds and opals are important up in the Kimberleys. Those tariffs will also be eliminated, over four years.

Time does not permit me to go further into the benefits for Northern Australia, but the couple of issues I have raised indicate just how very important this free trade agreement is to Northern Australia. It is important that it be passed now, so that we get the advantage of a reduction at the end of this year and another reduction at the beginning of next year. It is a wonderful agreement for Australia—I give all credit to Mr Andrew Robb—and perhaps I am a bit parochial, but it is an even greater benefit to Northern Australia. I am delighted that this bill will be passed, with support of the Labor Party, this week, at a time when we are involved in the attraction of investment from South-East Asia and, indeed, from across the world into Northern Australia at the Northern Australia Investment Forum, which is currently occurring. It is a wonderful time for Northern Australia. I am so excited about the agreement. I am delighted to support it and do everything I can to make sure that it is brought into play as soon as possible. (Time expired)

Senator McKENZIE (Victoria) (13:24): I too rise to put on record my views, my support and my praise for the Minister for Trade and Investment, Andrew Robb, for delivering, in race week, the trifecta of free trade agreements into the Senate. I thank the Labor Party for getting behind regional jobs right across regional Australia by agreeing to support the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the associated bill through the Senate. Currently, China is our biggest market. It has a population of 1.4 billion, which is soon to be a lot greater with the recent lifting of the one-child policy. It has an increasing middle class and economic growth of seven per cent. This, indeed, is a market of untold opportunity. I am so excited that our nation, as a key exporter of quality agricultural products, quality financial services and exceptional educational services, will now be able to access that market in similar ways, and expanded ways, to our cousins from New Zealand. China is the largest importer of agricultural food and fish in the world, at $119 billion in 2014, so there is an incredible opportunity for our agricultural producers.

Ratifying the agreement now is so important. It is so important that this bill goes through the Senate.

When the United Dairyfarmers of Victoria spoke in the wake of the CFMEU's Aussie jobs scare campaign that has been running over the last couple of months around the Chinese free trade agreement, the UDV were very concerned that any delay in this agreement would cost Aussie jobs. It would cost the industry, they estimated, $300 million just in 2016. That is a lot of employees, a lot of growth potential and a lot of potential flow-on benefits outside of that. I touched briefly on the CFMEU's absolutely shameful campaign around Aussie jobs which completely muddied the water on this issue. This free trade agreement, like the ones that have gone before it, would deliver jobs en masse right throughout our economy, but what is important to note is that it is regional Australia where those jobs would most keenly be felt.
The CFMEU—aside from their forestry division; I will give them credit—could not give a rat's about jobs in regional Australia, and that is why they chose to go hard, in a very xenophobic way, against the Chinese free trade agreement. So I thank the Labor Party for embracing the jobs potential that this agreement brings to our economy and to our future. It sets regional Australia up for the future.

Peter Tuohey, the fabulous President of the Victorian Farmers Federation, extolled the benefits of the Chinese free trade agreement to the great ag state of Victoria. I have to disagree with Senator Macdonald about where the prime benefits of this agreement flow because they flow to the dairy industry, and the great state of dairying of this country is Victoria. The greatest export off the Melbourne ports every single day is Murray-Goulburn produce heading out to those markets across the world. Estimates are that the first year of this agreement will see over 700 jobs being created in the Victorian dairy industry. That is incredibly exciting. During the campaign by the dairy industry to get the China free trade agreement through, a fabulous north-eastern dairy farmer, Dianne Bowles, was very up-front about what this agreement would mean to her and to her family's business, which milks over 200 cows in north-east Victoria, and to potential business security. Farmers have to battle floods, they have to battle droughts and they sometimes have to battle uncertain commodity markets, but having this sort of market opportunity available, particularly to dairy and horticulture, gives them the security and stability that they really need at the moment.

Currently, Victoria exports more than $4.15 billion worth of goods to China, and that includes almost $3 billion worth of agriculture—very exciting.

I touched on dairy. This is what it actually means for dairy: that tariffs of up 20 per cent will be eliminated progressively on milk powders, ice cream, liquid milk, cream, cheese, butter et cetera. The value of the Australian product in that market cannot be overstated. The fact that it is produced within Australia, with our supply chain quality assurance, means that Chinese consumers can go to the shelf and buy their infant formula and their dairy product—and indeed, they can buy their horticultural product—and be assured that these products are safe to consume and safe to feed their families. Middle-class parents—especially mothers—in China are absolutely enamoured, if you will, with Australian product, and we are looking forward to putting more and more of it on the supermarket shelves in Beijing, Guangzhou, Chengdu—you name it, we'll be there.

As to benefits to Victoria, there are benefits for horticulture, obviously. Eighty per cent of the national pear crop is grown in the Goulburn Valley; we do some decent apples and we are very good at wine grapes. All of those industries stand to benefit as a result of this agreement.

I will be brief because I know we have other things to do today. I am very, very proud of our government. I am extremely proud of our trade minister for delivering an agreement that the EU would love to have and that the US would love to have. We have been able to deliver it, not only for our agricultural industries but obviously for our educational and financial service providers as well. But agriculture is the big winner out of this agreement, and that means regional jobs in communities right around regional Australia. We are very excited, and we look forward to delivering on its potential.

Senator Sinodinos (New South Wales—Cabinet Secretary) (13:31): I rise to speak on the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015. The bill contains amendments to the Customs Tariff Act 1995 that will implement
Australia's tariff commitments in the agreement. These amendments are complementary to those contained in the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015.

I want to begin by thanking all those who have contributed to this debate. The China-Australia Free Trade Agreement is a historic agreement for our country, and I am pleased that so many senators have acknowledged the significant opportunities it provides in many different sectors across our economy. Negotiations on the China-Australia Free Trade Agreement began in 2005 and were concluded in November 2014 during President Xi Jinping's visit to Australia. When President Xi addressed this parliament during that visit, he noted that it is estimated that in the next five years China will import more than US$10 trillion worth of goods, its outbound investment will exceed US$500 billion and Chinese tourists will make over 500 million overseas visits—an extraordinary picture of China's economic transformation, the greatest poverty-reduction initiative in world history. It also reflects the changing nature of the Australia-China business relationship. New export opportunities in the future will be found across the premium food sector, value-added manufacturing, financial services, health and aged care services, tourism and many other sectors where Australia is well placed to meet China's growing demand.

This agreement positions Australia to take advantage of these emerging opportunities now and into the future. It is a comprehensive agreement between two highly complementary economies. It has been pleasing to hear the many supportive comments from business and industry bodies regarding the FTA. For example, Brendan Pearson, Chief Executive of the Minerals Council of Australia, has called the China deal 'a watershed moment in our economic history'. Together with the trade agreements with Japan and Korea, ChAFTA will anchor the Australian economy in East Asia for many decades to come and will provide increased opportunity and prosperity for future generations of Australians. Brent Finlay, President of the National Farmers' Federation, sums up the potential opportunities on the horizon for Australia's regional and rural communities, noting that ChAFTA is a game changer for Australian agriculture. In its submission to the Joint Standing Committee on Treaties, the National Farmers' Federation said that ChAFTA would provide millions of dollars in export value to Australian farmers, including those in the red meat, grains, dairy, pork and horticultural sectors: 'The agreement recognises agriculture as one of our nation's export strengths and will open opportunities for the sector in China.'

It is clear this agreement will provide substantial benefits for our agricultural and resources exports. ChAFTA provides Australia with a competitive advantage over our major competitors, including the US, Canada and the European Union. It also levels the playing field for Australia, putting us on the same or an improved footing compared with New Zealand, Chile and South-East Asian nations that currently have free trade agreements in place with China.

The commitments in ChAFTA will allow Australian exporters to benefit from the growing demand in China for quality beef products, dairy products, wine, seafood, horticulture, processed food and other agricultural products. For our resources and energy sectors, ChAFTA eliminates all tariffs of up to eight per cent within four years, including for coal, worth around $8.3 billion within two years. ChAFTA provides greater certainty for our exporters by locking in current zero tariffs on major resource and energy products such as
iron ore, gold, crude petroleum oils and liquefied natural gas. Under ChAFTA, China will eliminate tariffs on 99.9 per cent of our resources, energy and manufacturing exports to China.

ChAFTA will also deliver significant benefits for Australia's service industries. China is already our largest service export market, worth $8.2 billion in 2014, and, under this agreement, we have the potential to grow our services trade with China, creating new jobs and prosperity for Australia. China has offered Australia its best ever services commitments in a free trade agreement beyond greater China. Importantly, this includes new or significantly improved market access for Australian banks, insurers, securities and futures companies, law firms, professional services suppliers and education service exporters, as well as health, aged-care, construction, manufacturing and telecommunications service businesses. The agreement also includes a most-favoured-nation clause, under which Australia's competitive position in key service sectors vis-a-vis our competitors will be protected in the future. That is very important.

This agreement improves opportunities for investors in both countries. Chinese investment in Australia has been growing strongly in recent years, up from $2 billion 10 years ago to around $65 billion as at the end of 2014. ChAFTA will promote further growth of Chinese investment into Australia—in particular, by liberalising the Foreign Investment Review Board screening threshold for private Chinese investors in non-sensitive sectors from $252 million to $1,094 million. This agreement is bearing fruit already. In the past year we have seen increased interest from Chinese businesses and investors looking for partnerships and opportunities in this country. Australian businesses, too, are looking to seize the opportunities on offer.

The customs legislation we are debating today is the only legislative change that parliament needs to approve for CHAFTA to enter into force. The Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 contains amendments to the Customs Act. These will implement our obligations under chapter 3 on rules of origin, as set out in the China-Australia Free Trade Agreement. These rules are essential for the purposes of determining whether goods imported from China are eligible for preferential rates of customs duty under the free trade agreement.

The bill also contains amendments to include relevant obligations on Australian exporters and producers who wish to access preferential treatment under the agreement when exporting to China. Certain powers are also conferred on authorised officers to examine records and ask questions of exporters or producers of goods exported to China, in order to verify the origin of such goods.

The Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 contains amendments to the Customs Tariff Act 1995 that will implement Australia's tariff commitments as set out in the China-Australia Free Trade Agreement. The amendments in these two bills are complementary.

Associated customs regulations for foreign acquisitions and takeovers regulations and life insurance regulations will also require amendment before we bring CHAFTA into force. A ministerial determination under the Migration Act is also required. Implementing this agreement will not require widespread changes to Australia's current policy settings. It is crucial that we pass these bills, without delay, so that this agreement can enter into force as
soon as possible. Many business leaders have urged early entry into force to allow the benefits to start to flow.

The government is pleased and welcomes the support that has been secured from the opposition to ensure the passage through parliament of this important implementing legislation. Through this agreement, Australia's decades long tradition of bipartisan support for freer trade is set to continue. Our discussion with Labor were both constructive and were held in good faith. I would like to acknowledge the shadow minister for trade and investment, Senator Wong, for the sterling work she has done on behalf of the opposition. The amendments to the migration regulations that we have greed with the opposition will be made shortly. To be clear, the government is committed to maintaining the definition of 'projects' contained in the guidelines of project agreements issued by the Department of Immigration and Border Protection. A project is:

… a collaborative enterprise that is carefully planned to construct infrastructure within a defined geographic area.

These changes and amendments reflect existing government policy settings.

The government is pleased to have drafted amendments that provided further clarity and comfort in regard to key issues raised by the opposition. Crucially, the provisions that we have agree with Labor will not in any way change or contravene the binding commitments we have made to China through our concluded FTA negotiations. Nor will they in any way discriminate against our largest trading partner.

I would also like to acknowledge the work of the Joint Standing Committee on Treaties and the Senate Foreign Affairs, Defence and Trade Committee in conducting their respective inquiries into CHAFTA. I would like to particularly acknowledge Senator Back's leadership in the Foreign Affairs, Defence and Trade Legislation Committee's inquiry into these bills. I also thank Senator Gallacher for chairing the FADT References Committee's inquiry into CHAFTA. I thank them for tabling the committee reports last Friday, ahead of the deadline originally set by the Senate. These inquiries, together with the JSCOT inquiry, allowed many organisations, companies and individuals in the community to have their say on this important treaty. The government welcomes the majority recommendations from each committee as binding treaty action to be taken to implement the China-Australia Free Trade Agreement. The committees made a number of other recommendations regarding the implementation of CHAFTA, after entry into force, which the government will consider closely in due course.

The China agreement rounds out the third in the trifecta of trade agreements the government has concluded with our three largest export markets. Already Australian businesses are seeing the benefits of our agreements with Korea and Japan. Together, these agreements have the potential to transform our economy. The Trans-Pacific Partnership, including 12 countries covering 40 per cent of global GDP promises to further enhance the competitiveness of our country and our economy and to deliver new markets and generate new jobs. I have pleasure in supporting these bills before the Senate.

Senator WHISH-WILSON (Tasmania) (13:42): by leave—I move the following amendment to my second reading amendment to the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015, listed on sheet 7784:

(1) Add the word 'to' between the words 'relating' and 'Minimum Standard Treatment' in the first line of the amendment;
(2) change the word 'resource' to 'recourse' in paragraph (c) of the amendment.

The DEPUTY PRESIDENT: The question is that the amendment to Senator Whish-Wilson's amendment on sheet 7784 be agreed to.

Question agreed to.

The DEPUTY PRESIDENT: The question now is that Senator Whish-Wilson's amendment on sheet 7784, as amended, be agreed to.

Question agreed to.

The DEPUTY PRESIDENT: The question is that the bills now be read a second time.

The Senate divided. [13:48]

(The Deputy President—Senator Marshall)

Ayes ......................37
Noes ......................10
Majority...............27

AYES

Back, CJ
Bullock, JW
Cameron, DN
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Gallagher, KR
Ketter, CR
Lindgren, JM
Macdonald, ID
McGrath, J
Moore, CM
Peris, N
Ronaldson, M
Ryan, SM
Sinodinos, A
Urquhart, AE
Wong, P

Birmingham, SJ
Bushby, DC
Canavan, MJ
Collins, JMA
Day, RJ
Fawcett, DJ (teller)
Gallacher, AM
Johnston, D
Leyonhjelm, DE
Ludwig, JW
McAllister, J
McKenzie, B
Muir, R
Reynolds, L
Ruston, A
Singh, LM
Sterle, G
Wang, Z

NOES

Di Natale, R
Lambie, J
Rhiannon, L
Siewert, R (teller)
Waters, LJ

Hanson-Young, SC
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS

Question agreed to.

Bills read a second time.
In Committee

Bills—by leave—taken together and as a whole.

Senator WHISH-WILSON (Tasmania) (13:53): We are just waiting for a grey to be distributed on the amendments. I will start by talking to them. We heard in the second reading debate today much about Labor and the government coming together to do a deal for workers—Chinese workers and, of course, Australian workers—around IFAs, investment facilitation agreements. I would like to acknowledge that Labor did get some outcomes with respect to IFAs. We have not seen an IFA in a trade deal before. It was a very worrying issue for a number of workers in Australia that IFAs could potentially be a new avenue for deregulation of the labour market. However, there are still a number of loopholes in the ChAFTA that we can correct through legislation here today. The Greens plan to move some amendments that will ensure that labour market testing applies at least to all occupations that are currently covered by other labour market testing in other agreements. To step through it, we will be taking the amendments together.

The CHAIRMAN: Senator Whish-Wilson. Maybe I could advise you. You indicated you were waiting on the running sheet. There will not be a running sheet because there is only one set of amendments and they are all yours. We will just deal with yours as you see fit.

Senator WHISH-WILSON: Thank you, Chairman. I will give a bit of background. Chapter 10 of the agreement sets out specific categories of employment for which neither party shall require labour market testing for workers entering under a temporary 457 visa. That is in article 10.4 of ChAFTA. These specified categories include various classes of professional employees, which is consistent with previous trade agreements.

However, chapter 10-A also includes an exception for the requirement of labour market testing for contractual service providers for a period of up to four years. A contractual service provider is someone who has the necessary qualifications, skills and work experience accepted as meeting Australian standards. That is in Annex 10-A, 9 and 11. The agreement includes 'installers and servicers of China for a period of up to three months'. Annex 10-A, 12 to 13, says:

An installer or servicer must abide by Australian workplace standards and conditions ...

The feedback that the Greens have received from a number of stakeholders in the union movement—for example, the Electrical Trade Union, the ACTU and the CFMEU—is that the agreement that Labor had with the government did not safeguard labour market testing for contractual service providers or installers and servicers. Presumably—and I have no doubt Labor will want to talk to this—this is because they believed it would null the agreement or perhaps compel it to be re-negotiated. Instead, the ALP proposed temporary skilled migration income thresholds and other measures, which we have seen the detail on.

The Greens' amendments relate to recommendations in a report, which I think a number of us have read, by Dr Joanna Howe from Adelaide University. That report is entitled The impact of the China-Australia Free Trade Agreement on Australian job opportunities, wages and conditions. She makes two key recommendations. Her report recommends:

... the Government clearly establish in its enabling legislation that labour market testing will apply to all Chinese workers coming into Australia as contractual service suppliers or as installers and servicers via Annex 10-A in the China-Australia Free Trade Agreement.
Recommendation 2 says:

This report recommends that the requirement of labour market testing in free trade agreements be consistent with the 457 visa program. This requirement of labour market testing for certain categories of temporary migrant workers should be enshrined in the Migration Act 1958 ... We have received some advice that this is entirely possible for us to do today. Article 10.4.3 says:

In respect of the specific commitments on temporary entry in this Chapter, unless otherwise specified in Annex 10-A, neither Party shall:

(a) impose or maintain any limitations on the total number of visas to be granted ...

(b) require labour market testing, economic needs testing or other procedures ...

Annex 10-A says:

Australia requires a natural person of China seeking temporary entry to its territory under the provisions of Chapter 10 ... And this Annex to obtain appropriate immigration formalities prior to entry. Grant of temporary entry in accordance with this Annex is contingent on meeting eligibility requirements contained within Australia's migration law and regulations, as applicable at the time of an application for grant of temporary entry. Eligibility requirements for grant of temporary entry in accordance with paragraphs 5 through 11 of this Annex include, but are not limited to, employer nomination and occupation requirements.

There are a number of amendments—six in total—but essentially they are broken down into two key areas. Amendments (1) to (5) essentially deal with labour market testing and basically put in place requirements for labour market testing for installers, servicers and contractual service providers. This sets out that labour market testing must be required for subclass 400 visa holders, which includes installers and servicers. The second section would require labour market testing to be applied to contractual service providers entering under subclass 457 visa holders. The 457 visas require a standard business sponsor, which is why the amendment addresses this issue in context.

Amendment (6), on licensing requirements, creates a dual responsibility on both the visa holder and the sponsoring employer to provide evidence of obtaining a licence within 60 days. Essentially, this puts a reverse onus of proof on those licensing requirements.

Progress reported.

MINISTERIAL ARRANGEMENTS

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:00): by leave—I advise the Senate that Senator Nash, the Minister for Rural Health, will be absent from question time today due to illness. During Senator Nash's absence, Senator Scullion will take questions relating to the rural, health, aged care and sport portfolios. I further advise the Senate that Senator Colbeck, the Minister for Tourism and International Education and the Minister Assisting the Minister for Trade and Investment, will be absent from question time today and tomorrow on ministerial business. During Senator Colbeck's absence Senator Birmingham will represent the international education portfolio, Senator Sinodinos will represent the tourism portfolio as well as the Minister for Infrastructure and Regional Development, the Minister for Territories, Local Government and Major Projects, and the Minister for Agriculture and Water Resources.
QUESTIONS WITHOUT NOTICE
Goods and Services Tax

Senator CAMERON (New South Wales) (14:01): My question is to the minister representing the Treasurer, Senator Cormann. Can the minister confirm modelling by the National Centre for Social and Economic Modelling, which shows that an increase in the rate of the GST to 15 per cent will require people in the lowest 20 per cent of income brackets to pay seven per cent more in tax?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:01): I thank Senator Cameron for that question. I guess the modelling he is referring to is the modelling that has been put into the public domain by the Australian Council of Social Services. The government welcomes and has welcomed their contribution to what is a very important debate about the way our tax system can be improved, moving forward. Right now, the government is involved in a good faith public consultation about how we can improve our tax system, moving forward. It is about how we can ensure—by a better, more efficient and less distorting tax system and by a tax system that encourages people to work more, save more and invest more—that we can strengthen growth in a way that will help deliver lifts in living standards for people across Australia and help increase the level opportunity for people across Australia, and, of course, deliver a growth dividend for government, which will help us continue to afford the social safety net and all of the important benefits and services.

Opposition senators interjecting—

The PRESIDENT: Order on my left. I call Senator Cameron.

Senator Cameron: I rise on a point of order. My question was very specific. It went to the issue of the modelling and whether that would require people in the lowest 20 per cent of income brackets to pay seven per cent more in tax. The minister has not gone to that point and his attention should be drawn to the question.

The PRESIDENT: I will draw the minister's attention to the question that was asked. Minister, you have 48 seconds in which to answer.

Senator CORMANN: As I said, the government welcomes the contribution that ACOSS has made to the tax reform debate. The NATSEM modelling prepared for ACOSS is not realistic. It is not accurate. It ignores, entirely, the fact that welfare payments, for example, are automatically indexed for price increases. For the ACOSS stylised scenario to occur, the parliament would have to pass legislation to switch off the automatic CPI indexation of transfer payments in order to prevent welfare recipients from automatically receiving increased payments. That would be contrary to the government's commitment to ensure fairness, and we will not ever do it.

But the more fundamental point is that we are engaged in good faith in that process—in a public conversation—about how our tax system can be improved, so we can strengthen growth and opportunity for all. (Time expired)

Senator CAMERON (New South Wales) (14:04): Mr President, I ask a supplementary question. Can the minister confirm modelling by NATSEM, which shows that funding
personal income taxes with a GST increase of 15 per cent would see almost two-thirds of households worse off?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:04): I have already pointed to one flaw in the NATSEM modelling. In the end, with this sort of modelling it all depends on the assumptions you are making. At this point in time, the government has not made a decision on a particular tax reform proposal, moving forward. We are considering, with an open mind, all of the options that have been put forward in the course of the tax reform discussion paper process. Like ACOSS, the government is of the view that all options to strengthen the tax system should remain on the table and be properly considered and assessed. At some point in time, over the next few weeks or months, when all of the information has been properly assessed and considered and all of the implications have been properly worked through, the government will make a decision on the best way forward. Our focus will be on pursuing tax reform, which will help us strengthen the economy, strengthen growth, create more opportunity and ensure that the important benefits and services provided by government are sustainable. (Time expired)

Senator CAMERON (New South Wales) (14:05): Mr President, I ask a further supplementary question. Is it not true that lower income households will be worse off under the Turnbull government's plan to increase the GST?

Senator Ian Macdonald: That is a hypothetical question.

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:05): Senator Macdonald is quite right: it is a completely hypothetical question. It is making an assumption on something that has not been decided in any way, shape or form. The Turnbull government is committed to tax reform which is fair. We will pursue reforms which are fair to low- and middle-income earners. That is a commitment that we have, very clearly, made. Our most important focus, right now, in considering how the tax system can be improved, is on how we can ensure that the tax system can be designed such that we can be more productive, more competitive, more innovative and more agile, and how we can strengthen growth to ensure that we have the best possible opportunity for everyone across Australia to get ahead, to get a better job, to get better pay and to improve their living standards.

Distinguished Visitors

The President (14:06): I draw to the attention of honourable senators the presence on the floor of the chamber today of a delegation from ASEAN countries visiting our parliament. I welcome them to the Senate.

Honourable senators: Hear, hear!

Questions Without Notice

Economy

Senator EDWARDS (South Australia) (14:07): My question is to the Minister for Finance, Senator Cormann. Will the minister please advise the Senate what the government is doing to build a strong economic and fiscal foundation for our nation's future?
Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:07): I thank Senator Edwards for that very important question. When we came into government we inherited a weakening economy, rising unemployment and a budget position which was rapidly deteriorating. Australia as a trading nation was facing global economic headwinds. Prices for our key commodities were starting to come off their historic peaks in 2012. Instead of making sure that Australia's economy was as resilient as possible, as competitive as possible and as agile and innovative as possible, the previous Labor government put more lead into our saddlebags and locked Australia into unsustainable and unaffordable spending growth into the future.

Since coming into government we have taken some of that Labor lead out of our economy's saddlebags. We got rid of the mining tax and the carbon tax. We reduced red tape costs for business by $2 billion a year. We have reduced taxes for small business, encouraging them to invest in their future success and employ more Australians. We have pursued a very ambitious free trade agenda, helping our exporters get better access to key markets overseas, in China, Korea and Japan, and through the Trans-Pacific Partnership Agreement, covering 40 per cent of the world's economy. We have equally pursued and we are pursuing an ambitious infrastructure investment program. Of course, there is more.

Very soon, the Prime Minister and the minister for innovation will be delivering an innovation package, focusing on innovation as the centrepiece of our future economic success. We are pursuing tax reform because we are so committed to ensuring that Australia is in the best possible position to take advantage of future opportunities in the Asia-Pacific, where most of the global economic growth will be generated in the years and decades to come. These are the sorts of things that this government is focused on. These are the sorts of things we are doing to ensure that people across Australia have the best possible opportunity to get ahead.

Senator EDWARDS (South Australia) (14:09): Mr President, I ask a supplementary question. Can the minister please inform the Senate why the successful implementation of the government's plan for stronger growth, more jobs and budget repair is important to all Australians?

Senator Conroy interjecting—

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:09): Senator Conroy obviously does not realise that the Australian economy continues to grow. Where other commodity based economies around the world are indeed in recession, the Australian economy continues to grow. The Australian economy is in a stronger position than it would have been as a result of the economic and fiscal reforms that this government has been pursuing and will be pursuing moving forward. Why is that important? We are a trading nation. We have lots of opportunity in this part of the world moving forward, but we have to ensure we are as competitive as possible, as productive as possible, as innovative as possible and as agile as possible so that we can take advantage of these opportunities. We have to be as resilient as possible in the face of inevitable future economic shocks.

Of course, stronger growth means an opportunity for more jobs to be created, and for better pay and conditions for people across Australia—surely something that Labor would support.

(Time expired)
Opposition senators interjecting—

The PRESIDENT: Order on my left! Senator Cameron, you have asked your question. Senator Edwards.

Senator EDWARDS (South Australia) (14:10): Mr President, I ask a final supplementary question. Will the minister please identify what further opportunities there are to strengthen our economic growth?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:11): As I was saying, it is indeed very important for the government to press ahead with our plan for stronger growth and more jobs, because it will also deliver a growth dividend for government. It will help us receive more revenue without the need to increase taxes or come up with all these new taxes, which Labor did when they were in government.

We are currently working very hard. The minister for innovation, Minister Pyne, is working very hard in putting the innovation package together as the centrepiece of our future economic success. The Treasurer, Minister Morrison, leading a team of ministers and coalition members of parliament, is working very hard on making sure that we have the best possible tax settings moving forward. Indeed, in the free trade space there is more opportunity. After China, Japan and South Korea, Minister Robb is working very hard in relation to— (Time expired)

Goods and Services Tax

Senator KETTER (Queensland) (14:12): My question is to the Minister representing the Treasurer, Senator Cormann. Can the minister confirm that Treasury has modelled at least four options to increase the GST to 15 per cent and that these include fresh food, health and education? Minister, do all of these options assume that revenue from a GST increase will be fully offset by income tax cuts?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:12): What I can confirm is that the federal government is working in good faith with the state and territory governments about common challenges that we are considering and about ways we can improve our tax system so that we can strengthen growth and opportunity across Australia. It is true that, at the request of state and territory governments, including state and territory Labor governments, the government is currently in a discovery phase, going through a process of identifying options and possible scenarios. That is what you would expect any good government to do. Would you like us to make decisions without collecting all of the information in order to make an informed judgement? We know that that is what the Labor Party did in government. We know that that was your modus operandi under the Rudd and Gillard governments. But this government actually works cooperatively with the state and territory governments. We engage in good faith with the state and territory governments about opportunities for reform, opportunities to strengthen the economy and opportunities to create more jobs, and of course we are talking about—

The PRESIDENT: Pause the clock. Senator Moore, you have a point of order?

Senator Moore: Mr President, my point of order goes to direct relevance to the actual question. The second part of that question was clearly about whether the revenue from the
GST increase will be fully offset by income tax cuts. The minister has ranged very widely in his answer but has not got to that particular question.

The PRESIDENT: Thank you, Senator Moore. I will remind the minister of the question. Minister.

Senator CORMANN: Thank you, Mr President. I was being directly relevant to the question. I confirmed that the Commonwealth is talking in good faith with the state and territory governments about options to improve our tax system. What I also can say very clearly is that the federal government has not made any decisions—there is no final landing point about any option moving forward. Currently, as the Treasurer has clearly indicated, the government is in a discovery phase. We are engaged in public consultation, and if I might just—

The PRESIDENT: Order! Pause the clock. Senator Moore on a point of order.

Senator Moore: Mr President, I rise on a point of order, again on direct relevance. Do any of the options discussed by the minister in his answer assume the revenue from the GST increase will be fully offset by income tax cuts?

The PRESIDENT: Senator Moore, the minister did indicate in the continuation of his answer that the government has made no final landing, and I believe that was directly relevant to the questions asked.

Senator CORMANN: Thank you very much, Mr President. I would just refer Senator Wong to the comments of South Australian Premier Jay Weatherill, who said:

We do need all of these things on the table. I think there is a sensible discussion about this. I will be encouraging all of my colleagues to talk about it.

We understand that you come in here to— (Time expired)

Senator KETTER (Queensland) (14:15): Mr President, I ask a supplementary question. Minister, I refer to reported comments by a Liberal who said that any increase to the GST 'will be red hot internally if it looks like a tax grab to fund hospitals or Gonski'. Will an increase to the GST fund schools and hospitals?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:16): If the charge by the honourable senator is that on this side we have an instinct in favour of lower, simpler, fairer taxes, then yes you are correct. If you want me to confirm the unremarkable proposition that this government is focusing on tax reform without increasing the overall tax burden in the economy, that we are focusing on tax reform that improves the—

Senator Kim Carr interjecting—

Senator CORMANN: If you think that that is exciting, good luck to you. We are focusing on tax reform which will help us strengthen the economy. We are focused on tax reform that will help to grow the economy such that more jobs can be created in the economy and there will be a growth dividend for government along the way in the form of increased revenue on the back of stronger growth. That is the best possible increase in revenue for government: a revenue increase on the back of stronger growth.

Senator KETTER (Queensland) (14:17): Mr President, I have a final supplementary question. Minister, I refer to Senator Bernardi's comment that:
Tax reform means lowering taxes and every justification that I’ve seen for tax reform thus far entails an overall increase in government revenue. That’s not reform, that is gauging.

Does this represent the government’s position?

Senator CORMANN (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:17): Senator, it is always dangerous to take the supplementary questions from your tactics committee without having listened to the answer—and I can say to you that I answered that question in my answer to your first supplementary. I have already indicated that the government is focused on tax reform without increasing the overall tax burden. We are focused on tax reform which improves the tax mix. We are focused on tax reform which helps to encourage people to work more, save more and invest more, because it helps us strengthen the economy, which in turn will help create better opportunity for people to get ahead, which will help Australians lift their living standards and which will also of course deliver a growth dividend to government.

Trade

Senator BACK (Western Australia) (14:18): My question is to the Cabinet Secretary, representing the Minister for Trade and Investment. Can the Cabinet Secretary inform the Senate how free trade agreements are driving innovation in the Australian economy?

Senator SINODINOS (New South Wales—Cabinet Secretary) (14:18): I thank Senator Back for this important question and for his ongoing support for free trade and the particular benefits to the great state of Western Australia. When we talk about innovation, we talk about any process, any product or any new service that comes into being because people have either come up with new ideas or they have responded to changing demands and consumption in the marketplace.

One of the prerequisites for really good innovation is competition, and these free trade agreements that we have been entering into over the last few years will increase the intensity of competition in the Australian economy. They will increase the intensity of competition and will mean that our own firms will not only have access to new markets but also face competition here at home. That is a rising tide that can lift all boats. By allowing Australian business to become more agile, we ensure that our economy will be adapting in new markets and thriving from them. We are going to be agile, we are going to be nimble and we are going to be innovative.

Opposition senators interjecting—

Senator SINODINOS: Absolutely. It is an exciting time to be an Australian. It is an exciting time to be in government. The numerous free trade agreements that the government has signed over the past two years will allow Australian business leaders and entrepreneurs much greater access into Asia-Pacific countries, and allowing Australians to travel to major regional economies will foster the exchange of ideas across our borders. These free trade agreements will deliver billions of dollars of additional export income for Australia across a variety of goods and services, from iron ore to education, health services and beef—and the list goes on. The opportunities offered in these free trade agreements—

Senator Kim Carr interjecting—

Senator SINODINOS: Australian beef producers, education providers or tourism operators, for example, will have unprecedented opportunities. (Time expired)
Senator BACK (Western Australia) (14:20): Mr President, I ask a supplementary question. I congratulate and thank the Cabinet Secretary for his answer. Cabinet Secretary, would you inform the Senate which sectors in the Australian economy will benefit from the recent free trade agreements?

Senator SINODINOS (New South Wales—Cabinet Secretary) (14:21): There is great excitement across lots of sectors of the Australian economy. Our lucrative mining sector will benefit, with tariffs and quotas on mineral exports slashed right around the region. Further, there are mining equipment and services, which are sources of innovation. We have one of the most innovative mining equipment services and technology sectors in the world—all set to become a global powerhouse. Services sectors across Australia are set to gain unprecedented access to regional markets.

Senator Edwards interjecting—

Senator SINODINOS: There you go, Senator Edwards: always excited, and more excited than usual today. Education, our nation's single-largest service export, will have more access into foreign economies than it ever has. Health services will be allowed to operate across the Asia-Pacific. Financial services, legal services and other professional services—all lucrative Australian sectors—will now have opportunities like never before.

Senator BACK (Western Australia) (14:22): Mr President, I ask a further supplementary question. Is the cabinet secretary aware of commentary from the business community about the recent free trade agreements?

Senator SINODINOS (New South Wales—Cabinet Secretary) (14:22): Yes. The business community is excited and passionately supporting this government's free trade agenda. They know that free trade fosters economic growth and job creation for all Australians. The BCA chief executive has described the recent period of free trade agreements as:

… a transformative moment for the Australian economy. It puts many of our most important sectors on a more competitive footing internationally, and gives Australian companies enormous scope to boost trade and create jobs.

The chairman of the Australia China Business Council and former Labor Premier of Victoria, John Brumby, a great economic rationalist, has praised free trade, especially for its benefits to country Australia, saying that regional and rural Australia stands to be a major beneficiary through improved access to markets for Australian agricultural products. Free trade is good for Australian business, and we are pleased to have business lending their full support to this free trade agenda.

Goods and Services Tax

Senator DI NATALE (Victoria—Leader of the Australian Greens) (14:23): My question is to the finance minister. For years members of this government went to supermarkets, pie factories and trucking companies demonstrating that the price on pollution was a great big new tax on everything and that it would dramatically increase the cost of living for ordinary householders. We saw some modelling from the Parliamentary Library that, interestingly, said that an increase of 2½ per cent in the GST or indeed abolition of the exemptions that currently exist on the GST would cost three times more for householders than a price on pollution at $28 a tonne. Will the government confirm this modelling? And will the government confirm that what it plans to do is to genuinely impose a great big new tax on everything?
**Senator CORMANN** (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:24): This is typical Greens voodoo economics. We have a tax that will raise the same or more but will cost less. The Labor-Greens carbon tax was not just a tax on people's electricity bills; it was a tax on the economy and jobs. It made Australian businesses less competitive internationally by shifting jobs and emissions overseas. You might think that costing people their job is not a problem, but the coalition actually thinks it is. We happen to think that stronger growth, more jobs and more opportunity for people to get ahead are good things. The carbon tax was a tax on everything in the economy. You call it a tax on polluters, but it was actually a tax on employers. It was a tax on businesses that employ Australians. It was a tax on those businesses that keep our lights on, including the lights in this chamber. It was a tax that was not only hurting families, pensioners and small businesses but hurting the economy as a whole. It was costing jobs. It was, over time, according to Labor's own modelling, going to lead to pay cuts and fewer jobs that were less well paid, all the while helping businesses in other parts of the world that were polluting more, for want of a better word—putting more emissions into the atmosphere for the same amount of economic output—to take market share away from us, helping them to take jobs away from Australia. So, there was no environmental benefit but all economic costs—costs for families, pensioners, small businesses and the economy as a whole.

**Senator DI NATALE** (Victoria—Leader of the Australian Greens) (14:26): Mr President, I ask a supplementary question. I refer to comments made by the Treasurer where he said that he planned to introduce a system of income taxes alongside the GST because he did not favour increasing the overall tax take. Can the finance minister explain why shifting the tax burden onto people on low and middle incomes is simply tax shifting rather than tax reform?

**Senator CORMANN** (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:26): I do not agree with the conclusion that Senator Di Natale came to. There is no intention of shifting the tax burden to low and middle income earners. The intention is to improve our tax system. In Australia we have too heavy a reliance on personal income tax. We have been on the public record in relation to that. Too many middle-income Australians are getting into the higher income tax brackets. We have been on the public record with that. There is a need to ensure that our tax system today helps us to improve our productivity and helps us to improve our competitiveness and that over time we are able to strengthen economic growth. The way to do that is by incentivising people to work more, save more and invest more, and obviously personal income tax rates are a part of that conversation. Now, you are jumping to a series of conclusions, making a series of assumptions, in relation to decisions that have not actually been made. *(Time expired)*

**Senator DI NATALE** (Victoria—Leader of the Australian Greens) (14:27): Mr President, I ask a further supplementary question. I refer to legal advice provided by Bret Walker SC, who said that the intergovernmental agreement requiring that all states agree to any GST changes is not binding against this parliament. Will the government pledge not to change the GST unless every state and territory agrees? And will it rule out using its unilateral power to push ahead with changes regardless?

**Senator CORMANN** (Western Australia—Minister for Finance and Deputy Leader of the Government in the Senate) (14:28): Senator Di Natale is getting way ahead of himself. The government is involved in good-faith discussions with the states and territories on how we can
improve our tax system. We are in the early stages of a tax reform discussion. Obviously the
next step will be the release of a green paper with a draft set of proposals on which there will
be further consultation. The approach the government intends to take in relation to how we
want to improve the tax system will be released, openly and transparently, in the form of a
white paper before the next election, and at the next election the Australian people will have
the opportunity to pass judgment on what the government is putting forward as our proposal
to improve our tax system as part of our plan for stronger growth and more jobs.

Registered Organisations

Senator LINDGREN (Queensland) (14:29): My question is to the Minister for Employment, Senator Cash. Will the minister inform the Sena-
tate of whether she is aware of any activity that highlights the necessity of improved accountability and governance of
registered organisations?

Senator CASH (Western Australia—Minister Assisting the Prime Minister for the Public
Service, Minister for Employment and Minister for Women) (14:29): I thank Senator
Lindgren for her question. We on this side of the chamber are strongly opposed to the
corruption and misuse of membership funds wherever it occurs, whether the entity involved is
a trade union or whether it is an employer body or other professional organisation.

Unfortunately, the royal commission has heard mounting evidence of reckless spending
sprees carried out by one registered organisation in New South Wales. The spending sprees
have included Tiffany jewellery, a corporate package for a Monster Truck show, indoor
skydiving lessons and tattoos, all of which were charged to credit cards funded by the
organisation's membership. I would hope that all in this chamber agree that officials should
never view the hard-working members of their organisations as nothing more or less than a
cash cow to be exploited for their own personal benefit. In fact, I am sure that all in this
chamber, and the low-paid workers who paid almost $600 a year to join this organisation,
would be absolutely outraged at how their personal moneys were spent.

What we have seen in the royal commission to date are three consistent themes: bogus
invoices, secret payments and inflated false memberships. That is why this government has
introduced changes to establish an effective regulator, the Registered Organisations
Commission, with proper powers to ensure that this type of behaviour can no longer occur. If
you are misappropriating members' funds, regardless of who you are, you deserve to be found
out and penalised. If you are not, quite frankly, you have nothing to worry about.

Senator LINDGREN (Queensland) (14:31): Mr President, I ask a supplementary
question. Will the minister advise the Senate why it is important that all registered
organisations, not just trade unions, be accountable to their members?

Senator CASH (Western Australia—Minister Assisting the Prime Minister for the Public
Service, Minister for Employment and Minister for Women) (14:31): Yes, I can. All
registered organisations, regardless of who they are, should be accountable for their
behaviour, whether they be unions or employer associations. Your role as an official of one of
these organisations does not entitle you to use the members' funds as your own personal piggy
bank. It is a fact that these registered organisations do not face the same consequences as
companies or company directors for doing the same wrong thing. For example, the current
maximum penalty for even the worst misbehaviour within a registered organisation is capped

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at $10,800 for individuals. If a company director unlawfully uses their position to gain an advantage for themselves, they could be liable for a fine of up to $200,000. Under the current registered organisations act, this is not even illegal. Again, if you do not do anything wrong, you have nothing to fear. *(Time expired)*

**Senator LINDGREN** (Queensland) (14:32): Mr President, I ask a further supplementary question. Is the minister aware of any impediments to ensuring that the officials of registered organisations are properly accountable for their use of members' funds?

**Senator CASH** (Western Australia—Minister Assisting the Prime Minister for the Public Service, Minister for Employment and Minister for Women) (14:32): Of course, all of us on this side of the chamber are aware that it is those opposite who, three times now, have voted against the government's proposed changes to the registered organisations act. Registered organisations, regardless of who they are, are given special privileges under the Fair Work laws. With these privileges come certain responsibilities, and they must be accompanied by oversight, transparency and accountability. Like all Australians, I think, the government is aware that the majority of registered organisations do the right thing. They act lawfully and in their members' interests. But we believe that when they do not, as we have seen time and time again throughout this royal commission, they should be held to the same account as a company director. I have yet to have anybody explain to me why they should not be. Given the evidence that we have seen to date in the royal commission— *(Time expired)*

### Christmas Island

**Senator HANSON-YOUNG** (South Australia) (14:33): My question is to the minister representing the Prime Minister, Senator Brandis. Sadly, there has been another death of a person who was under the care and detention of the Australian immigration department. This is the third in as many months. As a result, it has now been reported that a significant situation is unfolding inside the Christmas Island detention centre, as we speak. Can the government explain why they have remained silent all day about this situation? When will the minister update the Australian people about what is actually happening on Christmas Island?

**Senator BRANDIS** (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:34): I can tell the Senate that on 7 November a detainee escaped the Christmas Island detention centre, and I am sorry to say that the detainee was found deceased outside the detention centre by the Australian Federal Police the next day, 8 November. I am sure the honourable senator would understand that it is not appropriate for me to comment further on the matter, at this stage, because the detainee's death is the subject of a coronial inquiry. Immigration staff and service providers are working to resolve a disturbance at the Christmas Island detention centre and are committed to maintaining the good order of the centre.

**Senator HANSON-YOUNG** (South Australia) (14:35): Mr President, I ask a supplementary question. It was reported that Australian contracted guards, Serco officers, evacuated the centre around 10 pm last night. What is being done to protect the vulnerable asylum seekers who are currently locked up inside the centre during this serious incident? Will the government now respond to requests that separating asylum seekers from criminals must occur?
Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:35): I think you acknowledged in your primary question that this is an evolving situation, or words to that effect. I am not familiar with the particular press report to which you have referred. I think you and other members of the Senate can be reassured that all appropriate steps will be taken by the Australian government, its agencies and contractors to restore order in an appropriate manner.

Senator HANSON-YOUNG (South Australia) (14:36): Mr President, I ask a further supplementary question. There have been several deaths inside Australia's immigration detention centres in the last few months. Will the government now support an independent review of Australia's immigration detention network to clean up what is going on inside and to ensure that everybody's safety is looked after?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:36): As you say, Senator Hanson-Young, there has been a death, and any death is a tragedy. I am sorry to say, and to have to remind you, that under policies that you supported in recent years there were 1,200 deaths. That loss of life on a massive scale, unprecedented in Australian peacetime history, was stopped by the policies of this government. We continue to maintain an orderly border protection policy and we intend to continue to conduct the affairs and the management of the administration of the Christmas Island detention centre in an appropriate and orderly fashion.

Broadband

Senator REYNOLDS (Western Australia) (14:37): My question is to the Minister for Communications, Senator Fifield. Can the minister update the Senate on the continued progress of the NBN rollout and the timesaving benefits of the coalition's multi-technology mix?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (14:37): Thank you, Senator Reynolds, for your important question. I am very pleased to be able to advise the chamber that the rollout of the NBN is powering ahead under the coalition. In just two years we have seen a dramatic turnaround at nbn. Today we have 1.4 million premises now able to order a service and over 600,000 paying customers. With the multi-technology rollout mix that Senator Reynolds referred to, nbn has been able to release a detailed three-year rollout plan that will see more than nine million homes and businesses across Australia—

Senator Conroy interjecting—

Senator Cormann interjecting—

The PRESIDENT: Order! Senator Cormann and Senator Conroy, if you want to have this discussion go outside. Senator Fifield, you have the call.

Senator FIFIELD: Thank you, Mr President. If I had a word of advice for Senator Conroy it would be: just let go! As I was saying, the three-year construction plan released by nbn will see more than nine million homes and businesses across Australia within the NBN footprint by 2018. As you would probably know, Mr President, this is in stark contrast to what was achieved by those opposite. In 2013, nbn had only managed to connect 50,000 users
since the start of construction in 2011 and rollout targets were being continually set, missed, reset, revised downwards and then missed again. That was the pattern.

The need and the benefits of the multi-technology mix approach are clear. By using existing infrastructure, nbn can be in a position to complete the network by 2020 and at much, much less cost.

Senator REYNOLDS (Western Australia) (14:40): Mr President, I ask a supplementary question. Will the minister advise the Senate how nbn co's financial results for the first quarter of the 2016 financial year, which were released today, compare to the performance of the company under the previous government?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (14:40): It is a big contrast. Nbn did release their results for the first quarter of 2016 today which show that the company is making good progress in construction, network connections and revenue. Compared to a year ago, the number of homes ready for service had almost doubled to more than 1.38 million. That trend is in line with the company's corporate plan target and it is aiming to double the rollout footprint each year over the next three years. The number of active users on the NBN network has also increased by nearly 130 per cent compared to the same quarter last year to reach over 600,000 premises to date. And revenue is also positive for NBN. The earnings from the previous quarter reached $71 million, an increase of more than 150 per cent compared to the same quarter last year. This does reflect the steady progress that the company is making, and I have got to say it is good news that, for the first time in NBN's history, targets are being met.

Senator REYNOLDS (Western Australia) (14:41): Mr President, I ask a further supplementary question. Can the minister also inform the Senate if there are any threats to delivering the NBN to Australians sooner and at less cost to taxpayers?

Senator Conroy interjecting—

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (14:41): Well, there is a threat from someone opposite who just will not let go. But we are going to ignore that threat and just get on with the job of building the NBN. Today's results are in stark contrast to those that the other side presided over. As Professor Henry Ergas observed today in his very good column in The Australian newspaper, NBN's revenues at the time the coalition took office were 91 per cent short of the 2013 corporate plan objective. The company, under those opposite, did not even know how much it cost to connect a premises. No wonder the Australian Financial Review referred to Senator Conroy's approach as an expensive joke. (Time expired)

Defence Procurement

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:42): My question is to the Minister for Defence, Senator Payne. I refer to the election promise made by the government's first Defence Minister, Senator Johnston. He said:

The coalition today is committed to building 12 new submarines a year here in Adelaide.'

When Prime Minister Turnbull was asked about this broken promise on 28 October he said, 'I didn't make that statement,' and that he wasn't willing to go back into 'the archaeology of the
last election'. Minister, will you fulfil the government's promise to build 12 submarines in Adelaide, or, like the Prime Minister, do you consider the government's election promises to be just irrelevant 'archaeology'?

Senator PAYNE (New South Wales—Minister for Defence) (14:43): I thank Senator Conroy for his question. As the senator is very well aware, the Future Submarines Program, SEA1000, is currently the subject of a competitive evaluation process. There are three proponents participating in the evaluation process and the responses of those proponents—France, Germany and Japan—are due to be returned to the government on 30 November this year. That process is overseen by an expert advisory panel which has been appointed to observe the conduct of the CEP to ensure both the fairness and equity of the process. This is a very significant investment in our future security and the government takes it very seriously. That is why we are engaging in a competitive evaluation process, and the outcome of that competitive evaluation process will be made available next year.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:44): Mr President, I ask a supplementary question. The chairman of DCNS, the French company bidding for our future submarines, recently said:

If Australia wants to maintain its sovereignty, at the end of the day we have to build in Australia.

Minister, why won't you take the necessary steps to protect Australia's sovereignty and to direct that the government will only consider local build options for our future submarines?

Senator PAYNE (New South Wales—Minister for Defence) (14:45): Again, as the senator knows, under the competitive evaluation process all three proponents have been asked to respond in regard to three aspects—an international build, a hybrid build and a domestic build. All three of those proponents will do that. That is an undertaking that has been made. That will be returned to the government at the end of this month, on 30 November. The evaluation from the results of the CEP and those submissions will then be made.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:45): Mr President, I ask a further supplementary question. The chairman of DCNS talked about our sovereignty. Will you commit to protect our sovereignty? Former Defence procurement chief Warren King has warned that the government's sham submarine process requires another 12 months to avoid leaving Australia in an 'exceedingly poor' negotiating position. Minister, will you accept the bipartisan offer to down select more than one submarine to ensure that we get the best value and price? (Time expired)

Senator PAYNE (New South Wales—Minister for Defence) (14:46): I appreciate Senator Conroy reiterating some observations he made at estimates in regard to the process. The government is committed to the competitive evaluation process. The government will be following that process—which will be returned, as I said, at the end of this month from three proponents across three categories. It is an extremely technical and extremely detailed process. It will take a significant period of time to evaluate. The government will respond to the results of the CEP in due course.

Vocational Education and Training

Senator McKENZIE (Victoria) (14:47): My question is to the Minister for Education and Training, Senator Birmingham. Will the minister update the Senate on the progress of the government's significant reform of the vocational education and training system?
Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:47): I thank Senator McKenzie for her question and for her strong and ongoing interest in education and training matters, particularly in relation to vocational education and training. The government does have a comprehensive agenda for reforming vocational education and training. It is incredibly important to this government for two prime reasons.

Senator Cameron: 'Mr Agile', is it?

Senator BIRMINGHAM: Firstly, around three million Australians participate in vocational education and training annually—around double the number in our university sector. It is crucial to ensure that those students get the highest quality of training available. Secondly, because our vocational education and training sector provides the type of skills mix necessary for an innovative and agile economy, I say to those opposite that our vocational education and training sector is a critical complement to our university sector and to our overall skills and training mix. That is why, since coming to government, we have made sure that the investment is available—a record sum of around $6 billion in different funding streams that flow from the Commonwealth to vocational education and training this year. It is why we have made sure that we have strengthened and enhanced the link between employers and the operation of the vocational education and training system. It is incredibly important that training is structured in a way to give employers the types of employees with skills that are relevant to the needs of their workplace, and to make sure that, of course, the VET system does what it is designed to do—that is, to train people for real jobs that really exist.

We have enhanced the opportunity and support, especially for apprentices, in providing the trade support loans, which are now supporting more than 16,000 apprentices with additional assistance to help them complete their apprenticeship. In doing so, we have enhanced support overall for apprenticeship arrangements to make sure there is support for completion of apprenticeships and to drive up the unacceptably low completion rates that have historically existed.

Senator McKENZIE (Victoria) (14:49): Mr President, I ask a supplementary question. Will the minister advise the Senate of the action the government has taken to improve the quality of training to ensure vulnerable students and taxpayers are protected?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:49): Of great concern to the government have been some of the quality problems in the vocational education and training sector. The reality is that we found a situation, especially as it applied to the operation of the VET FEE-HELP scheme, where the previous government had put in place a poorly structured scheme that really ensured taxpayer money was being wasted and students were accumulating unnecessary debt.

Senator Kim Carr: Why did it take you two years to do something about? Why did it take you so long?

The PRESIDENT: Senator Carr!

Senator BIRMINGHAM: It was a system which ensured that the handful of dodgy providers were like bees to a honeypot. Senator Carr, Mr President, may well want to throw questions across the table. The real question is: why was Labor so inept in establishing this scheme?

Senator Kim Carr: Why don't you do something to fix it?
Senator BIRMINGHAM: Why did Labor establish a scheme that, frankly, looks every bit as bad as the pink batts scheme in the way money is being wasted?

Senator Kim Carr: Why don't you fix it then?

Senator BIRMINGHAM: Why is Labor being so neglectful in terms of coming up with any ideas as to how to address this? This, of course, has been a serious problem which this government has taken seriously and enacted changes to fix. (Time expired)

Senator McKENZIE (Victoria) (14:50): Mr President, I ask a further supplementary question. Can the minister advise the Senate why these new changes have been required?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:50): The types of changes we have applied have been necessary because we found an unholy mess left by those opposite when they structured the VET FEE-HELP program. We found that they had put in place a program that was too easy for providers to sign people up without actually looking—

Senator Wong: What did you do for two years, Simon? You were minister for two years.

Senator BIRMINGHAM: Senator Wong wants to say, 'What did you do?' Well, Senator Wong, you do not seem to want to take any responsibility that, as the finance minister of the previous government, you put in place an arrangement that has seen billions of dollars going out the door without getting good completion rates and without getting real training. That is why we have been implementing these reforms, Mr President. That is exactly the reason.

Honourable senators interjecting—

The PRESIDENT: Order, Minister. There is a point of order. Pause the clock. Senator Heffernan, on a point of order.

Senator Heffernan: I rise on a point of order, Mr President. With all of this lunatic yelling, everyone has been scared out of the chamber. The gallery has been cleaned out.

The PRESIDENT: There is no point of order, Senator Heffernan.

Honourable senators interjecting—

The PRESIDENT: Order! Senators on both sides! Minister.

Senator BIRMINGHAM: This government took quick action, because new standards applied from 1 January this year. Further conditions were applied from 1 April this year to ensure inducements were banned. Further actions are being put in place from July this year and again from January next year, all of which have been developed to fix up a mess created by those opposite, to ensure we deal with that legacy problem and to make sure training in future is for students who want genuine training outcomes. (Time expired)

Broadband

Senator O'NEILL (New South Wales) (14:52): My question is to the Minister for Communications, Senator Fifield. The minister said, in this place on 14 October, that under Labor's plan:

… the NBN was not going to be completed until 2028 and Labor's cost was going to be $20 billion to $30 billion more.

Is the minister aware that the nbn CEO, Bill Morrow, contradicted this statement when testifying to a Senate committee, stating that the analysis included in the nbn's corporate plan
does not attempt to cost Labor's NBN policy but instead costs a hypothetical restart of an all-fibre build? Was the minister mistaken or did he deliberately mislead the Senate regarding the nbn's hypothetical cost analysis?

The PRESIDENT: There was a little bit of a hypothetical nature to that question, but I will let the question stand.

Senator Wong: Did you mislead or not?

The PRESIDENT: Senator Wong, there were more parts to the question than that. Minister.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (14:53): Thank you, Mr President—

Senator Conroy: You were sitting next to him when he said it!

The PRESIDENT: Senator O'Neill also asked the question: was the minister aware of the statement? So the minister is in order in the first element of the question.

Senator FIFIELD: As I was saying, it is good practice, which nbn is following, to look at a counterfactual. Obviously, a counterfactual has to be counter to what is actually being done. That is the essence of a counterfactual. What nbn co is looking at is—I think it is no secret—a proposition which has been abroad not just in the parliament but in the community, where there are some who have the view that an all-fibre rollout is what nbn should do. (Time expired)

Senator O'NEILL (New South Wales) (14:56): Mr President, I ask a supplementary question. On 15 October, nbn published a blog post that misrepresented its corporate plan and claimed it would deliver broadband 'up to eight years sooner and for $20 billion less than if it had continued down the path of a predominantly all-fibre network'. This misleading blog post has now been taken down. Minister, did you or your office have any contact with nbn
regarding this misleading blog post or its removal? And it would be wonderful to get an answer to our last question as well, Senator. *(Time expired)*

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (14:57): I think Mr Morrow covered off on the nbn blog post, but obviously my office does not have a role in the posts on blogs that nbn makes.

**Senator Jacinta Collins:** But what about their withdrawal?

**The PRESIDENT:** Order on my left!

**Senator FIFIELD:** If my recollection is correct, it was actually the opposition who called for the withdrawal of the blog post. So I cannot really add anything to that.

**The PRESIDENT:** Pause the clock.

**Senator O'Neill:** I raise a point of order on relevance. The question was: did you or your office have any contact with nbn? It is a very simple question; we have not received an answer yet.

**The PRESIDENT:** I believe the minister did answer that portion of the question.

*Opposition senators interjecting—*

**The PRESIDENT:** Order! I just said I believe he did. I stand to be corrected, but I thought he said that it was not his office's responsibility. That was my understanding of that part of the answer. In any event, I will still call the minister and remind him of the question.

**Senator FIFIELD:** It is ironic—those opposite talking about non-responsiveness. We all know about non-responsiveness in Mr Shorten in certain other forums.

*Opposition senators interjecting—*

**The PRESIDENT:** Order! Pause the clock.

**Senator Moore:** There are two points of order, Mr President. One is on direct relevance to the question. Again the minister just went on his own track, and that track, I believe, reflected on someone in the other place, which is the second point of order.

**The PRESIDENT:** I ask the minister, if he made any adverse reflection upon a member of the other place, to withdraw that aspect of his remarks. Secondly, the minister had barely resumed speaking again when a point of order was taken, so I invite the minister to continue answering the question.

**Senator FIFIELD:** I do not know if it is just because it is a Monday, but people are very excitable on the other side of the chamber today. But, as I said, my office does not play a role in the posting of NBN blogs.

**Senator Kim Carr interjecting—**

**The PRESIDENT:** Order! Just a moment, Senator Carr; I think I can manage this. Senator Fifield, the first point: I did ask you, if you did say anything inappropriate, that—

*An honourable senator interjecting—*

**The PRESIDENT:** Fine; I will review Hansard in relation to that matter.

**Senator Conroy:** You are joking!

**The PRESIDENT:** Order! Just one moment.
Senator Conroy: You are absolutely joking!

The PRESIDENT: I have two senators on their feet; I have not called either.

Government senators interjecting—

The PRESIDENT: Order on my right! Senator Conroy, on a point of order?

Senator Conroy: It is not appropriate to invite him, ‘if he might have’; he made a clear reflection on a member in another chamber—

The PRESIDENT: No, I am sorry, Senator Conroy—

Senator Conroy: and Senator Brandis then turned and instructed him not to withdraw anything, and that is what happened. So there has been a clear reflection. It is not a question of inviting him, ‘if he might have’; you need to make a ruling whether he made a reflection. You heard it. You know exactly what happened. And you should call on him to withdraw his reflection.

Government senators interjecting—

The PRESIDENT: Order on my right. I will review the Hansard, and I will review the audiovisual of this, and if there has been any inappropriate comment, I will be asking the minister to withdraw. I need time to assess that as well. Especially when a lot of senators interject when ministers are giving answers, it is difficult to hear every single word in the context in which it is given.

Senator Conroy interjecting—

The PRESIDENT: That is sheer speculation, Senator Conroy.

Senator Kim Carr: We heard him!

The PRESIDENT: Again, I will have a look at that as well. The minister did have 16 seconds remaining. The clock was running. Minister, have you concluded your answer?

Senator Fifield interjecting—

The PRESIDENT: The minister has completed his answer.

Honourable senators interjecting—

The PRESIDENT: Would all senators cease interjecting.

Government senators interjecting—

The PRESIDENT: Order on my right!

Senator O’NEILL (New South Wales) (15:01): Mr President, I ask a further supplementary question. In October, conservative commentator Andrew Bolt described the now Prime Minister's record on the NBN as 'delivering less than he promised for twice the price.' Given that even the government's closest supporters are condemning its appalling management of the NBN, isn't it time this minister stopped hiding behind dodgy numbers and admitted he got it wrong?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (15:02): I think there is only a very small number of people who are on that side of the chamber in this place and on that side of the chamber in the other place who
still contend and persist with the fantasy that Senator Conroy did anything approaching a halfway decent job with the NBN. The entire nation knows it is not true.

The PRESIDENT: Pause the clock.

Senator FIFIELD: The entire nation laughs whenever Senator Conroy gets to his feet.

The PRESIDENT: Order, Minister.

Senator Moore: Mr President, I rise on a point of order going to direct relevance to the question: there was no attempt by the minister to refer to the question that was put. Rather he went to a generalisation about Senator Conroy and this side of the chamber.

The PRESIDENT: I will remind the minister of the question and advise he has 37 seconds in which to answer.

Senator FIFIELD: The NBN was going nowhere very fast under Senator Conroy. As we all know, there was not the work done for the planning of the NBN that I acknowledge those opposite did in the planning of the NDIS. There was not a 1,000-page Productivity Commission report laying out a blueprint. There was a coaster with scribble on the back. That was the comprehensive plan that Senator Conroy left the nation, and, in the rollout under him, it showed. (Time expired)

Senator Brandis: I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Answers to Questions

Senator CAMERON (New South Wales) (15:04): I move:

That the Senate take note of the answers given by ministers to questions without notice asked by Opposition senators today.

I think what we have seen today in question time is an example of a government that cannot change its stripes, a government that this country cannot trust and a government that has got no idea about what the real future of this country is. You can change your leader, but you certainly cannot change the extremism; you cannot change the attacks on working people; you cannot change the lack of knowledge that this government has on what is good for this country—that cannot be changed by simply changing the Prime Minister.

Look at what has been done here today. This is a government that said unequivocally to the people in South Australia that 12 submarines would be built in South Australia—no ifs, no buts, no whatevers. There was an unequivocal commitment, prior to the last election, that 12 submarines would be built. We have heard the new minister here today being unable or unwilling to meet that commitment that was given when this government was looking for votes in South Australia. They just cannot be trusted.

We have heard the response from Senator Fifield on the National Broadband Network. I have to tell you: I know what people in my area in the lower Blue Mountains and in the seat of Macquarie think about this 'multitechnology mix': it simply means more reliance on a system that is failing. About a 1.25 megabit download off the corroding copper in the Blue Mountains—that is not innovation; that is not resilience; that is not being agile; that is being stuck in the past. That is what this current Prime Minister has given us with this so-called multitechnology mix—an absolute mess: corroding copper cables that will not deliver a modern technology to houses in regions right around this country.
So, they have failed on their promises on jobs. They have failed on their promises on
technology. They have failed on the NBN, and they have certainly failed with the
commitments they gave about no changes to the GST, because everyone knows that is the
next thing on the agenda—the GST. They say it is an efficient tax. It might be efficient,
because it will efficiently gouge the poorest people in this country. It will gouge low income
earners. It will gouge families battling to make a living. This is a bad tax. It will cost an extra
$50,000 to build a house under the tax that this government is proposing.

If they stand up here this afternoon and say, 'Oh, no, we are just looking at it. There will be
a white paper and we will look at it down the line,' they cannot be trusted. How can you trust
a government that in its first budget attacked the low paid, attacked pensioners, attacked the
health system, attacked the education system and attacked the most marginalised people in
this country. These are the people who delivered cuts to the family tax benefit that hit the
poorest one-fifth of people in this country by seven per cent—it increased their cost of living
by seven per cent.

This is a government that cannot be trusted, a government that does not care about the poor
in this country. They are not prepared to take on big business. They are not prepared to take
on Chevron, who have paid only $248 in tax on a $1.7 billion profit. You don't hear them
attacking Chevron. You don't hear them coming after the big businesses that are paying no
tax. But they want to come after the pensioners. They want to come after poor families. They
want to come after the battlers in this country. This is a bad government. It cannot be trusted.
You can change the leader but you cannot change your values. (Time expired)

Senator SESELJA (Australian Capital Territory) (15:09): It is difficult to know where to
start with the Labor Party's question time strategy for today, given that Senator Cameron
decided that he would take note of all the questions. You can see them flailing around for a
message. They do not know what their message is going to be. But what we do know is that
none of it is credible. It is not credible when Senator Cameron says it, it is not credible when
Senator Conroy says it, and it is certainly not credible when Bill Shorten says it on behalf of
the opposition. Let us look at a couple of things they raised and see how seriously we can take
them.

The DEPUTY PRESIDENT: Senator Cameron on a point of order.

Senator Cameron: The Senator should use a member's proper title. It is clearly
understood in this place.

The DEPUTY PRESIDENT: I remind all senators to refer to members of the other place
by their correct title.

Senator SESELJA: I certainly will. You certainly cannot take seriously what Senator
Cameron says, what Senator Conroy says, nor what opposition leader Bill Shorten says,
whether it is in this place, in the other place or anywhere else. Their record is so bad and they
are being found out for having absolutely no policy on virtually anything. Let's look at tax.
The Labor Party says that they want to engage in a conversation on tax.

Senator Gallacher: We have a policy—get that right.

Senator SESELJA: That is fine. We believe there should be a conversation on tax, and
that is why there is a series of processes for that. But the Labor Party has announced
something like $62 billion in extra spending and something like $5 billion in revenue
measures to deal with it. That is the Labor Party’s current economic credentials, to say nothing of their record in office and to say nothing of the record debt and deficits they left us with. But, going forward, the Labor Party’s position on tax is that they will pull a few billion back here and there, but they have $62 billion in promises to date. That is to say nothing of their intimation that they will somehow bring back an extra $80 billion of spending in health and education. That would go on top.

So let’s have a fair dinkum conversation about it. Even ACOSS and other groups have said that they are open to a dialog to see how we can make sure we have the most effective, fair and efficient taxation system in this country. The coalition wants to see lower taxes. That is fundamentally what we want to see in the tax space. Unlike the Labor Party, we do not always look to increase taxes. We want to see lower taxes.

Senator Conroy: You are increasing the GST.

Senator SESELJA: I am not arguing in favour of an increase in the GST, but let’s have a discussion about how we can lower income taxes. I would like to see income taxes lowered.

Senator Conroy: By raising the GST.

Senator SESELJA: Well, it is a legitimate discussion to have. I am not afraid of it. But I want to see taxes come down. I do not want to see taxes go up overall. Unlike the Labor Party, who are so against the GST that they not only kept it when they came into government but they also put a carbon tax on top of it. They are so against it that they kept it and they added to it with an unnecessary carbon tax.

I do think that income taxes are too high in this country. I believe that a top marginal rate, which is at around 49 cents in the dollar now, is too high. I would like to see that come down. Any serious—

Senator Conroy: Stop using the Cayman Islands then.

Senator Back: Your super fund uses it. Where do you think they invest.

The DEPUTY PRESIDENT: Order! Senator Seselja, either resume your seat and I will bring the Senate to order, or press on if you would rather.

Senator SESELJA: I will press on. They have tried a number of different attacks today. We have had the NBN, the GST and now we have heard it again: they have resurrected the Cayman Islands attack. That was such a resounding success when they last tried it in the parliament. They raised it one day and walked away from it the next day at a million miles an hour because it was such a devastating attack! They are going to have to do better than that.

If the Labor Party wants to be taken seriously they are going to have to seriously engage in the debate on tax. You cannot have $62 billion in promises and $5 billion in revenue measures and claim that somehow that makes sense. I am open to the discussion. The fundamental for me and for the coalition is that we will bring tax down. Tax under the coalition will always be lower than under the Labor Party. That is a principle we have to fight for, and in any discussion about tax reform it is about how we lower the burden of tax on the Australian people. (Time expired)

Senator JACINTA COLLINS (Victoria) (15:15): On the same matter, and reflecting on question time today, one has to ponder, despite the reset that has occurred with the change of leadership for the Liberal-National Party government: what has changed? We will all recall
Mr Abbott in the lead-up to the last election assuring us that there would be no cuts to the pension, no cuts to health, no cuts to education and a unity ticket on Gonski. We all, of course, know what happened, subsequently, in government. With that background and history, we are, we hope, a bit wiser when we look at the assurances we are now receiving about Mr Turnbull's plans. Those of us who have a healthy scepticism about a debate about a GST, and those of us who watched what occurred with respect to the introduction of the current GST, have every basis for that scepticism.

What did the Minister for Finance, Senator Cormann, tell us today? He told us it will be 'at some point in time'. Later on he told us that a white paper will be released before the next election. Seriously! How long is this government going to stay in this 'discovery phase', to use Senator Cormann's words? How long are we going to be exploring a hypothetical? How long are we going to be looking at these options? Today, he hid behind the states and territories when pinned down on the question of whether they were exploring the option of a GST revenue fully offset by personal income tax cuts. He sought to avoid answering that question and, ultimately, hid behind the states and territories when he was pinned on that point. The reason for that is what Senator Bernardi or Senator Macdonald would do were they here in this debate, and to an extent, even Senator Seselja, although I note that he did not get to talking about the tax impost on the lower income quintiles of our community. He did not get to that point when he was talking about concerns about the overall tax take, but I am sure he has similar concerns. This is why Senator Bernardi uses the term 'gouging'. This is the element that came out in the NATSEM modelling which I commend ACOSS for introducing into this pseudodebate so early in the piece, because they too have serious concerns about a GST.

We have in this parliament closely examined how the GST works—frankly, to death. We have looked closely at this option before. We know the implications. It was no surprise to me that the NATSEM report shows that the increase in the GST to fund a five percentage point reduction in all tax rates would reduce the progressivity of the tax system even more than raising the GST alone. This is what people are attempting to hide behind here. This is, essentially, like a reverse Robin Hood—this is what Malcolm Turnbull is being here. What we are talking about is taking from the lower income quartiles to 'incentivise' high-income earners. Which senators here remember 'incentivation'? I am sure Senator Conroy does. Wasn't that Mr Howard? Incentivation was the argument behind the GST, and that is why I am so sceptical when I follow Senator Seselja when he says, 'I don't like a GST, but I'm open to a discussion, but I am concerned about the top personal income tax rates.' Well, I am far more concerned about changes to our overall tax system—so let's move beyond saying that we are only talking about the GST—that will reduce its progressivity. That is the problem with the GST, and that is the problem with any tax mix that has that effect. When we start with the rhetoric that we need to incentivise and the like, that is all code for exactly that issue.

Looking at today's discussion and the time frames that we are told are before us in relation to Mr Turnbull's plans here, one is led to wonder: when will this government walk the talk? We know that Mr Abbott did not and we know what happened to him. How long until we can bring Mr Turnbull to walk the talk? (Time expired)

Senator BACK (Western Australia) (15:20): It is a very good thing that the opposition members cannot see the looks of abject terror on the faces of those young people up in the
gallery, because the longer they have been here in Parliament House the more they have come to understand what the impact will be on them as adults should Labor ever again get into government. What we have seen here today is an absolute effort on the part of the Labor Party to deny their own responsibility for where we are today. Be under no illusion. I suggest to the young people up there to get their pens out and take note. This is the statistic that I want you to record: in this country today, we are paying $1.2 billion a month not on repaying the debt but on paying the interest on Labor's debt—it goes out the window every day. Do you know what that money stands for? It stands for a new primary school every 12 hours. Twice a day, seven days a week, because of Labor's effort in government, you are losing the opportunity for a new primary school every 12 hours, or a new major teaching hospital every eight weeks. Every two months we are denied the opportunity—you are denied the opportunity—for a new teaching hospital. That is what we are discussing here this afternoon. Heavens above! All Prime Minister Turnbull did was to say, 'We need to have a conversation.' There is no proposal before this chamber or the other place for a new GST.

What a short memory poor old Senator Collins has when she talks about the GST. Who was the first major proponent of a goods and services tax in the federal parliament? It was Mr Keating, the then Treasurer of this country. After the Liberal coalition government introduced a GST, what did Labor do in government? Over six years, I never heard a single word by Labor in government that they would rescind the goods and services tax. Have you? Has anybody? That is a good project for the young group: 'Go back to school next week, do the research and come back and tell us: did Labor in government want to remove the GST?' No, they did not.

**Senator Conroy:** You've got an 8½ from me now.

**Senator BACK:** ACOSS, quite rightly, has had some modelling done. At least they have done something positive. What the coalition government—Prime Minister Turnbull, Treasurer Morrison, innovation Minister Pyne—have said is: 'Let's have a conversation about it.' What people need to understand with bracket creep is that many, many employees in this country are going to be on the top marginal tax rate—49c in the dollar. Let's reflect for a second. Do you know what the marginal tax rate is in Singapore for employees? It is 15 per cent—not 49 per cent but 15 per cent. That is the tax rate. The company tax rate in Singapore is 17 per cent. Look at those incentives.

**Senator Conroy:** Incentives. How exciting.

**Senator BACK:** We are the second highest taxing country in the OECD.

Only in the few minutes allowed to me do I want to comment on Senator Conroy's interjections with regard to the NBN. I remember when I came into this place in 2009 that Senator Conroy acted. People say it was written on a coaster; others say it was on a napkin. It was between himself and then Prime Minister Rudd, between Adelaide and Canberra. If it had been a Perth to Canberra flight, they might have come up with something a bit different. I remember asking Senator Conroy in my first days and weeks here: 'Where's the business plan, Stephen?' Do you know what we were told? 'You don't need a business plan for a multibillion-dollar NBN.' So I said, 'Where's the risk analysis? Where's the analysis that shows you the benefits and the costs?' All we ever got was, 'No, no, we're too good for that. We don't need to do that.' Eventually he was forced, kicking and screaming, to come up with some sort of model. I will never forget: the first opportunity to tell us how proud of it he was...
was at Midway Point in Tasmania. Senator Bilyk, sitting behind Senator Conroy, knows all about Midway Point. In the north of the state, all this technology was introduced in schools. It failed, like Labor will fail should they get back into government.

Senator GALLACHER (South Australia) (15:25): I too rise to make a contribution to take note of answers. Before I go to the answer to Senator Conroy's question by Minister Payne, it is very clear that, if there are a number of children up there, they would best take advice from their parents, not from a very loud senator on the other side of the chamber, about the reality. If they do investigate, they will find that this government, which keeps blaming the previous government for all its problems, has actually doubled the deficit. On that point, I will rest.

There have been three words thrown out in recent times by almost all of the frontbench: nimble, agile and innovation. With respect to those three points, I just want to put one thing on the public record once again: the coalition today is committed to building 12 new submarines in Adelaide. We will get that task done. It is a really important task, not just for the Navy but for the nation, and we are going to see the project through and will put it very close after force protection as our No. 1 priority if we win the next federal election. They have been very nimble: two prime ministers have dodged the issue—not one but two. They have been very agile: three defence ministers—not one, not two but three defence ministers—have dodged the issue. Innovation—the competitive evaluation process. When it was announced, even the minister did not understand it. He struggled at a press conference to explain what it was about. Minister Andrews gave the worst press conference probably in the history of defence ministers in that he did not understand what he was announcing. It was very clear that he was all at sea—no pun intended. What is exceptionally clear is that no-one in South Australia has forgotten this. I was at Port Augusta last Sunday at a sub-branch meeting and it was raised there: 'What are we doing about our manufacturing base? What are we doing about manufacturing bases all over the regional area and also in Adelaide? Where are our next generation of apprentices going to get employment? When are we going to get an announcement to build these submarines?'

It is very instructive to go back a little bit further. When I was on the Joint Committee of Public Accounts and Audit, there was a very important Australian National Audit Office report published. As a member of that committee, it was delivered to me embargoed. I got that embargoed copy at 10 o'clock on the morning before it was presented in the chamber and I read it, but I did not need to because it was in the Financial Review the night before. I came into this chamber and said, 'One would hope that the minister's office didn't leak that information,' which was highly critical of the workforce in South Australia. Let's revisit what the minister said. He was asked:

Why has the minister resorted to trashing the hard-working men and women of the Australian ship and submarine building industry in order to justify breaking his promise—that is, Minister Johnston—

Isn't it time that government held a competitive tender process—not a valuation process—

for our new submarine fleet so that the Australian people can be confident that the submarines were chosen on merit, not the personal bias of the minister?
Then it became very apparent what this government thinks of the workers in shipbuilding and submarines. The minister, in all his glory, responded in this chamber by telling the Australian people that he did not trust the ASC, the Australian Submarine Corporation, to build a canoe. That is what they think of workers in South Australia; that is what they think of manufacturing workers in South Australia. They were only dragged to this argument kicking and screaming at the threat of their electoral losses in South Australia and they invented the competitive evaluation process to cover their nimble, agile and innovative stance. Two prime ministers and three defence ministers running away from pre-election commitments—it is a disgrace. (Time expired)

Question agreed to.

Christmas Island

Senator HANSON-YOUNG (South Australia) (15:30): I move:

That the Senate take note of the answer given by the Attorney-General (Senator Brandis) to a question without notice asked by Senator Hanson-Youn today relating to events occurring at the immigration detention centre at Christmas Island.

As we know, there has been, sadly, another death of an asylum seeker who was detained and held under the care of the Australian government. In recent months, there have now been three deaths of asylum seekers in the care of the Australian government and also the death of another man, a New Zealand national, who was awaiting deportation.

There is clearly a crisis unfolding in Australia's detention facilities. This morning's events inside the Christmas Island detention centre, whilst still very much tense and unresolved, really do point to the fact that the government has fundamentally failed in responding to the warning signs, which they had been given for months and months now, that things were getting tense, that the culture inside was toxic and that, for the sheer safety of everybody involved, the government had to stop locking up those who are seeking asylum—and even people who are now being found to be refugees—alongside other detainees who have breached visa conditions or, indeed, are awaiting deportation because they are criminals.

It is very, very concerning to me that we have a situation where a young man escaped the Christmas Island detention centre only to be then found dead on Christmas Island in the hours and days following. This man, an Iranian refugee, was found to be owed refugee protection by the Australian government, but they had not issued him a visa. He had been in and out of detention, including on Christmas Island, for five years. He had attempted to take his own life previously and he was in a very distraught situation. This man came to Australia asking for help and protection. He was tortured severely when he was in Iran and Australia recognised that he had a legitimate claim for protection—and yet we did the very opposite. We did not look after him. We failed him in the most fundamental way and that resulted in his death over the weekend.

Of course, the disturbance—a 'major disturbance', as it has been referred to by Border Force officers—has taken place over the last 12 hours as a result of this man's death. I am extremely concerned for the safety of other refugees and people seeking asylum who remain locked up inside that centre. I have had phone calls; anxious and very stressed people have been ringing my office today, reporting that guards fled the centre last night, that fires have been lit inside the facility by those rioting and that they—those not participating in the riot—
feel very, very unsafe about where they are and what happens to them next. They never should have been put in this situation. In the immediate future, the government must evacuate from Christmas Island those people who are refugees and who have been seeking asylum in our country and bring them back to the Australian mainland. It is the least that this government can do to try to put their fears at ease and to give them the safety they deserve.

There has been a spike in the number of self-harm incidents across Australia’s detention centres in the last three months. In the last three months, the government themselves and the department have reported hundreds of cases of self-harm and attempted suicide—hundreds of them—and yet they did nothing to ease the growing concerns. I want to see the current situation on Christmas Island resolved as quickly as possible, but the government must have an independent investigation into what on earth is going on inside our network.

Question agreed to.

**PRIVILEGE**

The President (15:35): I have received letters from the Leader of the Australian Greens, Senator Di Natale, and Senator Gallacher, raising as matters of privilege several instances of possibly false or misleading evidence given to the former Select Committee on the Recent Allegations relating to Conditions and Circumstances at the Regional Processing Centre in Nauru. The allegations relate to evidence given to the committee about a disturbance at the centre on 19 July 2013 and the apparent surveillance of a senator while on a visit to Nauru in December 2013.

Separately, and together, the letters raise the prospect that the former select committee was given false or misleading evidence by witnesses to the inquiry. The Senate and the Privileges Committee have always taken seriously any suggestion that false or misleading evidence has been given to a committee. The letters clearly meet the first criterion I am required to consider, namely:

… the principle that the Senate's power to adjudge and deal with contems should be used only where it is necessary to provide reasonable protection for the Senate and its committees and for senators against improper acts tending substantially to obstruct them in the performance of their functions, and should not be used in respect of matters which appear to be of a trivial nature or unworthy of the attention of the Senate.

The second criterion is the existence of any remedy other than the contempt power for any act which may be held to be a contempt.

I note, in consequence of a recommendation of the select committee, matters relating to the Nauru and Manus Island regional processing centres are now the subject of a fresh inquiry by the Legal and Constitutional Affairs References Committee, with terms of reference suggested by the select committee. On one view, the fresh inquiry might be an appropriate forum to follow up these allegations. On another view, if conduct which also has the potential to improperly obstruct the fresh inquiry is not addressed, that fresh inquiry may also be misled. These are matters of judgement for the Senate.

In terms of the criteria that I am required to consider, the possibility that another committee may re-examine the same material does not necessarily provide a remedy, simply a forum for further investigation. Only the Privileges Committee has the requisite authority to make findings of fact and recommendations to the Senate about questions of contempt, after a
thorough examination of the evidence in accordance with the Privilege Resolutions. On that basis, I am satisfied that both matters of privilege meet the criteria I am required to consider, and I have therefore determined that they should have precedence.

I table the correspondence and now invite Senators Di Natale and Gallacher to give notices of motion to refer the matters to the Privileges Committee.

Senator DI NATALE (Victoria—Leader of the Australian Greens) (15:38): I give notice that on the next day of sitting I shall move:

That the following matters be referred to the Committee of Privileges for inquiry and report:
(a) whether any false or misleading evidence was given to the former Select Committee on the Recent Allegations relating to Conditions and Circumstances at the Regional Processing Centre in Nauru in relation to the apparent surveillance of a senator while on a visit to Nauru in December 2013; and
(b) if so, whether any contempt was committed in that regard.

Senator GALLACHER (South Australia) (15:39): I give notice that on the next day of sitting I shall move:

That the following matters be referred to the Committee of Privileges for inquiry and report:
(a) whether any false or misleading evidence was given to the former Select Committee on the Recent Allegations relating to Conditions and Circumstances at the Regional Processing Centre in Nauru in relation to a disturbance at the centre on 19 June 2013; and
(b) if so, whether any contempt was committed in that regard.

NOTICES

Presentation

Senator Muir to move:

That the Senate—
(a) notes that:
   (i) there is a political stalemate between the Federal Government and the Victorian State Government in relation to the East West Link,
   (ii) there is approximately $1.5 billion in unspent allocations to the East West Link,
   (iii) evidence presented to the Rural and Regional Affairs and Transport References Committee inquiry into aspects of road safety in Australia by the National Rural Health Alliance demonstrated that those who live outside the major cities make up 30 per cent of the population and 52 per cent of deaths due to land transport accidents,
   (iv) rural roads play a vital role in putting food on city tables and bringing resources to urban areas,
   (v) the annual economic cost of road crashes in Australia is enormous—estimated at $27 billion per annum—and the social impacts are devastating,
   (vi) many rural roads are in dangerously poor condition and in desperate need of repair,
   (vii) some local councils in Victoria do not have the necessary funding to fully maintain the extensive road networks in their electorate due to proposed rate caps and the federal freeze in Financial Assistance Grants,
   (viii) a life in rural and regional Australia is just as important as a life in urban Australia,
   (ix) until there is a change of Victorian State Government or a change in Federal Government, a resolution to the East West Link is unlikely, and
(x) there is a strong need in Victoria to invest in rail and road infrastructure in order to ease congestion and improve productivity into the future; and
(b) calls on the Government to withdraw the allocation of federal funding set aside for East West Link and to reallocate this funding to projects to improve rural road infrastructure.

**Senator McEwen** to move:

That the Senate—

(a) notes that that regional and community:

(i) newspapers service 36 per cent, or over 8 million, Australians who do not live in a capital city,
(ii) newspaper media continue to be a trusted source of local information in country communities, and
(iii) media is frequently overlooked for Federal Government advertising campaigns;
(b) calls on the Government to ensure that federal media advertising campaigns extend to regional Australia; and
(c) calls on the Government to ensure that regional and community media receive its fair share of campaign advertising from the Federal Government.

**Senator Fifield** to move:

That the days of meeting of the Senate for 2016 be as follows:

**Autumn sittings:**
- Tuesday, 2 February to Thursday, 4 February
- Monday, 22 February to Thursday, 25 February
- Monday, 29 February to Thursday, 3 March
- Tuesday, 15 March to Thursday, 17 March

**Budget sittings:**
- Tuesday, 10 May to Thursday, 12 May

**Winter sittings:**
- Monday, 20 June to Thursday, 23 June
- Monday, 27 June to Thursday, 30 June

**Spring sittings:**
- Tuesday, 23 August to Thursday, 25 August
- Monday, 29 August to Thursday, 1 September
- Monday, 19 September to Thursday, 22 September
- Monday, 10 October to Thursday, 13 October

**Spring sittings (2):**
- Monday, 7 November to Thursday, 10 November
- Monday, 21 November to Thursday, 24 November
- Monday, 28 November to Thursday, 1 December.

**Senator Fifield** to move:

(1) That estimates hearings by legislation committees for 2016 be scheduled as follows:
2015-16 additional estimates:
Monday, 8 February and Tuesday, 9 February (Group A)
Wednesday, 10 February and Thursday, 11 February (Group B).

2016-17 Budget estimates:
Monday, 23 May to Thursday, 26 May, and, if required, Friday, 27 May (Group A)
Monday, 30 May to Thursday, 2 June, and, if required, Friday, 3 June (Group B)
Monday, 17 October and Tuesday, 18 October (supplementary hearings—Group A)
Wednesday, 19 October and Thursday, 20 October (supplementary hearings—Group B).

(2) That pursuant to the orders of the Senate of 26 August 2008 and 23 June 2015, cross portfolio estimates hearings on Indigenous matters be scheduled for Friday, 12 February, Friday, 27 May and Friday, 21 October, but not restricted to these days.

(3) That the committees consider the proposed expenditure in accordance with the allocation of departments and agencies to committees agreed to by the Senate.

(4) That committees meet in the following groups:

**Group A:**
- Environment and Communications
- Finance and Public Administration
- Legal and Constitutional Affairs
- Rural and Regional Affairs and Transport

**Group B:**
- Community Affairs
- Economics
- Education and Employment
- Foreign Affairs, Defence and Trade.

(5) That the committees report to the Senate on the following dates:
(a) Tuesday, 1 March 2016 in respect of the 2015-16 additional estimates; and
(b) Tuesday, 28 June 2016 in respect of the 2016-17 Budget estimates.

**Senator Fifield** to move:
That on Wednesday, 11 November 2015:
(a) the sitting of the Senate shall be suspended at 10.15 am till 11.45 am to enable senators to attend Remembrance Day services; and
(b) any proposal pursuant to standing order 75 shall not be proceeded with.

**Senator Waters** to move:
That the Senate—
(a) notes that:
   (i) 2015 marks 40 years since the foundation of Women's House in Brisbane by members of the community, and
   (ii) Women's House is Queensland's oldest women's shelter, and is now Australia's oldest independent women's shelter; and
(b) commends the work of Women's House over the past 40 years, and the work of women's shelters across Australia who help thousands of women escaping domestic violence every year.
**Senator Lazarus** to move:

That the Senate—

(a) notes that:

(i) Spinal Cord Injury Awareness Week is being held in Australia from 8 to 15 November 2015,

(ii) the week is an initiative of the Australian Spinal Injury Alliance, which represents eight of the country's largest spinal cord injury organisations, and is a national campaign to raise awareness about spinal cord injuries, to encourage injury prevention, and to create a more inclusive and accessible community for everyone,

(iii) approximately 350 to 400 people sustain a spinal cord injury each year in Australia, and that almost 12,000 Australians are living with a spinal cord injury, and

(iv) the campaign also raises awareness that people who have a spinal cord injury are involved in all aspects of life and are contributing to the community in many different ways, and asks all Australians to consider how they can make their community more inclusive; and

(b) calls on the Federal Government to work with organisations and stakeholders in the spinal injury sector to develop and deliver a National Spinal Cord Injury Strategy that will provide a foundation for better outcomes, both social and economic, for all Australians affected by a spinal cord injury.

**Senator Rhiannon** to move:

That the Senate—

(a) notes that:

(i) Shenhua Australia Holdings is seeking to develop a 35 square kilometre coal mine on the Liverpool Plains in north west New South Wales,

(ii) the Liverpool Plains is one of the most productive agricultural regions in the nation, with productivity 40 per cent above the national average,

(iii) the proposed mine threatens the most significant underground water resources in the Murray-Darling Basin, and farmers are dependent on access to these water resources for their survival,

(iv) if the mine proceeds it would:

(A) comprise three open-cut pits, plus associated infrastructure, to mine up to 10 million tonnes of coal per year for 30 years and rail infrastructure to take the coal to the Port of Newcastle for export, and

(B) destroy significant areas of local Indigenous heritage, including grinding grooves that were used by Gomeroi warriors to sharpen spears,

(v) the proposal to relocate Indigenous artefacts does not acknowledge connections to land and country,

(vi) as the price of coal is in structural decline it is irresponsible to risk valuable farming land for a coal mine when renewable energy is commercially viable, and

(vii) more than 750 people attended the Harvest Festival to support the call for no mining on the Liverpool Plains; and

(b) calls on:

(i) the Prime Minister, Mr Turnbull, to reverse the Federal Government's approval of the Shenhua Watermark coal mine; and

(ii) the New South Wales Government not to grant a mining licence for the Shenhua Watermark coal mine.
Withdrawal

Senator RICE (Victoria) (15:40): I ask that business of the Senate notice of motion No. 1 standing in my name for tomorrow, 10 November 2015, relating to a nationwide portable workplace entitlement scheme, be withdrawn.

BUSINESS

Consideration of Legislation

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (15:40): I move:

That general business order of the day no. 16 (Marriage Equality Amendment Bill 2013) be considered on Thursday, 12 November 2015 under the order relating to consideration of private senators' bills.

Question agreed to.

Leave of Absence

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (15:41): by leave—I move:

That leave of absence be granted to the following senators:
(a) Senator Colbeck for 9 and 10 November 2015, on account of ministerial business;
(b) Senator Nash for 9 and 10 November 2015, for personal reasons; and
(c) Senator Smith from 9 to 11 November 2015, on account of parliamentary business.

Question agreed to.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (15:41): by leave—I move:

That leave of absence be granted to the following senators from 9 to 12 November 2015:
(a) Senator McEwen, on account of parliamentary business; and
(b) Senator McLucas, for personal reasons.

In doing so, I indicate to the chamber that, in Senator McEwen's absence, I will be opposition whip for the week.

Question agreed to.

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:42): by leave—I move:

That leave of absence be granted to Senator Ludlam from 9 to 11 November 2015, on account of parliamentary business.

Question agreed to.

NOTICES

Postponement

The following items of business were postponed:

General business notice of motion no. 898 standing in the names of Senators Ludlam and Singh for today, relating to the bombing of a Medecins Sans Frontieres hospital in Afghanistan, postponed till 12 November 2015.

General business notice of motion no. 911 standing in the name of Senator Hanson-Young for today, proposing the introduction of the Migration Amendment (Free the Children) Bill 2015, postponed till 23 November 2015.

COMMITTEES

Reporting Date

The Clerk: Notifications of extensions of time for committees to report have been lodged in respect of the following:

Community Affairs Legislation Committee—provisions of the Social Services Legislation Amendment (No Jab, No Pay) Bill 2015—extended from 9 November to 11 November 2015.

Economics References Committee—Australia's automotive industry—extended from 9 November to 1 December 2015.


Finance and Public Administration References Committee—Aboriginal and Torres Strait Islander experience of law enforcement and justice services—extended from 12 November to 3 December 2015.

Indigenous Advancement Strategy tendering processes—extended from 26 November 2015 to the last day in the first sitting week in March 2016.

The DEPUTY PRESIDENT (15:44): Does any senator require that the question be put separately on any of those proposals? None does. I shall proceed to discovery of formal business.

MOTIONS

Marine Reserves

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:44): I move:

That the Senate—

(a) notes that Australia has:

(i) some of the world's greatest marine natural resources, with rich biodiversity and unique species, and

(ii) the potential for a world-leading system of marine reserves;

(b) recognises that scientific analysis predicts that marine food chains are at risk of collapse due to global warming, overfishing and pollution; and

(c) calls on the Turnbull Government to reinstate Australia's system of marine reserves.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications, Minister for the Arts and Minister Assisting the Prime Minister for Digital Government) (15:45): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: The government opposes this motion. The coalition is committed to a network of marine parks. Through the Commonwealth Marine Reserves Review process, we have run over 170 consultations nationwide to ensure that when we do implement marine
management plans they appropriately balance conservation, recreation, commercial and Indigenous needs. Those opposite should have tried consulting the communities who depend on the marine environment when they were previously in office, then there would not be the need to clean up their mess. Australia’s fisheries management framework is second to none. The recent ABARES fishery status reports show no solely Commonwealth-managed fisheries is subject to overfishing. This is a significant milestone, highlighting something which we should be proud of.

Question agreed to.

COMMITTEES

Education and Employment References Committee

Reference

Senator RICE (Victoria) (15:46): I, and also on behalf of Senator Lines and Senator Madigan, move:

That the following matter be referred to the Education and Employment References Committee for inquiry and report by the third sitting day in February 2016:

The feasibility of, and options for, creating a national long service standard, and the portability of long service and other entitlements, with particular reference to:

(a) the number of Australians in insecure work;

(b) the extent and nature of labour market mobility;

(c) the objectives of portable long service leave schemes, and the key components that might apply;

(d) which sectors, industries or occupations may, or may not, benefit from such schemes;

(e) the operation of a portable long service scheme, including:

(i) how and by whom such schemes might be run,

(ii) how such schemes could be organised, be it occupational, industrial or other,

(iii) the appropriate role for the Commonwealth Government in facilitating portable long service leave schemes,

(iv) the impact of varying state and territory long service leave arrangements on a potential national long service scheme administered by the Commonwealth, and

(v) the capacity to operate such schemes within or across jurisdictions, including recognition of service; and

(f) any other related matters.

Question agreed to.

MOTIONS

World Polio Day

Senator SINGH (Tasmania) (15:47): I move:

That the Senate:

(a) notes that:

(i) Saturday, 24 October, is World Polio Day,

(ii) That the world is now very close to eradicating polio completely, and

(iii) in 1988 there were 350 000 cases of polio worldwide while in 2015 there have been just 44;
(b) welcomes the fact that:
   (i) for the first time ever, the African continent no longer has any polio endemic countries, and
   (ii) by the end of this decade polio can be eradicated, making it only the second disease ever to be eradicat
   (c) supports the efforts of the Global Polio Eradication Initiative which has immunized 3 billion children globally since 1988, and spared 10 million children paralysis and deformity; and
   (d) calls on the Australian Government to continue its guarantee of the Global Polio Eradication Initiative that is critical to finishing the job of ending polio.

Notice of motion altered on 5 November 2015 pursuant to standing order 77.

Question agreed to.

NOTICES

Withdrawal

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (15:47): I withdraw general business notice of motion No. 876 standing in the name of Senator Dastyari for today.

MOTIONS

Tasmania: Budget

Senator CAROL BROWN (Tasmania) (15:47): I move

That the Senate:

(a) condemns Tasmania's Liberal members and senators for failing to stand up for Tasmania in the face of savage cuts and broken promises by the Federal Liberal Government;
(b) notes the previous statement by the Tasmanian Treasurer, Mr Peter Gutwein, calling for the return of the funds, 'We want our money back! We want our money back, $2.1 billion was taken from the state in last year's Federal Budget'; and
(c) condemns the Federal Liberal Government for slashing $2.1 billion in funding for health and education to Tasmania.

The DEPUTY PRESIDENT: The question is that general business notice of motion No. 908 be agreed to.

The Senate divided. [15:52]

(The Deputy President—Senator Marshall)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>30</th>
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<td>Noes</td>
<td>29</td>
</tr>
<tr>
<td>Majority</td>
<td></td>
</tr>
</tbody>
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AYES

Bilyk, CL
Bullock, JW
Carr, KJ
Conroy, SM
Gallacher, AM
Ketter, CR
Lazarus, GP
Ludwig, JW
McKim, NJ
Brown, CL
Cameron, DN
Collins, JMA
Di Natale, R
Hanson-Young, SC
Lambie, J
Lines, S
McAllister, J
Moore, CM
Question agreed to.

**Freedom of Speech**

Senator CANAVAN (Queensland—Nationals Whip in the Senate) (15:54): I move:

That the Senate notes:

(a) the important role freedom of speech plays in the exercise of public debate;
(b) that informed public debate requires the expression of different views, even if you disagree with them;
(c) that this nation has fought wars for democracy, for freedom of speech and for the right to protest; and
(d) that attempts by the Australian Greens and their supporters to introduce legislation banning peaceful protest from public areas is an attack on a fundamental right and should be opposed.


The DEPUTY PRESIDENT: Leave is granted for one minute.
Senator WATERS: This is a clumsy and amateur attempt by Senator Canavan, who is trying to use free speech as an argument to stop women accessing abortions. Women should be able to access this safe and legal medical procedure without being confronted, harassed or intimidated. I am proud that Tasmania has laws for exclusion zones around abortion clinics and that in the ACT we Greens are moving for that, too. Anyone who disagrees with abortion should be free to voice their beliefs, but not to upset or intimidate women outside clinics, when they are clearly in vulnerable and difficult circumstances. This is not a freedom of speech issue; this is an issue of safe and accessible health care. Women have the legal right to medical privacy and the human right to make choices about their own health without interference or harassment. Just as we believe in the right to free speech but not hate speech, we must defend the right to protest but not in a way that infringes on an individual’s right to access services for her own health.

The DEPUTY PRESIDENT: The question is that general business notice of motion No. 913 be agreed to.

The Senate divided [15:58]

(The Deputy President—Senator Marshall)

Ayes ........................29
Noes ........................29
Majority.................0

AYES

Abetz, E
Bernardi, C
Bushby, DC (teller)
Cash, MC
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Leyonhjelm, DE
Macdonald, ID
McGrath, J
Payne, MA
Ronaldson, M
Ryan, SM
Simondos, A
Williams, JR

NOES

Bilyk, CL
Bullock, JW
Carr, KJ
Conroy, SM
Gallacher, AM
Ketter, CR
Lazarus, GP
Ludwig, JW
McKim, NJ
O’Neill, DM
Polley, H

Brown, CL
Cameron, DN
Collins, JMA
Di Natale, R
Hanson-Young, SC
Lambie, J
Lines, S
McAllister, J
Moore, CM
Peris, N
Rhiannon, L
Matters of Public Importance

Goods and Services Tax

The DEPUTY PRESIDENT (16:00): A letter has been received from Senator Moore:

Pursuant to standing order 75, I propose that the following matter of public importance be submitted to the Senate for discussion:

The Abbott/Turnbull Government's plan to impose a 15 per cent GST.

Is the proposal supported?

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

The DEPUTY PRESIDENT: The proposal is supported. I understand that informal arrangements have been made to allocate specific times to each of the speakers in today's debate. With the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (16:01): Today I rise to condemn the Turnbull government's plan to increase the GST, which is a plan that would stretch millions of household budgets to breaking point. This is a plan that would hit the poorest people the hardest and a plan that would only serve to further entrench growing inequality in this country. Of course, the Prime Minister has refused point-blank to be honest with Australians about what he is cooking up. Instead, he will only give us a nebulous and completely unhelpful platitude: 'Everything is on the table.' We are told that we should not be concerned because we have a massive table piled with stuff so we really need not worry ourselves about exactly what that stuff is.

The reality is that everything is on the table is just code for, 'We refuse to tell the Australian people our policy.' Some commentators have taken this to mean that the government has not got a plan at all. I will admit that this is a concern that is entirely possible, but I actually do not think that is what is going on here. No, I actually think the government has a very clear plan but they just do not want to let Australia in on it. Because if everything truly was on the table and if every outcome was just as possible as another, then we would be hearing about these possibilities from the government. But that is not what we are seeing, and that is not what we are hearing.
There are a wealth of options available to the government in the area of tax reform but the words of those opposite have been dominated by three small but very significant letters: GST. It is the recent, sustained kite-flying campaign on GST that clearly reveals the real agenda of those opposite. In fact, the Prime Minister himself has said:

…it certainly has to be a part of a suite of measures…

Of course, Australians are not stupid. They can see the nonsense of pretending that every outcome is just as possible as another while at the same time directing virtually all the discussion to just one item. Those opposite like to talk about the 'new government' but their behaviour on GST shows that the core agenda has not changed—they have just become more sneaky about how they go about enacting it.

You only have to look back to that toxic and deeply unfair 2014 budget to see that tinkering with the GST has been the plan from the beginning. Then, just as now, those opposite were not honest with the Australian people about their plans. Rather than putting their case and admitting that their true intentions were to put the GST up, we saw Mr Abbott and Mr Hockey set out to try to starve the states into submission. We saw them gut the state health and education budgets to the tune of $80 billion in a transparent attempt to force an outcry. Not willing to face the Australian people with their clear intention to increase the GST, Mr Abbott and Mr Hockey tried to force the premiers to be the fall guys. Instead of being honest with us, they tried to blackmail the premiers into a state of desperation where calling for a GST increase would be their only option. This bullyboy behaviour was sneaky, dishonest and to the detriment of millions of Australians.

And now, here we go again. Despite saying that everything is on the table, we hear that the government's economics committee had been asking business to make a case for a GST hike. No-one is under any illusions about what the government wants: their real agenda is to hit the most vulnerable Australians through a regressive tax. Modelling from the highly respected outfit NATSEM shows that even if a GST increase came with a five per cent reduction in every tax rate, our tax system would become more regressive and two-thirds of households would be worse off. Whether the government wants to increase the rate or widen the base of the GST, the result would be the same: Australia's lowest income households would bear the brunt.

Clearly, even though we have a new lead singer on the other side, the band is still singing the same harsh and tired songs. From the people that brought you cuts to health, cuts to education and cuts to pensions, we now have a plan to create an extra tax burden for the majority of households. Those who brought you the $100,000 degrees, which would see a generation of our young people locked out of education, are now cooking up a plan to make our taxation system even more regressive. The same people who wanted to see young people go without an income for six months have now turned their minds to a plan that would further increase inequality.

So not only are they trying to hide their true intentions from the Australian people but they are also too cowardly to even make their own case. Mr Morrison even went as far as to say that an increase in the GST would not result in an increase in government taxation revenue. Of course, our current Treasurer is in denial about what most respected economists understand: Australia's revenue base has dropped dramatically in recent years. When considered as a whole, revenue over the past eight years was 20.5 per cent of GDP below the
2000-01 to 2007-08 average. In contrast, cumulative spending has been just 8.6 per cent of GDP above the average.

But rather than addressing this blatantly obvious fiscal reality, the Treasurer seems to have decided to revert to the tried and true Liberal strategy of hitting those who are doing it tough and rewarding those who are well-off—with no accompanying benefit to the budgetary challenge he should be addressing. Instead, Mr Morrison is reducing a progressive tax in order to increase a regressive one. Of course, in doing so, he would further entrench the inequality that is already as high as it has been in the past 75 years. If the Prime Minister had been true to his word and genuinely believed in fairness—and not just the perception of fairness—then he would immediately have rejected such an obviously unfair suggestion by his Treasurer.

Hiking the GST is not taxation reform. It is lazy, it is unfair and it will disadvantage those who spend the highest proportion of their income on week-to-week living—and that is not a plush week-to-week living; it is a survival week-to-week living. It will do nothing to address the budgetary challenges, and it will only serve to increase inequality, which we know creates a drag on productivity. If the government is serious about actual reform, it needs to start addressing the loopholes and perks that are benefitting the richest people and companies in the country. When will the government commit to addressing the perks for high income earners in the superannuation system? When will the government get serious about addressing multinational tax? And when will they stop trying to levy greater burdens on the poorest and most vulnerable people in the country? Despite the Prime Minister's spruiking about his lovely table and everything he has on it, the only thing they have shown the Australian people so far is a great big regressive tax.

Senator LINDGREN (Queensland) (16:09): I rise to speak on this matter of public importance on the goods and services tax. We need a taxation system that allows the government to build a strong economic plan that supports a national platform for economic growth and jobs that backs Australians who are out there every day making their way in the world, working hard, saving for their future and investing in their capabilities and opportunities—backing Australia and Australians to earn more. Currently there is no proposal for an increase to the GST; however, there has been talk amongst the state governments and former Labor premiers and individual members of parliament. The government has no proposal or policy to change the goods and services tax.

As South Australian Premier Jay Weatherill says, talk of increasing the GST needs to be part of an open and honest wider discussion between the states and the federal government on taxation. Mr Weatherill went on to say the prospect of GST changes presented a chance for sensible discussion on how future costs of health care could be met. Former New South Wales Premier Kristina Keneally, Queensland's Peter Beattie and Western Australia's Geoff Gallop—all Labor premiers—have outlined the conditions under which the tax change could be implemented as part of a reform package.

I think it is ideal that we can actually have a discussion about not only the GST but also tax reform in general, and that is what this government is prepared to do. The Prime Minister, the Treasurer and the Minister for Finance have all openly stated that we will pursue all discussions on tax reform, because this country needs to address the taxation system for all. I have heard for over three weeks now the Treasurer openly commenting on this on all forms of
media. The Treasurer and this government are about encouraging people to work hard, to make money, to save and to enjoy their lives in Australia. We are considering all options in looking for the best possible tax system.

The Turnbull government is committed to tax reform; looking for lower, simpler and fairer taxes for all Australians whilst focusing on tax reform that increases revenue for the government. It also needs to ensure that it reduces red tape and supports small businesses, as well as pursuing an ambitious innovation package. Income tax has become a silent tax for many Australians, particularly young Australians. As a proportion of total tax revenue, personal income tax in Australia is the second highest amongst OECD countries. This means that next year the average wage earner will be taxed up to 37c in the dollar on what they earn. If there were no tax cuts for 10 years, nearly half of all taxpayers would be in the top two tax brackets—an increase from around 27 per cent today to about 43 per cent in 10 years. They do not need to be paying the second highest bracket of tax on their weekly earnings, so what is the answer? The answer is simple—let us have a mature discussion about tax and see what can be done. Let us look at each and every aspect of our tax system and see what is working and what is not.

Critical to this government is a better tax system, with a better mix and a better combination of taxes at state and federal levels that helps us to grow our economy. This process includes engaging and working collaboratively in good faith with state and territory governments to examine how we can improve our tax system to better support jobs and growth. Economic leadership is what this government is about and it is economic leadership that is needed to grow jobs and the economy: engaging in processes where we are talking to the states and territories as well as other stakeholders; communicating with the Australian people not just about the challenges that they are facing in our tax system but about how services are delivered right across the economy.

So there has been discussion about personal income tax but there has been discussion about other areas of tax as well, and our next meeting with state and territory treasurers may focus on state and territory taxes and charges. That is what was agreed at the last meeting and the Commonwealth Treasury has been doing work with the state treasuries around a broad array of state taxes and charges. They are collecting almost $85 billion in annual taxes and charges, and they can discuss how a better mix of taxes, freeing people to work, save and invest, could be created. Let us not forget that the states on balance, as was reported in *The Australian* today, are broadly in surplus. This will be an important part of an ongoing discussion. However, economic leadership is not about rushing into any decision. Good economic leadership is about communication, listening to those around us and being collaborative with people, understanding the problem and ensuring that we can solve it so Australians are much better off.

These discussions also include competition policy reform, because the Australian people will expect that any changes in the tax system should result in better services, more choices and better spending. We are having a conversation about how we grow the economy and how we grow jobs. There are many elements to this. The tax system is one of the things that can hold Australians back. Prime Minister Turnbull is right: we need a tax system that is the 'minimum handbrake on economic activity'.
It is important to note that to control expenditure there is the need to address budget issues, and then you can grow the economy to grow revenues. Australia's problem, at the moment, is that we are not earning enough, and that is why the trade agreements are so important. That is why ensuring that people can realise their full potential in their businesses or as employees is just as important. That is what productivity is about. It allows you to grow real jobs, lifting revenue. You do not lift revenue by just taxing people more. That is why our objective on this is very clear: we do not want to increase tax burdens on Australians. We want to grow the economy and to grow jobs. That is the only reason we are engaging in this discussion. It is a good discussion. I think it is a positive discussion and it is a task that the economic leadership really needs to engage in, positively and collaboratively, to try to draw together where there is a meeting of minds and a consensus on key issues.

Let me summarise why it is important to have a discussion on GST. We need the right tax system to generate growth and people want a tax system that will bring them together rather than hold them back. The purpose of any taxation system is to improve jobs, hospitals and education, and that is what this package does.

Senator DI NATALE (Victoria—Leader of the Australian Greens) (16:16): It is remarkable that here we are with a government that spent years campaigning against a great big new tax on everything—which is what it called the price on pollution—and the same government is planning to genuinely introduce a great big new tax on everything by introducing an increase to the GST.

Hypocrisy in this place is the currency of this government, but it is just remarkable that we could have a party that has claimed so explicitly—touring the country, fluoro vests, out at pie factories, out at truck stops—that a price on pollution would wipe towns off the map and, here they are, planning to introduce a GST, which would have a far greater impact than the price on pollution did. In fact, we had some modelling done by the Parliamentary Library, which suggested that with the price on pollution—a price on carbon of $28 a tonne—we could raise as much revenue as an increase in the GST of 2½ per cent or, if we were to exclude the things that are currently exempted from the GST, have the same effect. We would raise the same amount of revenue. But the big difference is this: the impact on households from a GST would be, at least, three times greater than a price on pollution. A price on pollution delivers the double dividend of bringing in revenue but, most importantly, goes some way to addressing the great challenge of this generation: the challenge of tackling global warming.

One thing I do appreciate is that finally—after years of this government suggesting that the problem with the budget was on the spending side of the ledger—their campaign to increase the GST is an acknowledgement that we also have a revenue issue. It only took them two years to come to that decision, but better late than never. The Treasurer let the cat out of the bag because he said, 'We want to see an increase in the GST but we do not think there should be an overall increase in the tax take, and what that means is cuts to income tax.' The same thing was said in the previous contribution to this debate—that we should increase the GST so we can cut income tax.

That is not tax reform. That is just shifting the tax take from those people on high incomes to those people who can least afford it. That is not tax reform; that is just tax shifting. It is unfair for a government to propose cutting income taxes for those people on high incomes and to introduce a GST, which we know would have its greatest impact on those people who can
least afford it—all at a time when there is growing inequality in Australia society, where the gap between the haves and the have-nots is growing and is greater than at any time in Australian history.

This government loves it and big business loves it. Big business loves it because it is a tax that everybody else pays that they do not need to pay. That is why they like it. What we need to do is ensure that we start tackling the real tax reform issues that lie ahead of us. For example, why not end those huge tax breaks that go through the superannuation system and favour people on super-high incomes? Why not address negative gearing and capital gains tax reform? They are responsible for, at least in part, an overheated property market, and reforms would bring in $10 billion of revenue over the forward estimates. Why not end subsidies to the fossil fuel industry? Why should Gina Rinehart pay less for her tax than an ordinary punter who has to fill up at the bowser?

They are the sorts of reform challenges we as a nation should be embarking on. Instead, we have a government that wants to shift the burden onto those people who can least afford it. Bring it on, because I am sure the Australian community will join with those of us who understand that the challenge is to make this country fairer, rather than increasing the gap between the haves and the have-nots. This is about the sort of society we want. Do we want an Australia that is committed to its egalitarian traditions? Do we want an Australia that can fund health care and schools, or do we want to favour our mates at the big end of town and squib the real challenges that lie ahead of us?

Senator POLLEY (Tasmania) (16:21): I welcome the opportunity to condemn this government for, yet again, another broken promise. It was the finance minister who, before the last election, said there would be no cuts to education, there would be no cuts to health and there would be no increase in the GST. Quite rightly, the Australian people are seeing how arrogant and out of touch Malcolm Turnbull is, as they did for that short period of time when he was opposition leader. There is nothing that is going to hit the Australian community—and those low-income earners, those families in our communities—harder than an increase to the GST of 15 per cent.

This is going to hit families every time mum makes lunch for the kids going to school. Every time she puts a piece of fruit in the lunchbox—whether it is an apple or a banana—it will be there, as it will with the sandwiches. If she has to take the kids to the doctor there will be GST on the doctor’s visit. Education, including school uniforms, will be hit by an increase in the GST. That is an outrageous attack on Australian families. On top of the budget the government brought down in 2014 and on top of the budget they brought down this year, this is a total disgrace.

My home state of Tasmania unfortunately has a very high unemployment rate, and there are people in the workforce who are on very low incomes. They are going to be disproportionately affected by this increase in the GST. That is unfair, when people are already struggling to pay their bills, whether on a weekly or fortnightly basis. But those on the other side of the chamber are so out of touch, so arrogant. We have a new Prime Minister who, as my colleague said, is singing from the same old song sheet. Nothing has changed, except his arrogance. He has an idea in his head and he is going to push forward with that without knowing its implications.
As has already been mentioned, you can move taxes around a little bit, but this government will not increase the GST by five per cent to 15 per cent without putting more and more pressure on state governments. This government is screwing them to ensure that they will have to agree to the increase to the GST, otherwise they will not be able to meet their obligations to health and education. This is an unAustralian attack on Australian families being led by the so-called innovative Prime Minister. There is nothing innovative at all about increasing the GST. It demonstrates to me that there is no vision and no capacity to lead good government policy.

Malcolm Turnbull's idea of fairness will become a nightmare for every Australian, who will have to pay more for everything. It is not a choice. These are everyday basics, not luxury items. This affects the everyday cost of living. Already pensioners in Tasmania are having to go to bed at night with their electric blankets on because they cannot afford the power bills. This is only going to increase. Quite frankly, I know this government is out of touch, but it should listen to the people out in our communities. There is increasing demand on those who provide good support in our community, like the Salvation Army and other not-for-profits. People who have never before had to go and seek assistance are knocking on their doors—not because they waste their money, not because they gamble it away, but because they are doing it tough. This government's only response to that crisis is to increase the GST.

I have to admit that there are a few in the coalition who are as appalled as we are on this side about what their government is doing. They should talk to their colleagues, they should talk to the Prime Minister, they should talk to the hopeless Treasurer they have now and they should talk to the finance minister and explain to them the things they are hearing when they move around their electorates. I cannot believe for one moment that, as government members and senators, they are not getting the same sort of feedback, the same concerns raised with them, as we are on this side. If they are not, it is quite clear they are not out talking to real people in the community—people that are doing it tough, people that are concerned already about the cost of going to see a GP.

We have a health minister who says she does not want to talk about the cost of the GST on fresh food because she does not want to muddy the waters. What an outrageous statement from a health minister—not to be concerned about a new cost on fresh vegetables and fruit. We have issues in this country around obesity. When we were in government we did something to help people stop smoking. But what does this health minister do? She turns tail and runs. It is quite outrageous that a health minister cannot stand up for the Australian people, because the impost of the GST on fresh food is going to mean that families who are already struggling will struggle even more. We should be doing everything we can to get more families to eat fresh fruit and vegetables. This is an outrageous attack.

(Time expired)

Senator REYNOLDS (Western Australia) (16:27): I rise to speak on this matter of public importance relating to the GST. I agree that this is an important issue for our nation. It is important because, over the past one to two decades as a nation we have lost the ability to discuss policy in a meaningful way to come out with the best possible outcomes for Australians. It would be great if we could have this discussion now on tax reform. I think we have lost the ability to have a good old-fashioned policy ding-dong in this place and outside this place on tax reform—about all of the options—so that we can come up with the best possible outcome for this nation.
Contrary to what those opposite have asserted, the government is implementing a wide-ranging strategy to enhance Australia's economic growth and employment. The government has no proposal or policy to change the GST at present. But the world economy does not stand still, and good government is about realising this and constantly re-engaging and understanding our external environment to make sure our current policy settings are meeting, if not delivering, much more than this nation requires to stay ahead of the game internationally.

We on this side of the chamber want to explore tax system reform, and of course the GST is a component of that. But this is just one of the elements of our strategy to strengthen and diversify Australia's economy—a fact that those opposite, in 1998, when we had this debate, and again now, are conveniently ignoring. It is not just a debate about the GST; it is a debate about comprehensive tax reform. Under this government's comprehensive national plan for economic growth, we are investing in infrastructure, we are deepening our regional trade ties and increasing and improving competition policy, and we are encouraging a more innovative and entrepreneurial spirit in Australia's economy.

But, to fully realise our nation's potential in a rapidly changing world, we have to look at tax reform—including the GST, which, back in the late 1990s and again today, is an absolutely critical part of our economy-wide growth strategy. We cannot truly realise the potential of our nation as a modern economy in the world if we are tying our policy hands behind our backs and keeping this nation shackled to a tax system that is, quite frankly, holding this economy back. In 1998 the previous government did not have the political courage to attempt this reform, and hence we are now probably a decade behind where we should be on tax reform. Instead, they asked the former Secretary of the Treasury to conduct a wholesale review of the tax system but, almost unbelievably, exempted the GST from the analysis. How can you possibly have a sensible tax reform discussion in this country if you exempt the GST from that debate? It is impossible, and the nation will be the worst for it.

This government is starting a real tax reform debate with the Australian community, to ensure our budget remains sustainable and enables us to continue to deliver important services like the NDIS, Medicare and pensions to Australians tomorrow, next year and the year after that and in the next 10, 20 and 30 years. Currently, it is terribly disappointing to hear the debate from those opposite. All they are doing is rerunning tired old fear campaigns. I was around in 1998 and, if you shut your eyes and listen to what those opposite are saying, you hear that they are trotting out the same old tired, very shallow, scare campaigns that they trotted out 15 years ago.

It is 15 years since the GST first came into operation. Despite the claims from those opposite that the sky would fall and our economy would fail, we know that, after the GST was introduced and we had other tax reform, the economy underwent 10 years of unprecedented growth in productivity, growth in jobs and growth in the economy. But that was 15 years ago and today we live in a very different global economic environment. We are an economy in transition, one which is becoming more and more open to international trade across the board, and we have some amazing opportunities ahead of us. But, to really take advantage of those opportunities and to create more jobs and a greater tax revenue base for this country, it is time to review in full our taxation arrangements.
This is a critical discussion, not just for today but also for our children, our grandchildren and the generations that follow. Therefore, it is extremely disappointing to see that those opposite are rerunning their very well-worn and very shallow scare tactic campaigns. They are saying the same things today that they said in 1998. Those harbingers of doom opposite, said in 1998 that there would be a national collapse, inflation would blow out, unemployment would increase and small business would be destroyed with the tax changes 15 years ago. All of the things that those opposite are saying today were things that were said in 1998. The electorate did not believe them in 1998. The electorate in 1998 knew that we needed tax reform.

I know, from going out and about in Western Australia, that people realise that our taxation system needs reform. But it does need to be done fairly. It needs to look after those who need assistance the most, it needs to empower our businesses and empower trade opportunities and it needs to ensure that we can afford to fund our services into the future. This government recognises that steady revenue will come from a stronger economy where Australians earn more, not by imposing a greater tax burden. As was the case in 1998, any final policy position will ensure that the overall tax burden on Australians is not increased. When we did that in 1998, the economy boomed and the sky did not fall in.

The debate around tax reform must occur not in a vacuum but with the whole system and the whole nation in mind. This is simply good government. Any genuine review must look at all taxes, direct and indirect, to establish the best mix to assist our economy to grow. As a proportion of total tax revenue, personal income tax in Australia is the second highest amongst OECD countries—and I do not hear those opposite talking very much about that fact. Income tax has become the silent tax for many Australians. As a result of fiscal drag, next year the average wage earner is forecast to move into the second highest tax bracket, paying up to 37 cents in the dollar on what they earn. As supposedly the party of the worker, I would have expected the Labor Party to be talking much more about the impact of this bracket creep on those they purport to represent.

For that reason and many others, it is time to revisit tax reform—so that we can deal with bracket creep and make sure that people can keep as much of their hard-earned pay as they can and so we can encourage the economy to grow in the 21st century. (Time expired)

Senator LAMBIE (Tasmania) (16:35): I rise to contribute to the matter of public importance before the Senate—namely, the Abbott-Turnbull governments plan to impose a 15 per cent GST. The first point to acknowledge in this debate is that the Abbott-Turnbull government plans to increase the GST after the next election. So the next election will essentially be a referendum on whether the Australian people want to pay more for their food, health care, education, fuel and rent through an increase in the goods and services tax or whether they want the GST to remain at the promised 10 per cent. For the record, I would like the people of Tasmania and other states of Australia to know that the JLN will never support an increase in the rate of the GST—not ever. However, in saying that, I do not want members of the Liberal and National parties to put words in my mouth and suggest that I do not agree with tax reform. I believe in tax reform—indeed, I believe in spending reform—and I have presented to this Senate in the last almost year and a half many new ideas and reforms relating to spending and tax reform.
Why should the government even think about increasing the GST when we could have an FTT, a financial transactions tax, which will target the super-rich and powerful in our society, instead of the poor, disadvantaged and vulnerable, as any amendment to the GST must surely do? Any increase to Australia's GST will hurt Tasmania more on a proportional basis than other states, because every social indicator shows we have more poor and disadvantaged people in Tasmania.

Strangely, a tax reform debate in Australia is being carried out by many high-profile media and politicians, without the inclusion of a financial transactions tax, as part of a range of credible fiscal measures to solve our looming tax revenue and spending crisis. Why are a significant portion of Australia's media and political representatives deliberately avoiding even talking about or mentioning a financial transactions tax? Are vested interests using their commercial, political and media influence to limit a community debate about the introduction of a financial transactions tax in Australia?

Many advanced countries, including most of the European Union, from 2016, will raise revenue from a range of financial transactions taxes. The tax is very flexible and can be as little as 0.001 per cent to 0.1 per cent and, as the name suggests, is levied on a variety of financial transactions. Publicly available reports indicate that an official study by the European Commission suggests that a flat 0.01 per cent tax would raise between 16.4 billion euros and 43.4 billion euros per year, or 0.13 per cent to 0.35 per cent of GDP. If the tax rate is increased to 0.1 per cent, total estimated revenues are between 73.3 billion euros and 433.9 billion euros, or 0.60 per cent to 3.54 per cent of GDP.

JLN will not support an FTT designed to have an adverse impact on Australia's real economy. JLN, like most European Union countries, will oppose an FTT on day-to-day financial activities of average Australian citizens and businesses, such as loans, payments, insurance and deposits. However, it is important to note that a financial transactions tax could be designed to target large national and multinational companies which have been proven to minimise or avoid tax by shifting profits to overseas tax havens and create a fairer, simpler and more efficient Australian tax system.

One of the best indicators that a financial transactions tax would thoughtfully target those who can most afford to pay a fairer share of tax is the reaction of bankers when the subject of a financial transactions tax is brought up in policy conversation in my office. And I can assure you that bringing a banker and a financial transactions tax policy together is like dragging a vampire into sunlight: there is a lot of hissing and wailing. Most bankers look as if they are about to burst into flames and melt into a pile of dust the moment I say that Australia needs a financial transactions tax. There is a similar reaction from most Liberal members of the parliament, but that is to be expected, because they are very similar to bankers and share common blood-sucking world views. I will always oppose an increase in the GST, because there are better ways of reforming tax and spending.

Senator LINES (Western Australia) (16:40): Here we have a government backed up by its business mates talking up a massive hike in the GST—a whopping five per cent hike. And it is not just a hike; they are talking about broadening the base of the GST—a big, fat new tax. On a day when the Financial Review has a headline that Chevron paid only $248 tax on a $1.17 billion profit, the government tries to tell us that it wants to have a conversation about tax reform. But the subtext of that is that it is all about the GST, it is all about imposing a big
hike in the GST to 15 per cent—when Chevron pays a miserly, tiny $248 tax on a massive $1.7 billion profit.

It is easy to see just who the Turnbull government is looking after here. As usual, they are looking after their mates at the big end of town, the mates who line their coffers with donations. That is who they are looking after. If Mr Turnbull was true to having a tax system that is fair, he would never contemplate introducing a GST, because a GST is never fair. You certainly cannot compensate your way with a GST to make it fair. It does not work. Again, it just demonstrates how out of touch the Turnbull government is. They have changed their leader but their harsh, cruel policies, inflicted on working Australians, on Australians who are on benefits, on families, on young people, remains in place. For someone who works in aged care, or an early childhood professional, who is earning poverty-line wages—about $21 an hour—and is struggling to get full-time employment, working about 30 hours a week, how does an increase in the GST provide prosperity? Of course it does not. It just drags them further into poverty.

And the government wants to have a conversation about penalty rates. They want to reduce Sunday penalty rates. So, along with increasing the GST by five per cent, they want to slash the Sunday penalty rate, because, again, somehow their business mates cannot survive. I heard the BCA's Jennifer Westacott on the radio the other day. I challenge her to walk a day in the shoes of a low-paid worker. It should be mandatory for all those in government to do the same, because if they did then the talk about GST reform—a big, fat hike to 15 per cent—or a reduction in penalty rates would suddenly disappear from their conversation, because, quite frankly, they could not survive on those wages.

Along with ripping off the Sunday penalty rate, they say, 'We're just having a conversation.' Well, we know that with this government the minute they start talking about something their intention is to do it. We have had government member after government member come in here and say, 'Yes, let's knock down the Sunday penalty', and we have had government member after government member talk up why it is good to raise the GST. Well, you tell that to someone who is on $21 an hour and who is heading up a family. You tell that to a pensioner. You tell that to someone who is on an unemployment benefit. It makes no sense.

The only people talking up a hike in the GST to 15 per cent and broadening out the base are the big end of town. If you had heard the BCA on the radio the other day, you would have thought that somehow business could no longer survive, because they are so desperate for more tax relief, when we have Chevron paying $248 tax on $1.7 billion profit. Let's have that conversation. When we hear the words, 'We need to have tax reform in this country,' let's start there. No—they do not want to start there, because they are looking after their mates at the big end of town. It is the Turnbull government and the big end of town that are talking about the GST. It is not Labor. We are opposed to this. We have always been opposed to an increase in the GST and we will continue to be. Why is that? It is because we understand that this is a regressive tax. It hits those who spend all of their income on their daily living expenses—something that the Liberals and Nationals do not understand. They do not understand that people scrape to buy a litre of milk. They do not understand that people scrape to buy fresh fruit and vegetables.
Yes, we are up for a conversation on tax reform. Let's start at the big end of town. Let's ask ourselves how Chevron managed to only pay $248 on a profit of $1.7 billion. That is a disgrace. You will not hear those opposite talking about it, because they are the ones that are advising them. Their business advisers are at the big end of town and their business advisers want to just increase their profits at the expense of working Australians, those on benefits and Australian families. It is a disgrace, and Labor does not stand for an increase in the GST.

Senator CANAVAN (Queensland—Nationals Whip in the Senate) (16:46): I have been in this chamber for most of the debate and I noticed Senator Lines' contribution. She is up for a conversation on tax reform. I welcome that position. But in the next breath she says, 'We rule out an increase in the GST in any form.' What is disappointing about that is that there is so much detail to any kind of tax reform. It is not right to say that you should be against something or for something; you need to know what the detail is and what the proposal is before you form a position. But the Labor Party are not interested in a conversation about our future. They are not interested in a conversation about a stronger tax system that can support a stronger economy, because they are just ruling out any change without seeing any detail or any specific proposal.

There is no proposal at the moment, for an increased GST, from this government. There have been suggestions and support for an increase in the GST by some state governments. Some former Labor state premiers have also given support to that increase. They have supported an increase, but the government has not yet taken that decision. But even before we see a report on a tax white paper, even before there is a particular position on tax reform, the Labor Party have come to their position. They have done no consideration of that. They are just reflexively opposing and blocking anything that might be better for our tax system in this country because they see a political purpose in it, not because they see the national interest in it.

I take Senator Lines's points about the potential impact of any tax change on lower- and middle-income families. I am very mindful to ensure that any changes in our tax system are done in a way that make sure that those who are less fortunate in our society are not made worse off. I am not usually down this end of the chamber. I usually sit down that end of the chamber, and in that little corner of the chamber, down there, is the National Party. We are not big in numbers but I think we are big in strength. The small number of us down there actually represent the poorest households in this country. When you look at the data on who votes for different parties in our political system, yes, the Labor Party also represent low-income households, but the National Party voters are actually lower in income. Next is the Labor Party, then the Liberal Party, then, of course, the Greens—they are up in stratospheric income levels that none of us could dream of. So we actually represent the poorest income households, and I am very mindful of any changes that might happen.

They have not seen a proposal yet. In the original introduction of the GST, low-income and middle-income households were substantially better off—thousands of dollars a year better off—because of the related changes to our income tax system and the removal of some inefficient taxes, like the wholesale sales tax. That is what we need to see, that is what is important and that is what I will be fighting for. I am sure my National Party colleagues will be making sure that that is a component of any tax reform, whatever that might be.
This is one of the fundamentally important attributes of any government in our nation. We really have two economic tasks. We should be making sure that everything we do strengthens our economy and that everything we do helps to spend our money appropriately and to, ultimately, balance the budget. On the latter part, the government has tried many things to rein in our spending and balance our budget, but at every step of the way the Labor Party have opposed. Indeed, they have opposed savings that they originally proposed themselves while they were in government. They did not get around to putting them in place but, coming to opposition, suddenly they had a change of view and blocked them as well. Now they are seeking to block changes that possibly could strengthen our economy as well. They are a party of blockers, at the moment, and that does a great disservice to our nation. They are not truly engaged in a conversation about how we can become a stronger country; they are simply reflexively opposing everything this government may want to propose.

In making a stronger economy, tax reform has to be the centrepiece. Our tax system is crucial to determining how strong our economy is because it dominates so much of what we do in our lives. Most of us would probably go to work Monday to Friday. Most of us end up in a job where we get paid by an employer and the employer pays a component of that pay to the tax office. We often do not see how much that is. We might know at the end of the year when we get our tax return from the tax office how much we have paid in tax but, generally, we do not think of it from day to day.

One way to think about it is that at the moment the average Australian would work for two and a bit days a week for the government. That is two and a bit days to pay taxes. The average Australian works five days a week, Monday to Friday. I know that is probably not the case for many people, these days, but for illustrative purposes let's say five days a week, Monday to Friday. You spend two and a bit days working, to pay taxes, to run the Commonwealth government. It is becoming increasingly concerning that some Australians—indeed, the average Australian—will be pushed up into tax brackets where it is even more than two and a bit days. They will be pushed up into the second highest tax bracket. Indeed, next year the average taxpayer, the average income earner in Australia, will pay 37c in the dollar as their marginal tax rate.

And taxing someone at that high rate is going to have an impact. To put that into perspective: 37c in the dollar is higher than the top tax rate in New Zealand, which is 33c in the dollar. We will have people earning the average wage in our country paying a higher rate than the highest income tax rate in New Zealand. That is going to have an impact on incentives, it is going to have an impact on entrepreneurship in this country and it is going to have an impact on how many jobs are created. One thing we should be focusing on in this country now is working out how we can bring that level down, unlock people's potential and allow them to keep a bigger proportion of what they generate. If they want to start a business, create wealth and make a go of it, and they make a return, we should not be taxing someone who is just making the average amount 37c in the dollar on the return. We need to find a way to bring it down.

As I said earlier, some have suggested that we should try to do this by increasing the GST. Of all the OECD countries, we are the second most reliant on income tax. Our direct taxation, which includes taxes like the GST, is a low proportion of our tax base. Some state governments—Mike Baird in New South Wales—and former premiers such as John Brumby,
Peter Beattie, Geoff Gallop and Kristina Keneally have suggested that the GST is one way we can deal with the taxation issues this country faces. I welcome that discussion. I think it is an important discussion. But I return to what I said at the start, and that is that the devil will be in the detail. Before any tax reform will be successful, there are some important details which we must ensure we get right. That is why it is important that this tax system is developed. It is important that any tax changes also coordinate with broader strategies to bring the budget under control and create an innovative and competitive economy. All of these reforms are very important for economic growth in this country and to create more jobs.

There are lots of things to discuss and we should discuss them and get them right before we announce them. What we should not do is rule out any particular areas of change before any decisions or proper discussion. We saw that approach from the previous government. The Labor government had a big tax reform process that was chaired by former Treasury Secretary Ken Henry. And right through that process they ruled something out—and there are no surprises for guessing what that was. They ruled out all consideration of the GST from the get-go. They did not want to hear about it. They did not want to hear any recommendations to do with the GST the whole time. There was no report on the GST. If you look up the Henry tax review, there was not even a chapter on the GST. It is one of the biggest taxes we raise and they were not even allowed to look at it. And ruling out even considering changes to a really important part of our tax system led to a disastrous tax reform process where, because of an absence of other ideas, the government relied on the proposed mining tax—which in my view was ill thought through and was not going to work. And ultimately, it did not work. It raised very little money and its compliance costs were very high. It has since been rescinded by this parliament, and there isn’t any credible suggestion of bringing it back and reincarnating it. That was one approach to tax reform: close off areas of debate; do not even think about it; hear no evil, see no evil, speak no evil. That was one approach, and it did not lead to such a good outcome. The other approach is that we have a full discussion on all elements of our tax system so that we can promote growth and create jobs in this nation.

Senator KETTER (Queensland) (16:56): The Abbott-Turnbull government is itching to slug lower income Australians by raising the GST to 15 per cent and extending it to food, health and education. It is quite clear that the coalition government is addicted to tax increases. I heard Senator Seselja talking earlier today about the fact that the coalition seems to trade on the mythology that they seek to tax at a lower proportion of GDP than Labor. But the ABC’s Fact Check in 2013 put that mythology to rest once and for all: over the Howard years the tax to GDP ratio was at 23.5 per cent as opposed to 21.4 per cent over the Labor period to 2012-13. That is a clear 2.1 percentage points lower. There may have been a number of reasons why that was the case, but the coalition will never let the facts get in the way of a good myth. So instead of actually tackling the real issues facing Australia—reforming the tax system to address the tax cheats and close the loopholes through which wealthy corporations and individuals avoid paying tax—the government has once again focused on hitting the least well-off in our society.

Over the Howard years we saw the introduction of several structural changes to the tax system which over time have disproportionately benefitted those at the top end of the income spectrum. The tax treatment of superannuation is one area which comes to mind. If we are looking for the most glaring examples of where there is a need for reform to our tax system...
where there is unfairness in place, we need go no further than the superannuation tax concession arrangements. The top 10 per cent of income earners receive about 38 per cent of all super tax concessions. This reinforces inequality in our society, and we know that inequality has been shown to be an impediment to economic growth.

We know also that Australians will pay an additional $68 billion in GST from 2017-18, costing the average family an additional $5,000 a year. Recent modelling by NATSEM reveals that increasing the GST to 15 per cent would hit people in the lowest 20 per cent of income bracket with an extra seven per cent in tax. In contrast, those in the highest 20 per cent income bracket would pay just three per cent more of their income. The government’s intention to offset the GST increase with a personal income tax cut does nothing to redress this shift.

In looking at, for example, a five per cent reduction in income tax across all tax brackets being applied to offset the GST, the NATSEM modelling shows that income tax reductions will make the overall system even more regressive. Indeed, two-thirds of households will be worse off. To put it another way, the bottom 60 per cent will be paying more as a proportion of their incomes, while the top 40 per cent will be paying less. We need to look and think about what paying that extra $5,000 will mean to the average family. Between 1975 and 2014, real wages in Australia rose by $7,000 for the bottom 10th of income earners. At the same time, the top 10 per cent of income earners increased their real wages by $47,000. This is more than the total pay received by the bottom tenth. What we have here is rising inequality. In addition to increasing the GST, extending it to food, health and education is a further assault on our fair society.

I ask: where is the innovation that Mr Turnbull promised when he took over as leader? Why doesn’t he tackle the myriad shady loopholes and offsets that the rich have used to avoid paying their fair share of tax? Why doesn’t he tackle the rorts that multinational companies use to avoid paying their fair share of Australian taxes? Why doesn’t he look at the way our superannuation tax concessions reinforce inequality? Why doesn’t he get down to the real business of fixing our broken tax system? Rather than taking the opportunity to innovate our tax system and achieve true tax reform, Mr Turnbull has simply limited his sights to the simplest and most regressive tax of all, the GST.

**DOCUMENTS**

**Consideration**

The ACTING DEPUTY PRESIDENT (Senator Edwards) (17:01): I shall now proceed to the consideration of documents. These documents are listed on pages 6 to 18 in today's Order of Business.

**Environment**

Senator SIEWERT (Western Australia—Australian Greens Whip) (17:02): I would like to take note of the response by the Minister for the Environment, Mr Hunt, to a resolution of the Senate on 12 October concerning marine protection. I move:

That the Senate take note of the document.

Unfortunately, the government have responded in the same manner in which they have responded to other motions that I have put to this chamber and that have, in fact, been supported by this chamber. I was hoping for a different response by the government on this
occasion to that last motion. In fact, just another one was passed today, calling on the government to withdraw from the nonsense process of review of our world-leading marine protection reserves and to reinstate the existing management plans and reinstate those marine protected areas.

In the time since the original motion was moved, we have seen a number of other reports on the health of our oceans. Unfortunately, they bring us very sad news. They reinforce the imperative for protecting our oceans, our significant marine resources and our marine biodiversity. We have species in our oceans here that are found nowhere else on the planet. They are at risk and need urgent protection. The government keep mouthing off. Whenever I come in here and I put a motion around the need for marine protection to reinstate what was our world-leading system of marine reserves, they keep saying that when ‘the other side’—meaning the ALP—put in, with our support, a system of marine-protected areas, they did not consult. Absolute nonsense! I have been campaigning on this issue for getting on for 30 years. For a significant period of time, there has been ongoing consultation over the concept of bioregional marine planning. But, specifically, there was extensive consultation undertaken. But the government have perpetuated this fable that there was no consultation. What do they call at least a decade-long consultation process? From when the process was very first started, there was consultation. They went around, specifically, to each of the states and to the regions, incorporating all stakeholders. But vested interests did not like the outcome. They did not want to have a world-leading system of marine protected areas around our country, so they fabricated this nonsense that there was no consultation. There absolutely was. And that system went in place, and the management plans were put in place.

Within, I think, six weeks of when the Abbott government came in—because they had perpetuated the nonsense that was going around about consultation—they needed something to latch on to to do away with our system of marine reserves. What did they do? They said: ‘No consultation. We’ll scrap the management plans.’ They effectively made those marine management areas and those marine parks a system of lines on the map where there is no management. But, unfortunately, the government cannot deny—although they try, they really cannot—the fact that our oceans are facing a significant threat from climate change, from fishing and from overexploitation. A study of 632 published experiments of the world’s oceans from tropical to Arctic waters, spanning coral reefs and open seas, found that climate change is whittling away the diversity and the abundance of our marine species. Six hundred and thirty-two published experiments quite clearly outline that. That report was released a couple of weeks ago. Then, of course, we got the news that the world’s oceans are facing the biggest coral die-off in history. The third bleaching event in our coral reefs is presently underway. It will reach its peak at the beginning of next year. It will affect 30 per cent of the globe’s coral reefs, of which five to 10 per cent will permanently die. We already know that we have lost around 70 per cent of our coral reefs around the planet. That is permanent.

You do not need to be Einstein to work out that, if these global-warming events and ocean-warming events keep happening, we will eventually lose our coral reefs. It is particularly important that we do everything that we can to protect our beautiful marine areas, our oceans, our marine biodiversity and our marine resources. Not only does it make sense for the planet; it actually makes financial sense when you look at the economic studies of the value of that marine protected system.
That is typical of the Greens political party. They do anything possible to destroy Australian industry and jobs, particularly in the tourism and mining areas. Today, I highlight the Greens political party's continuing attack on tourism in Australia. You will recall it was the Greens political party that ran the scare campaign about Queensland's Great Barrier Reef, a reef that attracts millions of tourists from everywhere, who all indicate that the Barrier Reef is one of the most magnificent sites they have ever seen. The reef continues to be in that category and continues to be protected.

Senator Siewert is leaving the chamber, but, unfortunately, Senator Siewert never gives credit to the only government that has ever done anything serious about marine protected areas in Australia. Senator Siewert was around, I think, when the Howard government first introduced an oceans policy. It was the first time that had ever happened in Australia. As a result of that oceans policy, back in the early days of the Howard government, when Senator Hill was the Minister for the Environment—and I think I might have been Parliamentary Secretary to the Minister for the Environment at the time—the Australian government did what was then a world first: it established an oceans policy which included several marine protected areas. Do you ever hear the Greens giving credit to the coalition for that? Do you ever hear them attacking the Labor Party for never doing anything for our marine reserves and marine protected areas? Do you ever hear the Greens giving credit to the Howard government for the biggest increase in green zones on the Great Barrier Reef ever? That was a decision made by the Howard government which, I have to say—and I was pretty involved in it—attracted a lot of criticism from the fishing industries. I was then Minister for Fisheries, Forestry and Conservation, but it was something that the Howard government thought was right, so it did it. But did the Greens political party ever give any credit where it was due?

I continue to be amazed at the way the Greens political party will never acknowledge what is effectively the only political party—the Liberal and National party—that has done anything positive for our oceans and our marine protected areas. What they do instead is continue with this vicious campaign to denigrate some of the great attractions of Australia, the Great Barrier Reef and the Ningaloo Reef, in the west of the country. These reefs are carefully managed by the Great Barrier Reef Marine Park Authority, which was set up by none other than a Liberal government, some years ago. Is that ever acknowledged by the Greens political party? Of course not—because, unless it is the Labor Party that has done it, they never give credit. With anything that the Liberal and National governments do, the Greens and the Labor Party will always join together in very often baseless and usually hypocritical attacks on a government that has been serious about the environment and continues to be serious about the environment.

I was up in my office, working away as normal, and I heard this debate come on. I knew immediately the approach that the Greens political party would take, because they never do anything themselves. They are in this position as a party that will never be in government, in spite of some wishful thinking by Senator Di Natale in the press on the weekend. They will never be in government, so they do not have to worry. They can just say whatever they like, knowing that they will never have to run a nation that has so many different facets of government, all of which require attention—one of them being the financial affairs of the country, which was the subject of the previous debate. So, while you will never get it from the
Greens, I pay tribute to the Fraser, Howard and current Liberal-National party governments for their great work in protecting marine areas.

Question agreed to.

**DOCUMENTS**

**Consideration**

The following documents tabled earlier today were considered:


**BILLS**

**Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015**

**Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015**

**First Reading**

Bills received from the House of Representatives.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:13): I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

**Second Reading**

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:14): I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

The speeches read as follows—

**EDUCATION SERVICES FOR OVERSEAS STUDENTS AMENDMENT (STREAMLINING REGULATION) BILL 2015**

Today I introduce the *Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015*.

This Bill will streamline and focus the Education Services for Overseas Students Act (ESOS Act) which is the legislative framework assuring student protection for the international education sector.
Through this Bill duplicative regulations will be removed while retaining the high level of quality assurance in Australia's international education sector. The Coalition Government is committed to ensuring Australia builds on its success as a world leader in international education.

International education is our largest non-resource export – and it continues to grow. The Australian Bureau of Statistics recently released preliminary figures showing our international education exports reached a record $18.1 billion in 2014-15. This 14.2 per cent increase on the 2013-14 financial year shows the Government's policies are succeeding in driving further success in this major industry and are generating new jobs for Australians.

International education is not just an export industry. Through our high-quality education institutions across all sectors – schools, higher education, vocational education and training (VET) and English language teaching – Australia engages with the world, particularly our nearest neighbours. International education opens doors for Australia. By building education networks we help sustain Australia's place in global relations as well as create trade and investment opportunities.

As one of the most sought-after study destinations in the world, Australia has a major role to play in global education services. We are now a key centre for learning, research and innovation.

The Bill I am bringing forward today reflects the Government's collaboration with the international education sector to reform the ESOS Act. In the development of this Bill the Government consulted extensively. Comments were sought on a discussion paper which was released in October 2014, and an exposure draft of this current Bill was made public and feedback was invited. Stakeholders who provided comment included international education institutions, students, peak education industry bodies, the national quality assurance agencies and the states and territories. They have told us they strongly support the ESOS framework, but it needs to better adapt to the contemporary international education landscape. This Bill addresses the key areas of improvement sought by our stakeholders. It also clearly demonstrates our commitment to quality and to the protection of international students.

The principle that underlies these reforms is that the quality of our education system does not depend on the amount of regulation we put in place, but on the effectiveness and appropriateness of that regulation. These important changes to the legislative framework for international education will retain the high level of quality assurance for international education while reducing complexity and supporting the growth and competitiveness of the industry.

In working collaboratively with international education stakeholders we will achieve a better system of quality and oversight in international education – and significant deregulatory savings for education institutions of an estimated $75.9 million a year.

I turn now to some of the specific measures in the Bill that will make a significant difference to the operation of our quality frameworks for international education.

Regulation should be necessary and effective

The Tuition Protection Scheme (TPS) is the world's most comprehensive scheme designed to protect international students. During the Government's consultations on reforming the ESOS framework, stakeholders recognised the importance of that protection to international students, and the way in which the TPS enhances Australia's reputation. While the TPS is a critical element of our world-class student protections, part of its administration imposes a significant regulatory burden on education institutions. This Bill adjusts some TPS requirements to better target risk and cut some of the unnecessary red tape that was introduced with the TPS in 2012 amendments to the ESOS Act.

Currently the ESOS Act prevents any education institution from receiving—or any student from paying—more than 50 per cent of a student's tuition fees before the course starts, except if a course is less than 24 weeks. This is an inadvertent restriction on student choice, and it will be amended so a student can choose to pay more where they wish to do so. This will benefit students who are on scholarships, or who are in a position to pay up front if they choose to.
An additional TPS related requirement is that some education institutions must keep the tuition fees paid before a course commences in a 'designated account'. This only applies to private institutions. This is a costly imposition and an unfair burden on one group in our international education sector. It limits their competitiveness and their ability to invest in innovation to improve their operations and the quality of the student learning experience. Today we propose to change that so that all education institutions operate on a more level playing field.

Some reporting requirements relating to international students have been identified as being unnecessarily burdensome, such as the requirement for institutions to report a default by an international student in an unreasonably short timeframe. Stakeholders told the Government that requirements like these were disproportionate to risk and did not allow enough time for students and institutions to try to resolve issues and confirm that a default has indeed taken place.

These reporting requirements are duplicated in other provisions of the ESOS Act relating to changes to information about students, creating an unnecessary compliance burden for institutions that has not provided any additional protection for students or necessary information for Government agencies.

The Bill focuses the reporting requirements on changes to a student's course or movements and ensures the timeframe for reporting these changes is much more appropriate. To ensure the safety and wellbeing of students under the age of 18, the Bill will maintain the shorter reporting requirements for such students where they fail to begin a course or their study is terminated.

These changes will not water down the TPS's role or its ability to operate effectively or to manage risk. They simply reduce the areas of overlap and overreach that were created in the establishment of the TPS in 2012. The Government has listened to the views of the international education sector in making these changes and we are confident they strike the right balance.

Measures to streamline the education quality architecture

Currently the Tertiary Education Quality and Standards Agency (TEQSA) and the Australian Skills Quality Authority (ASQA) are the administrators of the ESOS framework for the international higher education and the international vocational education and training sectors respectively through a delegation arrangement with the Secretary of the Department of Education and Training, or in some cases the Minister. The Department of Education and Training is the administrator of the ESOS framework for schools. The changes in the Bill have the effect of formalising the current arrangements, i.e. that ASQA, TEQSA and the Department of Education and Training are the agencies responsible for administering the ESOS framework, or the 'ESOS agencies', for the respective areas of the international education sector.

This will streamline and simplify regulatory arrangements by providing TEQSA and ASQA with direct responsibility for many of the activities previously delegated to them.

The ESOS agencies will have direct and clearer responsibilities under the Act. The Bill ensures the states and territories retain their important role of assessing and recommending schools for registration by the Commonwealth under the ESOS Act.

The Bill enables the Minister to direct an ESOS agency in the performance of its functions under the ESOS Act, equivalent to the Minister's power in domestic education under the Tertiary Education Quality and Standards Agency Act (TEQSA Act) and the National Vocational Education and Training Regulator Act (NVETR Act).

The Bill also reduces duplication that exists under the current arrangements. Different registration periods in the ESOS Act, the TEQSA Act and the NVETR Act create duplication in processes and unnecessary administration for many education institutions.

The amendments to the ESOS Act will allow for the registration of a provider for a maximum of seven years, with no minimum period of registration. The amendments also provide that an ESOS
agency may extend a provider's period of registration for the purposes of aligning it with domestic registration timeframes.

An additional amendment will reduce the regulatory burden caused by having different registration processes at varying times by allowing an ESOS agency to use information supplied to it by an education institution to support their applications for registration under both domestic student and international student frameworks. Again this will have no impact on quality assurance, but will reduce the unnecessary regulatory burden on international education institutions.

To give further flexibility to education institutions, the Bill allows institutions to seek an internal review of decisions made by ESOS agencies where institutions do not agree with a decision on registration or re-registration. Previously, education institutions had to take their case to the Administrative Appeals Tribunal for a decision. Adding this additional avenue of review for institutions and the ESOS agency to resolve these issues will save significant time and money for all parties.

In 2013 the Review of Higher Education Regulation by Professor Kwong Lee Dow and Professor Valerie Braithwaite highlighted the need to reduce duplication across the ESOS Act, the TEQSA Act and the NVETR Act. The review found the differences between these legislative frameworks was a significant regulatory burden for education institutions. Today this Government addresses some of those key differences by aligning these Acts.

**Appropriate and effective provisions to maintain quality and compliance**

Some of the amendments introduced in the Bill will create more streamlined processes of quality assurance and oversight between the ESOS Act, the TEQSA Act and the NVETR Act. Agencies will have more flexibility and discretion in coordinating their responsibilities for international education under the ESOS Act with their responsibilities for education delivery to domestic students under domestic frameworks.

During the Government's stakeholder consultations on the Bill we identified that the arrangements need to be more flexible where TEQSA or ASQA take action against an education institution under domestic frameworks. Where the institution's registration under domestic frameworks ceases, or where it ceases to be accredited to deliver a particular course to domestic students, the ESOS agency will now be able also to cancel, suspend or otherwise impose a condition on that institution's registration under the ESOS Act without going through another review process. This ability to more easily align regulatory decisions in respect of an education institution under both the ESOS and domestic frameworks will improve efficiency for ESOS agencies and also provide greater transparency and equity for institutions subject to those actions.

In response to feedback from stakeholders during the Government's consultation on the exposure draft of the Bill, the Bill clearly specifies the circumstances in which an education institution is able to continue to teach—or 'teach out'—existing students once that institution's registration expires. While a provider is able to 'teach out', the Bill also makes it clear that an institution cannot recruit or enrol new students in a course after their registration expires.

These are important measures that will help to maintain Australia's reputation for quality in international education.

By way of further improvement, the Director of the TPS will be able to directly issue production notices requesting information from education institutions on their activities, and to make a recommendation directly to an ESOS agency about appropriate enforcement action against an institution.

**Conclusion**

The measures to streamline regulation in this Bill will help to drive the continued growth of international education. We need a strong, clear and flexible ESOS framework that works effectively and consistently with domestic quality assurance frameworks.
This Bill shows that we can cut red tape without compromising our commitment to quality or the reputation of Australia as a world-class destination for international students.

The international education community have told us very clearly that they want these reforms. They have worked with us proactively in developing these changes to the ESOS Act. We will continue to work with them on improving the ESOS framework, cutting unnecessary red tape and enhancing the quality of Australia’s international education services.

EDUCATION SERVICES FOR OVERSEAS STUDENTS (REGISTRATION CHARGES) AMENDMENT (STREAMLINING REGULATION) BILL 2015

Today I introduce the Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015. This Bill is required to give effect to the Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015 (Streamlining Regulation Bill) which I introduced earlier today.

The amendments I introduced in the Streamlining Regulation Bill remove the minimum registration period for education institutions which provide education to international students. To facilitate this change this Charges Bill makes minor consequential changes to the Education Services for Overseas Students (Registration Charges) Act 1997.

The amendments in this Bill also clarify that the existing Entry to Market Charges are paid by an education institution only once for each actual year of registration.

Ordered that further consideration of the second reading of these bills be adjourned to 30 November 2015, in accordance with standing order 115(3).

Social Services Legislation Amendment (No Jab, No Pay) Bill 2015

First Reading

Bill received from the House of Representatives.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:14): I move:
That this bill may proceed without formalities and be now read a first time.
Question agreed to.
Bill read a first time.

Second Reading

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:15): I move:
That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.

The speech read as follows—

This bill will introduce the Government’s No Jab, No Pay announcement from the 2015 Budget – an important initiative aimed at boosting childhood immunisation rates.

From 1 January 2016, the bill will ensure children fully meet immunisation requirements before their families can access the Child Care Benefit, Child Care Rebate or the Family Tax Benefit Part A supplement.
Immunisation requirements will also be extended to include children of all ages. At present, a child's vaccination status is only checked at ages one, two and five for the Family Tax Benefit Part A supplement, and up to age seven for the child care payments.

Crucially, the Government is ending the conscientious objection exemption to children's vaccinations for access to these family assistance payments.

Parents who vaccinate their children should have confidence that they can take their children to child care in particular, without the fear that their children will be at risk of contracting a serious or potentially life-threatening illness because of the conscientious objections of others.

Exceptions to the policy will apply only for valid medical reasons, such as when a general practitioner has certified that vaccinating the child would be medically contraindicated, or that vaccination is unnecessary because the child has natural immunity from having contracted the disease in question.

Families with children participating in an approved vaccine study will be taken to meet the immunisation requirements for the duration of the study – and similar rules will apply where a vaccine is temporarily unavailable.

The requirements will also be met if a recognised immunisation provider certifies that the child has an equivalent level of immunisation through an overseas vaccination programme.

Lastly, the Secretary will be able to determine that a child meets the immunisation requirements after considering any decision-making principles set out in a legislative instrument made by the Minister.

The choice made by some families not to vaccinate their children is not supported by public policy or medical research, nor should such action be supported by taxpayers in the form of family payments.

Australia now has childhood vaccination rates over 90 per cent, from one to five years of age. Under the present arrangements, the vast majority of families receiving family payments – around 97 per cent – already meet the current immunisation requirement at the relevant age points.

However, more needs to be done to ensure we protect our children and our community from preventable diseases.

The new policy will tighten up the rules and reinforce the importance of vaccination in protecting public health, especially for children.

Ordered that further consideration of the second reading of this bill be adjourned to 11 November 2015, in accordance with standing order 115(3).

Superannuation Legislation Amendment (Trustee Governance) Bill 2015

First Reading

Bill received from the House of Representatives.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:15): I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:16): I move:

That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

*The speech read as follows—*

This Bill amends the *Superannuation Industry (Supervision) Act 1993* to introduce a higher standard of governance for superannuation funds, in line with domestic and international best practice.

The changes fulfil the Government’s election commitment to align governance in superannuation more closely with the corporate governance principles applicable to ASX listed companies.

Independent board members bring different skills and expertise and they hold other directors accountable for their conduct, particularly in relation to conflicts of interest.

In this regard, superannuation is lagging behind other corporate sectors, including listed companies, banks, and life and general insurers, who all, at a minimum, either have or are recommended to have a majority of independent directors with an independent chair.

Existing superannuation fund board composition requirements are outdated and no longer reflect the size of the industry. This is an industry which currently has over $2 trillion in assets, a figure that represents more than 120 per cent of Australia’s GDP. Based on current projections, Australia’s superannuation industry is expected to grow to $9 trillion by 2040.

The changes in this Bill will therefore require superannuation funds to have at least one-third independent directors, with an independent chair, and they will apply equally to all Australian Prudential Regulation Authority (APRA) regulated superannuation funds, including corporate, industry, public sector, and retail funds. There will be a three year transition period for established fund trustees to assist them to transition in an orderly manner to the new requirements.

The Bill will modernise board requirements to help ensure that directors with the best experience and expertise are represented on superannuation trustee boards; enhancing decision making and producing better outcomes for fund members.

Our key objective is to have the best people governing the retirement savings of Australians, and I’m confident these reforms will do just that.

Superannuation is now the second largest asset held by Australians after the family home.

The significance of superannuation for Australian households will only increase over time. Currently employers are required to make minimum payments to complying superannuation funds at the rate of 9.5 per cent of salary and wages to build employees’ retirement savings. This contribution rate is scheduled to rise to 12 per cent by 1 July 2025.

Employees cannot generally access their superannuation until they retire and they rely on others to manage their superannuation until that time.

The Government wants to make sure that superannuation is managed with the highest possible standards of governance, in a way that is in superannuation members’ best interests. This, fundamentally, is what this Bill seeks to bring about.

Having independent directors on boards is consistent with international best practice on corporate governance. For example in Canada, it is recommended that the board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. In the United Kingdom, the Corporate Governance Code recommends that at least half the board should comprise non-executive directors determined by the board to be independent.

APRA regulates the superannuation industry and part of APRA’s mandate is to mitigate systemic risk to the financial sector. APRA considers that one way of mitigating risk is by requiring the boards of banking and insurance entities to have a majority of independent directors. APRA recognises that where
funds are being managed by agents of depositors or policyholders, independence helps ensure that decisions are made in the best interests of the depositors or policyholders.

In APRA's words, "APRA's experience, over many years and across all industries, suggests that having at least some independent directors on boards best supports sound governance outcomes... In APRA's view, the diversity of views and experience that independent directors bring supports more robust decision making by boards."

The issue of governance of superannuation has been considered by both the previous government's Cooper review into the superannuation system in 2010 and the Financial System Inquiry (FSI) in 2014.

Both these independent reviews included widespread consultation, with views provided by industry associations, community groups, and other stakeholders, including superannuation funds, both industry and retail.

Both of these independent reviews recommended that the superannuation law be changed so that independent directors be included on the board of superannuation funds' trustees. In fact, the Cooper Review received in excess of 450 submissions over 12 months and the Murray Review received over 6000 submissions over 12 months.

In the previous government's Cooper review, the panel noted that members' interests would be best served where members are represented by people independent from management and other interests and who can provide an outside perspective.

The Cooper review recommended that at least one-third of directors on superannuation fund boards should be independent.

In the FSI, the panel noted that including independent directors was international best practice, improves decision making and helps hold non-independent directors to account for their conduct.

The FSI review went on to recommend that superannuation funds should have a majority of independent directors in order for them to be an effective influence on board decisions.

The Government carefully considered this FSI recommendation, but believes that proceeding with one-third independent directors, including an independent chair, strikes an appropriate balance while still substantially strengthening governance arrangements.

The Government is also mindful of the scale of change that would be required if a majority was mandated.

Consistent with the ASX Corporate Governance Principles, trustees without a majority of independent directors will still be required to publicly report on an 'if not, why not' basis in their annual report whether they have a majority of independent directors commencing 1 July 2019.

This will mean that funds will need to provide greater transparency about their choices concerning the composition of their boards. This requirement will be implemented through changes to the reporting requirements in the Corporations Regulations 2001.

In concluding that superannuation fund boards should have independent directors, the FSI noted the governance framework for Australian superannuation funds has shortcomings that are inconsistent with good governance principles and, in the Inquiry's view, need to be addressed.

The Government agrees — and is now proceeding to modernise board requirements through the inclusion of a greater number of independent board members.

Superannuation is complex and funds are becoming larger and increasingly sophisticated – both in relation to their internal operations and investments. It is therefore incongruous for superannuation to operate under inferior governance arrangements to those of other APRA regulated entities.
To address these shortcomings, this Bill contains a number of amendments to the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

This Bill will amend the SIS Act by repealing the existing Part 9 and substituting a new Part 9. The Bill will require registrable superannuation entity corporate licensees to have at least one-third independent directors, with an independent chair.

One of the features in the existing Part 9 of the *Superannuation Industry (Supervision) Act 1993* is that it requires equal representation on trustee boards in employer-sponsored funds, which are generally, but not exclusively, industry funds and corporate funds.

The Cooper review examined in detail the equal representation model and found that although it was an important part of the governance structure 20 years ago, 'changes in the industry over time and certain implementation practices mean that equal representation no longer seems to achieve its original stated objective'.

The Cooper Review recommended (Recommendation 2.4) was that the SIS Act should be amended so that it is no longer mandatory for trustee boards to maintain equal representation in selecting its trustee-directors.

The Cooper Review also noted that "The equal representation model appears to impose rigidity into fund governance practices and reduce accountability, without contributing materially to the representation objective on which it was predicated."

The changes this Bill makes are consistent with the Cooper Review recommendations and observations.

Importantly, this legislation does not restrict the composition of the remaining two-thirds of board members. Apart from having one-third independent trustees mandated, it will be the responsibility of the board to decide how the remaining two-thirds of directors are comprised.

The Government considers it is appropriate to leave it to boards to structure themselves in the manner they believe will serve their members' best interests.

Boards will be able to choose to have the remaining two-thirds of their directors split between member and employer representatives if they consider it appropriate. The Government is in no way preventing trustees from enshrining equal representation in their constitutions.

The Bill includes a new definition of 'independent' that will ensure a director of a superannuation fund board is able to exercise independent judgement.

The definition excludes individuals who have a substantial holding in the licensee or related entity. The definition also excludes individuals who have, or have had, within the last three years, a material business relationship with the licensee, including through their employer. It also excludes a person who is a director or executive officer of an employer sponsor, employer organisation or a group representing the interests of members that has the right to nominate or appoint directors.

The amendments will also contain a mechanism for APRA to make determinations about whether a person is able to exercise independent judgment in performing the role of director. This mechanism is necessary to ensure that there is certainty where an individual might have an unusual relationship with the licensee such that it is unclear whether the individual is 'independent' under the proposed principles-based statutory test.

Where a person does not meet the definition of independent but the trustee considers that the person has the ability to act independently, a trustee may apply to APRA for a determination that the person is independent.

Recognising that a number of existing funds will need to reconstitute their boards as a result of these reforms, the Bill proposes a three-year transition period, applying from the date of Royal Assent to the
legislation. Where an APRA compliant transition plan is in place, the current equal representation rules and the new independent requirements will not apply during that period.

The provisions within the Bill will also override both the governing rules and the constitution of a corporate trustee.

The Bill will also amend the *Governance of Australian Government Superannuation Schemes Act 2011*. Schedule 2 to the Bill will restructure the trustee board for the Australian government's main civilian and military superannuation schemes, the Commonwealth Superannuation Corporation (CSC Board), to comply with the new governance requirements.

As mentioned earlier, this Bill demonstrates the Government is delivering on its election commitment to align superannuation governance with ASX listed company corporate governance principles and elevates superannuation to a comparable standard that other APRA regulated entities are required to meet. The Bill mandates the need for independent directors, to ensure improved member outcomes for all superannuation fund members.

These reforms have been subject to extensive consultation over a number of years. The Cooper Review released its first issues paper, on governance, in August 2009, over six years ago.

In November 2013, the Government released its discussion paper 'Better regulation and governance, enhanced transparency and improved competition in superannuation'. It sought feedback on how best to ensure an appropriate provision for independent directors on superannuation trustee boards.

The issues were again considered by the FSI in 2014. This year, before seeking to introduce legislation into the Parliament, the Government has conducted two rounds of consultation on exposure draft legislation.

I thank the many people who have been involved in the various and exhaustive consultation processes on the reforms.

I also acknowledge the many funds from the various sectors of the diverse superannuation industry that have already moved to have more independent directors on their boards.

Full details about the amendments are contained in the explanatory memorandum and further details will also be included in APRA's Prudential Standards on governance and transition.

1 Source: 2015 Intergenerational Report Australia in 2055, p66, noting that Treasury estimated this during the Financial System Inquiry (refer to Interim Report p2-84).

2 Helen Rowell, Speech, 'The super system what is on APRA's watch-list?' AFR Banking & Wealth Summit, 29 April 2015


Debate adjourned.

**Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015**

**First Reading**

Bill received from the House of Representatives.

**Senator RUSTON** (South Australia—Assistant Minister for Agriculture and Water Resources) (17:17): I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.
Second Reading

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:17): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

Mr President, this bill implements the Government's 2015 Budget commitment to combat multinational tax avoidance.

This delivers on our promise to ensure Australia is at the forefront of the international fight against tax evasion.

We already have some of the strongest taxation integrity rules in the world, and we are determined to make these rules stronger still.

We know that some multinationals continue to try to avoid paying tax on Australian profits. This includes the use of egregious, complex and blatantly artificial schemes like the double Irish Dutch sandwich.

This undermines the public's faith in the tax system and leaves families and small businesses to unfairly carry the tax burden.

This Government is absolutely committed to strengthening the system.

As G20 President in 2014, Australia led the global response to multinational tax avoidance. Under Australia's leadership, the first of the OECD/G20's base erosion and profit-shifting recommendations were delivered last year.

We are continuing to work with the OECD and G20 to promote greater integrity in the international tax system and ensure entities pay tax where they have earned their profits. The OECD will report to G20 Finance Ministers in October 2015 on the outcomes and final recommendations of its action plan on base erosion and profit shifting.

Mr Speaker, Australia has been working hard at all levels to encourage our international partners to implement the OECD's recommendations. At the most recent G20 Finance Ministers meeting in Turkey, I emphasised Australia's commitment to the OECD action plan and to tackling multinational tax avoidance.

I also met with a number of my counterparts one-on-one to discuss this critically important issue and to tell them about what Australia is doing to advance the OECD/G20 agenda. I have had similar conversations with my English counterpart about what we can do with the United Kingdom to stop multinationals diverting profits.

While our international efforts are important, it is critical that we take appropriate action now to better protect Australia's tax base, economy and jobs.

Last year we took action to tighten Australia's thin capitalisation rules to limit the scope for multinationals to claim excessive debt deductions.

In the 2015 Budget, the Government announced a package of measures that will level the playing field for local businesses and ensure that competitors pay their fair share of tax.

This bill implements a new Multinational Anti-Avoidance Law, stronger penalties for large companies that engage in tax avoidance and profit shifting, and Country-by-Country reporting to give tax authorities greater visibility of multinationals' tax structures.

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CHAMBER
These three measures will apply to over 1,000 large multinationals with annual global revenue of $1 billion or more. These companies represent the highest risk to Australia's tax base. The measures are consistent with the Government's commitment to deregulation and small business.

**Multinational Anti-Avoidance Law**

Schedule 2 to this bill implements a new Multinational Anti-Avoidance Law from 1 January 2016 to stop multinationals artificially avoiding a taxable presence in Australia.

This delivers on our 2015 Budget commitment to target major entities with significant Australian activities who avoid booking profits in Australia.

The ATO estimates that around 30 large multinationals are engaging in commercial activities in Australia but use contrived structures to book billions of dollars of revenue overseas and avoid Australian tax.

The new Multinational Anti-Avoidance Law will allow the Commissioner of Taxation to force them to pay tax in Australia on profits from economic activities undertaken here.

This further strengthens the draft legislation that was announced in the 2015 budget.

We have strengthened the law by removing the condition for multinationals to operate in a 'no or low' tax jurisdiction.

All significant global entities with revenues over $1 billion who book their revenue offshore will need to consider these rules and may need to review their structures. With over 1,000 multinational entities operating in Australia with revenues greater than $1 billion, this means these rules will have far reaching effect and ensure multinationals do not inappropriately slip through Australia's tax net.

This simplifies the law and makes it easier for the ATO to apply, removing the need to prove an additional requirement.

As a result if a multinational structures with a 'principal purpose' of avoiding tax the ATO will have the tools to catch them and ensure they pay their fair share.

By removing the 'no or low' tax condition and relying solely on a 'principal purpose' test we are sending a clear message that if you deliberately and artificially avoid paying Australian tax this is not acceptable.

Removing the 'no or low' tax condition will also provide additional certainty and minimise disputes around whether a company operates in a 'no or low' tax jurisdiction where it is clearly structured for a purpose of avoiding tax.

This rule will complement our existing anti-avoidance rules for multinationals by clarifying that the specific arrangements used by multinationals selling into Australia are considered to be tax avoidance.

This new measure will make it easier for the ATO to establish a case by:
- catching arrangements that are designed to obtain both Australian and foreign tax benefits; and
- lowering the purpose test from 'sole or dominant purpose' to 'one of the principal purposes'.

This new measure will force entities to book their revenue in Australia where they have significant sales activity here.

Where a tax avoidance scheme is identified, the Commissioner of Taxation will be able to apply the tax rules as if the multinational had booked the profit from Australian sales here in Australia.

The company will have to pay the tax they owe on these profits (plus interest), and double the existing maximum penalties for tax avoidance and profit shifting schemes.

This new measure will protect Australia's tax base by acting as a deterrent to companies from engaging in complex schemes.

Companies that pay their fair share will no longer be at a competitive disadvantage.
And this new measure is already starting to have an impact on the tax planning of multinationals. The ATO has already been contacted to discuss how companies might restructure their activities to book their revenue in Australia and pay their fair share of tax.

Companies who think they might be affected by the new law are encouraged to contact the ATO as soon as possible.

Consistent with their voluntary disclosure policy, the ATO takes a favourable look at penalties for those companies undergoing a restructure to improve their tax compliance and cooperation.

Australia is leading the world in taking action to target these arrangements and this measure is consistent with the work being progressed by the OECD and the measures implemented by the United Kingdom in April.

**Penalties**

Schedule 3 to this bill doubles the penalties for large companies that enter into tax avoidance or profit shifting schemes.

The maximum penalty applicable will be 120 per cent of the amount of tax avoided under the scheme.

Stronger penalties will help deter taxpayers from taking aggressive tax positions and will apply from 1 July 2015.

Deterrence is recognised as a key element of the fight against tax avoidance behaviour.

Larger multinationals have access to greater resources for tax minimisation, greater opportunities to avoid tax through offshore activities and larger potential tax savings if they are successful in avoiding tax. Stronger penalties are required to help deter these major taxpayers from taking aggressive tax positions.

**Country-by-Country**

Schedule 4 to this bill implements Country-by-Country reporting from 1 January 2016. This is one of the key recommendations of the G20/OECD BEPS Action Plan and Australia will be one of the first countries to implement it.

Whilst Australia is leading the way, we expect the Country-by-Country measures to be implemented broadly by other jurisdictions.

Country-by-Country reporting will require large multinationals to report to the ATO their income and tax paid in every country in which they operate.

This will be exchanged between tax authorities to assist in the assessment of transfer pricing risk and targeting of audit enquiries.

This will allow the ATO to lift the veil on large multinationals and for the first time get an understanding of aggressive taxpayer behaviour beyond our shores that may be shifting profits that should have been booked in Australia.

These new transparency arrangements are a significant step in improving transparency for tax administrations.

For entities doing the right thing there is nothing to be worried about.

But for those large foreign multinationals shifting profit to avoid tax we are sending a clear message you are no longer able to hide.

Consistent with the OECD's guidance this Schedule will also require two more reports to help manage transfer pricing risk.
Firstly, companies will be required to lodge a master file, which will require detailed information on the multinational's organisational structure and financial activities. This will provide context to revenue authorities for the multinational's transfer pricing practices.

Secondly, companies will be required to lodge a local file, which will focus on specific information on transactions between the reporting entity and related entities in other countries. This will include the entity's detailed analysis of the transfer pricing determinations that they have made.

This Schedule provides flexibility for the Commissioner to determine the localised form of this reporting and the scope for exemptions to ensure that the measure does not impose unnecessary compliance costs on taxpayers involved in low risk transactions.

The ATO is consulting on how these reports will interact with the current reporting requirements and will issue draft guidance before the end of 2015.

Further Government Action

This Government is proud to have made significant progress on strengthening the integrity of our tax system.

We are closing the tax loophole so that GST is charged on digital products and services imported by consumers. This levels the playing field for domestic suppliers.

We will be introducing legislation later in the Spring Sittings to give effect to this measure following approval from the State and Territory governments.

Further, the government has asked the Board of Tax to commence consultation on the implementation of the OECD's anti-hybrid rules.

This will tackle the use of different tax rules in different countries by multinationals to claim a tax deduction in one country but not pay tax in the other.

Also, the ATO has already commenced exchanging information with other tax administrations on preferential tax regimes.

This will help the ATO identify secret tax deals provided to multinationals by other countries that may contribute to tax avoidance in Australia.

On treaty abuse, the government is acting now to incorporate the OECD's recommendations into Australia's treaty practice, so that multinationals do not exploit treaties to avoid tax.

The 2015 Budget also announced that Australia will sign a multilateral international agreement to enable Common Reporting Standard information to be exchanged between tax administrations. This agreement was signed in June 2015.

The Common Reporting Standard will combat tax evasion by exposing taxpayers with hidden offshore investments.

The Government has committed to implementing the Common Reporting Standard from 2017 and signing the Multilateral Competent Authority Agreement is a further step towards implementation.

The Government has asked the Board of Taxation to work with businesses to develop a voluntary code for greater disclosure by companies of their tax information. I expect that the Board of Taxation will look at ways to provide more information to help inform the public about companies' tax information.

Together the Government and the Commissioner of Taxation are focussed on combating multinational tax avoidance and we are providing the ATO with unprecedented resources to allow the ATO to undertake more extensive enquiries and audits of multinational companies.

This additional funding is delivering results and through this programme the ATO has already raised over $400 million in additional tax, and is estimated to raise $1.1 billion in total.
Opposition position

The Government is taking a strong and balanced approach to dealing with multinational tax avoidance.

In contrast, the Opposition has proposed a number of harmful measures which they claim will deal with multinational tax avoidance – principally, limiting interest deductions through the use of a worldwide gearing test only.

Unlike the Government's actions, these proposed changes to the thin-capitalisation rules would deter investment and cost jobs.

This would adversely impact the legitimate activities of many Australian headquartered multinational companies and could actually drive them to locate offshore.

The Opposition's policies on multinational tax avoidance do not even go to the heart of the issue. Their policy, which primarily targets debt deductions, ignores the fact that the Government has already taken action to significantly tighten Australia's defences in this area.

As such, the Opposition's policy does not focus on areas where there is the greatest potential to address profit shifting by multinational companies.

As a result, Labor's policies will be both ineffective in targeting the real problem and damaging to Australia's economy.

The Government's measures are well-considered and balanced and will effectively strengthen our taxation system to ensure it is fair and sustainable.

But the fight against tax avoidance by multinationals does not end here.

We are continuing to work with the G20 and OECD to implement the two-year Base Erosion and Profit-Shifting Action Plan to ensure companies pay tax in the jurisdictions where they earn their profit.

The OECD will report to G20 Finance Ministers in October 2015 on the outcomes and final recommendations of this Action Plan.

We will continue to take the lead in the OECD and G20 and the final recommendations will provide a strong platform for further action to strengthening the integrity of our tax system and to ensure it is fair and sustainable.

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

Debate adjourned.

Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015

Returned from the House of Representatives

Message received from the House of Representatives agreeing to the amendments made by the Senate to the bill.

COMMITTEES

Membership

Message received from the House of Representatives notifying the Senate of changes in the membership of joint committees as follows:

Message no. 476, dated 22 October 2015—

Joint Standing Committee on Foreign Affairs, Defence and Trade, Mr Baldwin and Mr Pitt, appointed

Joint Standing Committee on Migration, Mr KJ Andrews, appointed.
Joint Standing Committee on the National Disability Insurance Scheme, Mr Matheson, appointed.
Joint Standing Committee on Treaties, Mrs Wicks in place of Dr Jensen.
Joint Select Committee on Trade and Investment Growth, Ms TM Butler in place of Dr Chalmers.
Parliamentary Joint Committee on Human Rights, Mr Sukkar in place of Mr Pasin.
Joint Committee of Public Accounts and Audit, Dr Gillespie, appointed.
Message no. 480, dated 21 October 2015—Joint Select Committee on Trade and Investment Growth, Mr Taylor, discharged.

Community Affairs Legislation Committee
Report

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (17:20): Pursuant to order and at the request of the Chair of the Community Affairs Legislation Committee, I present the report of the committee on the provisions of the Social Services Legislation Amendment (More Generous Means Testing for Youth Payments) Bill 2015, together with the Hansard record of proceedings and documents presented to the committee.
Ordered that the report be printed.

Economics Legislation Committee
Report

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (17:20): Pursuant to order and at the request of the Chair of the Economics Legislation Committee, I present the report of the committee on the provisions of the Superannuation Legislation Amendment (Trustee Governance) Bill 2015, together with the Hansard record of proceedings and documents presented to the committee.
Ordered that the report be printed.

Report

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (17:20): Pursuant to order and at the request of the Chair of the Economics Legislation Committee, I present the report of the committee on the provisions of the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, together with the Hansard record of proceedings and documents presented to the committee.
Ordered that the report be printed.

Community Affairs Legislation Committee
Report

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (17:20): Pursuant to order and at the request of the Chair of the Community Affairs Legislation Committee, I present the report of the committee on the provisions of the Health Legislation Amendment (eHealth) Bill 2015, together with the Hansard record of proceedings and documents presented to the committee.
Ordered that the report be printed.
BILLS

Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015

Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015

In Committee

Debate resumed.

The TEMPORARY CHAIRMAN (Senator Edwards) (17:21): The committee is considering the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and a related bill. The question is that the bills stand as printed.

Senator WHISH-WILSON (Tasmania) (17:21): Chair, I cannot remember exactly, but I thought I was in continuation.

The TEMPORARY CHAIRMAN: You are.

Senator WHISH-WILSON: Thank you. I outlined in my earlier statement a little detail around why the Greens are bringing these amendments.

I would like to now ask some questions about the amendments themselves. To quickly rehash, there are six amendments. Amendments (1) to (4) are fairly straightforward. They relate both to labour market testing and licensing requirements. Amendment (5) relates to labour market testing, and amendment (6) relates specifically to licensing requirements.

Minister, in relation directly to subclass 400 visa holders, which includes installers and services, I mentioned some of the stakeholders who had concerns that the current deal between Labor and the Liberals relating to IFAs does not cover the employment of Chinese workers who are employed by standard 457 visa sponsors, or direct employers, who are not part of an IFA, and that under the terms of CHAFTA these workers would not be subject to labour market testing. Can the minister confirm if labour market testing is required for this subclass and class of visas?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:23): Can I just seek clarification. Are you referring to subclass 400 visas?

Senator WHISH-WILSON (Tasmania) (17:23): Yes, particularly subclass 400 visa holders, but if you could also make comments around contractual service providers entering into the subclass 457 visa holders, as well. The question is basically this: can you confirm that no labour market testing is required for those two categories?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:23): I am advised that it is not required if it is in contravention of our international obligations in relation to subclass 400 temporary-work, short-stay activity visas. A clarification: in relation to the 400 visa, no labour market testing is required. The very nature of a 400 visa is that it is a very short term visa for a very specific purpose. The government does not believe that there is any necessity for labour market testing in this particular space. In relation to 457 visas, my previous answer stands—that is, not if it is in contravention of our international obligations.
Senator WHISH-WILSON (Tasmania) (17:24): In relation to the 400 visa holders, could the minister confirm, specifically in relation to the short-stay visas, whether there is a cap or a limit on the number of visas that can be issued?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:24): I am advised that there is not any cap. However, there is no evidence to suggest that there is any reason for an acceleration in this particular visa. My understanding is that the medium-stay period for a 400 visa is just 20 days.

Senator WHISH-WILSON (Tasmania) (15:25): Could you confirm, or perhaps explain, whether these types of visas can be renewed continually, and what is the process after the 20-day period?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:25): My understanding is that the applicant must go offshore if they wish to re-apply for a 400 visa.

Senator WHISH-WILSON (Tasmania) (17:25): Do they need to go through any new process once they are offshore?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:25): A whole new process is required for a reapplication for a 400 visa.

Senator WHISH-WILSON (Tasmania) (17:26): I have a few questions relating to licensing requirements. I will get to those in a second. In relation to labour market testing, does the minister accept some of the criticisms that the committees—both JSCOT and the Foreign Affairs, Defence and Trade Committee—received around the concerns that the removal of the requirement for labour market testing in these categories means that Australian workers could lose employment opportunities to temporary migrants?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:26): No, I do not support that contention. There is no reason for us to believe that.

Senator WHISH-WILSON (Tasmania) (17:26): For example, in their submission to the Foreign Affairs, Defence And Trade Committee, the Electrical Trade Union said that the removal of the labour market testing provisions for issuing 457 visas to Chinese workers sets the stage for Australian workers to be robbed of opportunities and undercut by a new class of immigrant working poor.

We also had several submitters arguing that there are existing problems with a lack of enforcement of standards for 457 visa workers, and we heard examples of temporary migrant workers being employed in unfair and unsafe conditions. Could the minister address the enforcement provisions currently in place to prevent this from happening?

Senator IAN MACDONALD (Queensland) (17:27): On the same subject, I wondered if the minister could also indicate to me if these rules, particularly for 457 visas, have been consistent for a number of years. I am not sure if the minister will be able to answer this, but was there labour market testing for the celebrated case of a 457 visa applicant who ended up working in the office of a Prime Minister a few years ago. I am wondering what the market testing arrangements were back then and whether they are the same now under the China-Australia Free Trade Agreement? I am curious to understand the correlation between the testing that was required some years ago, which I am sure the Greens political party would
have, as well, raised as issues at the time. I am curious— but I am not sure if the minister will be able to give me information from back in the time of another government—as to what labour market testing there was. Are we led to believe that there was not another single person in the whole of Australia who could run the Prime Minister's office at the time? That is one part of my question to the minister.

Senator Whish-Wilson: I raise a point of order, Mr Temporary Chairman. It is just a process issue. I asked a question of the minister, and I am wondering how you put precedence on questions, because I think that Senator Macdonald is asking several here. I want to highlight that I had asked a question.

The TEMPORARY CHAIRMAN (Senator Back): There is no point of order, Senator Whish-Wilson. The question is relevant to what you were asking, and when Senator Macdonald finishes his contribution we will call on the minister.

Senator IAN MACDONALD: I apologise to Senator Whish-Wilson. It was germane to his question, and I thought that, when the minister was answering Senator Whish-Wilson's question, she might be able, as part of that, to answer my questions as well. The other thing that the minister may or may not be able to assist with is whether the visa arrangements under the China free trade agreement are similar to those in the free trade agreements that were entered into during the period from 2007 to 2013—that is, the time of the Rudd-Gillard-Rudd governments. I do not think that there were many free trade agreements, but I have a suspicion that one of the South American countries entered into one at that time—perhaps it was the Mexican free trade agreement. I am wondering, for the sake of comparison, whether the arrangements under the China free trade agreement are similar to those that applied in other cases or whether there has been a change.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:31): In the first instance, as was rightly pointed out by Senator Macdonald, anybody who employs somebody on one of these visas is required to demonstrate that there is no Australian capable of undertaking that job. In relation to comments about the previous Prime Minister's office and how they dealt with the issue of the 457 visa, I have absolutely no idea. It is something that you may need to find out elsewhere. I am not privy to the information in relation to the employment of the person who was in the previous Prime Minister's office on a 457 visa. In relation to anybody who is in breach of their obligations in the employment of somebody on one of these visas, there are very clear sanctions. They will be issued against any business that breaches their obligations in relation to the employment of people on these types of visas.

In answer to your question, Senator Macdonald, about any free trade arrangements that were signed between 2007 and 2013, my understanding is that the only agreement that was signed during that time was with Chile and that the conditions that related to labour market testing were largely the same as the conditions that have been contained in the recent free trade agreements that have been signed with a number of our close Asian partners and neighbours.

Senator WHISH-WILSON (Tasmania) (17:33): Could I get the minister to clarify again in relation to that question? She said that there were clear penalties for breaches. We heard evidence that there have been continual breaches. I asked specifically about a lack of
enforcement of standards. Could the minister give us an indication of how you audit these things and some metrics around how many audits you have done and what you have found?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:33): Firstly, for any breaches that are identified I would suggest very strongly that they should be reported. The process through which one reports any breaches in this particular space is through the Fair Work Ombudsman, and the Fair Work Ombudsman does regular and frequent audits and checks to ensure that any conditions of visas are being complied with.

Senator WHISH-WILSON (Tasmania) (17:34): A word that rhymes with 'reported' is 'rorted'. I wanted to know if you have any data or whether you could answer the criticisms that we received during the Senate inquiry. Do you know how often these things are audited in the first place, and what results have you from the presumably limited audits?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:34): I can advise that there have been an increased number of resources made available to the Fair Work Commission to operate in this space. My understanding is that somewhere between three and five per cent of businesses in this area are audited at some stage by Fair Work Australia and that there is a very, very low incidence of inappropriate or illegal activity occurring in this space.

Senator WHISH-WILSON (Tasmania) (17:35): I would have thought that three per cent of a growing pool of these visas is a very low number. We heard, for example, from the Australian Nursing & Midwifery Federation. Their comment was:

We note that temporary visa holders working in health and aged care under the visa class 457, 442 and 485 along with international students and working holiday makers now constitute a significant and growing temporary migrant workforce at a time when local nurses and midwives are struggling to gain employment.

I wanted to note that for the record because Senator Macdonald was trying to say that these things have always been in place under previous governments. The point I am making is that the evidence the committee heard and that I have heard is that these kinds of visas are growing in number. Of course, we expect that under the 'fiesta' of free trade deals that are being signed at the moment they are likely to significantly increase, so the allocation of resources to audit these things I would have thought was absolutely necessary given the evidence that the Senate has heard.

I would like you to clarify whether under both visa subclasses 400 and 457 there are any circumstances where labour market testing is not required before granting foreign installers and service subclass 457 visas.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:36): In relation to subclass 400 visas, as I have said before, we do not require market testing. In relation to the 457 visas, as I have said before, the market testing is only not required if it is in contravention of our international obligations.

Senator WHISH-WILSON (Tasmania) (17:36): I now have some questions to ask around amendment (6), which relates to licensing requirements. Previous to question time, I mentioned, in my summary of why we brought these amendments, that the Greens would like to see dual responsibility on both the visa holder and the sponsoring employer to provide
evidence of obtaining a licence within 60 days. Essentially, we would like to put a reverse onus of proof onto the employer or sponsor. Can the minister perhaps explain why that is not a good idea and why that would not be a simple way of making sure that everybody had a valid licence and was therefore certified in their skills level to an acceptable standard under Australian law?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:37): I am advised that the government has already agreed to introduce regulations to ensure that state and territory jurisdictional obligations and licensing requirements are being met.

Senator WHISH-WILSON (Tasmania) (17:38): Could you explain how the new regulations that you will introduce will interact with the trade deal and the substantive content that is in the trade deal at the moment—not the enabling legislation but what is actually in the trade deal?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:38): The regulations that we are referring to are not exclusively enacted for the trade deal. However, a number of the workers who may come in as part of the trade deal will be on 457 visas and the regulations would apply to them, but it is not exclusively restricted to this particular deal.

Senator WHISH-WILSON (Tasmania) (17:39): I was just interested. Maybe I am being a bit simplistic, but, if you are bringing in new sets of regulations—and you are presumably drafting those at the moment—how will they interact with the agreement that we have with the Chinese government around things such as the licensing requirements that we have now? Given that they are signing a deal with us on the basis of what is in the substantive trade text, how will new laws impact on that trade deal?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:39): In relation to skills assessments, the department retains the right to request and undertake those skills assessments. As I said in answer to your previous question, they are not able to undertake any work until such time as they have secured the necessary licences, memberships or registration requirements under state legislation. Federal jurisdiction still relates and is capable of coming into force in relation to skills assessments.
Senator WHISH-WILSON (Tasmania) (17:41): For example, would it be possible for you to incorporate in the review putting the onus on the employer for the accreditation that we are discussing? I mean the review by the states and territories that the minister was talking about.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:41): The regulations that we were referring to simply clarify what is already required by law in the states and territories. It is mandatory that anybody who is seeking to work in a particular field has the relevant licences from the state or the territory. The regulations only seek to clarify that this is absolutely a requirement.

Senator WHISH-WILSON (Tasmania) (17:42): In relation to the mandatory skills assessment, could you outline for me who is responsible for obtaining the skills assessment?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:42): I am advised that, if the department—in terms of the application—is not absolutely certain that the skills are correct, the department has the capacity to require a skills assessment of the person before they are able to start work in Australia.

Senator WHISH-WILSON (Tasmania) (17:43): What I was more interested in knowing is: in terms of the skills assessment, is the employee or the employer or the sponsor responsible? As a follow-up on that, what assistance will the government provide to foreign workers to obtain skills assessments, if foreign workers are responsible?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:43): The onus is on the employee to demonstrate that they have the skills.

Senator WHISH-WILSON (Tasmania) (17:43): Did you say the onus is on the employee?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:44): Yes.

Senator WHISH-WILSON (Tasmania) (17:44): So there is no obligation on the employers or the sponsors at all to assist employees to obtain the skills assessments?

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:44): The employer is required to pay the employee when they arrive in Australia. It would seem a little nonsensical or counterintuitive to be paying somebody when they are not actually qualified to work, because they have not gone through the appropriate skills assessment or gone through the appropriate processes to be registered or licensed or have the necessary membership to undertake the job. There seems to be a dual onus on both the employer and the employee, for fairly obvious market reasons, to ensure that these conditions are complied with before the person arrives in Australia and starts work.

Senator WHISH-WILSON (Tasmania) (17:44): At the FADT hearing, where we took evidence on the skills assessment process, once again, across a number of stakeholders, there was a significant concern that Chinese workers may not have skills and health and safety training of an Australian standard, which could lead to harm for themselves and others. Does the minister accept any of the detail that we have received in submissions indicating that this is the case?
Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:45): As I have mentioned before, on a number of occasions, the workers must meet the skills requirements that are set down by Australian standards, Australian licensing and Australian memberships. I feel that we are arguing around in circles. I am saying to you that they do have to meet the Australian requirements—both the federal government's requirements for skills assessment and all of the core requirements of the state governments for licensing, memberships or registrations. I am not sure what additional information you asking me for.

Senator WHISH-WILSON (Tasmania) (17:46): So there are no mandatory skills assessments that have been removed for any categories of 457 visas.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:46): In relation to the processes that are required by the states and territories, it is mandatory.

The TEMPORARY CHAIRMAN (Senator Back): The question was: 'Have any been removed?'

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:46): I am sorry, I will have to seek clarification, in terms of the removal. I have just said that all of them are mandatory from the states, so none of them have been removed if they all remain mandatory.

Senator WHISH-WILSON (Tasmania) (17:47): That is interesting. It is contrary to the evidence that we heard. Perhaps I could get clarification from you on that. The CFMEU, for example, talked about their concerns around the trades of cabinet-maker, carpenter, and carpenter and joiner who do not have licensing requirements to work in the trade. They commented:

Removing mandatory skills assessments for Chinese 457 visa applicants in these trades is therefore removing the last and only regulatory safeguard designed to prevent employers nominating for 457 visas Chinese workers who do not possess Australian-standard skills in these trades.

They also cited removal of mandatory skills assessment as a potential cause of exploitation in temporary migrant workers.

The TEMPORARY CHAIRMAN: Are you asking the minister to comment on that quotation?

Senator WHISH-WILSON (Tasmania) (17:47): Perhaps take that as a point of debate. I might leave it at that. I just wanted to be very clear, before this goes to vote, that the Greens feel that the Chinese free trade deal, in its entirety, has not got the balance right, in relation to the labour market. We feel that it is continued deregulation of the labour market. We have heard, directly, from a number of concerned stakeholders that this is not a pro-worker or worker-friendly trade deal. It is something that is of significant interest to a lot of Australians, especially working Australians.

As I mentioned, in second reading speech, if we had a trade treaty process that allowed for transparent and democratic input during stages of the treaty process, and we had an independent assessment of the national interest, these kinds of things would be captured. That is not just me saying that; that is the direct wording out of the FADT committee—whicht you are on, Acting Deputy President Back. You were also there for the treaty-making process
inquiry, where we heard significant evidence about how fundamentally flawed and broken our treaty-making process is. That would take a lot of the politics out of these trade deals.

Clearly, there are a number of workers around this country—along with the union movement that represents them—who are deeply unsatisfied with this deal that we are about to sign and vote into legislation in this house. They are also very concerned, as a number of other Australians are in a broad section of the community, that the inclusion of an open-ended investor-state dispute settlement clause—ISDS clauses, as we call them, or Trojan Horse clauses—are not necessary in a modern democracy; our corporations have good ways of managing their risk already. As the Acting Deputy President would well know, we do not need to give them special rights to be able to sue governments. They have been very good at doing this over a long period of time and, unfortunately, it leads to strategic litigation and it is a direct affront to the sovereignty of this country.

Once again, read the FADT report. It clearly says that the committee has concerns about the inclusion of ISDS. Those concerns are justified by a large number of stakeholders in this country who are quite respected across different sections of the community. The committee urged the government not to go down the road, in a few years time, when this ISDS is reviewed, by looking at things such as indirect appropriation. I am very pleased that today the Senate voted in favour of the Greens second reading amendment to compel the government not to go down that road in a few years time. Asking us to sign up to an ISDS agreement is bad enough, as it is, but an open-ended agreement—where we do not even know what we are signing into law today—is quite absurd given the level of public interest in this specific aspect.

And it is not just in Australia. It is an enormously important issue in Europe. In Berlin, a month ago, 250,000 people marched in the streets on this issue on their transatlantic trade agreement with the US and Canada. It is a significant issue, in US politics, at the moment. We have heard high-profile politicians, like Hillary Clinton, come out and say they oppose the inclusion of these clauses in trade deals, such as the TPP.

We have done the work. We have done the work in that committee system over the last three years. We have looked at extensive evidence. These things add nothing but risk to our parliaments and they do not add anything to trade flows or investment flows between countries. There is no evidence that they do. They are simply unnecessary.

Unfortunately, there are other issues with ChAFTA that I have already talked about. I do believe the benefits have been overstated. There has been a lot of hype. If it could be proven that it would have significant economic benefits, I think there would be a much stronger argument for us compromising on selling workers down the river or putting ISDS clauses into trade deals, but the Greens do not believe that is the case, and we will be voting against this deal. Who knows what is to come.

We know there are at least another three, if not four, trade deals being negotiated now. To their credit, in their address-in-reply to the Governor-General's speech, the government said they would be known as a government of free trade. They have negotiated three agreements already and there are at least three or four more to come, one of those being the Trade in Services Agreement, an enormous agreement covering 38 countries. It is also being negotiated in secret. We have had one WikiLeaks leak, where we have at least got to see some information. I have heard from unions and workers in this country that they are more worried
about the impact of the Indian free trade deal on Australian workers than they are about the Chinese free trade deal. But that is still to come. No doubt that will be lumped on us at the last minute too: 'Here, vote for this. It has already been signed. Like it or lump it.' At least we can have some kind of debate in here, through the committee system, about how we might change this legislation to improve the Chinese free trade deal.

I have to agree with some of the Labor speakers today that it would have been possible to have got a trade deal that at least looked after these key concerns that workers and others in this country have around ISDS if we had a different treaty process, if we had a much better system for letting the government know that these things were not necessarily in the national interest and that they were opposed by an important cross-section of the Australian community. On that basis, I seek leave to move Greens amendments (1) to (6). I understand that I have to move the amendments together because they have not been circulated.

Leave granted.

**Senator WHISH-WILSON:** In respect of the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 I move:

1. Title, page 1 (line 1), after "Customs Act 1901", insert "the Migration Act 1958 and the Migration Regulations 1994".
2. Clause 1, page 1 (line 5), after "Customs", insert "and Migration".
3. Clause 3, page 3 (line 2), before "Legislation", insert "(1)".
4. Clause 3, page 3 (after line 5), at the end of the clause, add:
   
   (2) The amendment of any regulation under subsection (1) does not prevent the regulation, as so amended, from being amended or repealed by the Governor-General.

5. Schedule 1, page 17 (after line 17), after Part 2, insert:

   **Part 2A—Labour market testing**

   **Migration Act 1958**

   **2A After section 38B**

   Insert:

   **38C Temporary Work (Short Stay Activity) visas**

   (1) This section applies in relation to an applicant for a visa referred to in the regulations as a Subclass 400 (Temporary Work (Short Stay Activity)) visa if:

   (a) the applicant is applying for the visa on the basis that he or she will be engaged to undertake work that is highly specialised; and

   (b) the applicant will be engaged to undertake work as an installer or servicer of equipment or machinery that was supplied on the condition that it be installed or serviced by persons engaged by the person for whom the applicant is undertaking the work; and

   (c) it would not be inconsistent with any international trade obligation of Australia determined under subsection 140GBA(2) to require the person for whom the applicant will undertake the work to perform testing of the Australian labour market, and give evidence and information to the Minister, in relation to the work as set out in paragraph (2)(a).

   (2) It is a criterion for the visa that:

   (a) the person proposing to engage the applicant to perform the work has:
(i) performed testing of the Australian labour market, in accordance with the regulations, to
demonstrate whether a suitably qualified and experienced Australian citizen or Australian permanent
resident is readily available to undertake the work; and

(ii) given the Minister the evidence in relation to that labour market testing, and the information
about redundancies or retrenchments in a business or associated entity of the person, that is prescribed
by the regulations, and

(b) having regard to that evidence, and information (if any), the Minister is satisfied that:

(i) a suitably qualified and experienced Australian citizen or Australian permanent resident is not
readily available to undertake the work; and

(ii) a suitably qualified and experienced eligible temporary visa holder is not readily available to
undertake the work.

(3) The Minister may, by legislative instrument, exempt applicants in a specified class from the
operation of subsection (2) in relation to specified work if:

(a) the Minister is satisfied that:

(i) an event has occurred in Australia, whether naturally or otherwise, that has such a significant
impact on individuals that a government response is required; and

(ii) the exemption is necessary or desirable in order to assist disaster relief or recovery; or

(b) the Minister is satisfied that:

(i) either or both a qualification prescribed by the regulations, or experience of a kind and for a
period prescribed by the regulations, is required to undertake the specified work; and

(ii) the work is of a kind prescribed by the regulations.

(4) The Minister must ensure that, as soon as reasonably practicable after the commencement of this
subsection, and at all later times, there are in force regulations for the purposes of subparagraphs
(2)(a)(i) and (ii).

(5) Words and expressions used in this section have the same meanings as in section 140GBA.

2B Paragraph 140GBA(1)(a)

Repeal the paragraph, substitute:

(a) the approved sponsor is:

(i) a standard business sponsor (within the meaning of the regulations); or

(ii) in a class of sponsors prescribed by the regulations; or

(iii) a person (other than a Minister) who is a party to a work agreement that is entered into on or
after the commencement of this subparagraph; and

(6) Schedule 1, page 17 (after line 17), after proposed item 2B, insert:

Migration Regulations 1994

2C After paragraph 457.223(2)(d) of Schedule 2

Insert:

(da) if the applicant would be required to hold a licence, registration or membership that is
mandatory to perform the occupation in Australia—either:

(i) the applicant holds that licence, registration or membership, and has given the Minister a copy
of the licence, registration or membership; or

(ii) the applicant demonstrates that he or she can meet the requirements to obtain that licence,
registration or membership; and

2D After paragraph 457.223(4)(e) of Schedule 2
Insert:
(eaa) if the applicant would be required to hold a licence, registration or membership that is mandatory to perform the occupation in Australia—either:
(i) the applicant holds that licence, registration or membership, and has given the Minister a copy of the licence, registration or membership; or
(ii) the applicant demonstrates that he or she can meet the requirements to obtain that licence, registration or membership; and

2E Paragraph 8107(3)(c) of Schedule 8
Repeal the paragraph, substitute:
(c) if the holder is required to hold a licence, registration or membership that is mandatory to perform the occupation nominated in relation to the holder, in the location where the holder's position is situated—the holder:
(i) must not perform the occupation until the holder holds the licence, registration or membership; and
(ii) must hold the licence, registration or membership within 60 days after the holder's arrival in Australia; and
(iii) before the holder performs the occupation—must give the Department documentation of the licence, registration or membership, including any conditions or requirements to which the licence, registration or membership is subject; and
(iv) must comply with each condition or requirement to which the licence, registration or membership is subject; and
(v) must not engage in work that is inconsistent with the licence, registration or membership, including any conditions or requirements to which the licence, registration or membership is subject; and
(vi) must notify the Department, in writing, as soon as practicable of any changes to the licence, registration or membership, including any conditions or requirements to which the licence, registration or membership is subject.

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (17:55): Firstly, despite what we have heard today, particularly from Senator Whish-Wilson, about everything that you can possibly find that is potentially negative or that you can spin into a negative, it is not a reflection of the response I have received travelling around Australia and speaking to people who are the beneficiaries of these particular agreements. To say that the benefits are overstated I think is really unfair. There are myriad people out there seeing that these trade arrangements are going to be of massive benefit to them, to their businesses, to their economies and to their communities. Many of them are in rural and regional Australia, Senator Whish-Wilson. As you well know, coming from a small state, rural and regional Australia has been begging for a very long time to have positive opportunities. To say that we are selling workers down the river is just crazy. The opportunities presented by these free trade arrangements are job-creating opportunities for Australia; this is not a situation where Australian workers are in any way likely to be negatively impacted on.

In relation to the Greens amendment on the subclass 400 temporary work (short stay activity) visa, as I stated in many responses to questions asked by Senator Whish-Wilson, we are talking about a particular class of visa that has such a specific reason for being in
existence and is extraordinarily short term. The average visa stay under this visa is just 20
days. When somebody is simply coming into Australia to play in a sporting tournament and
they are going to be paid, to expect them to go through labour market testing strikes me as an
overly unnecessary burden on them. For that reason, obviously the government does not
support the introduction of labour market testing for subclass 400 temporary work visas.

As we have discussed ad nauseam here today, requirements for the 457 visas are very
strict. People cannot come into Australia under a 457 visa if there are Australians who are
capable of undertaking the same employment. As we said, the requirements of the states in
relation to licensing, membership or registrations are mandatory and very strict. Anybody
who comes into Australia on a visa is required to meet the requirements of that visa in relation
to their skills. So there are massive amounts of protections that sit around 457 visas to ensure
that Australian workers are not detrimentally impacted on. The fact is that many trade
agreements that have been entered into, even those entered into under previous governments,
have labour market testing requirements that are, if not identical, very similar to the
requirements that we are requesting under the ChAFTA arrangement.

So, Senator Whish-Wilson, the government does not support the amendments that you
have moved on behalf of the Australian Greens, because we believe they are unnecessary and
largely irrelevant in the context of the China-Australia Free Trade Agreement. Therefore we
will not be supporting them, on the basis that we believe this particular agreement is in the
best interests of Australia, Australian businesses, Australian workers, Australian communities
and Australian people in general.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (17:58): I will
respond on behalf of the opposition to the amendments moved by Senator Whish-Wilson. The
first point I would make is that they say imitation is the greatest form of flattery, so I suppose
we should be flattered that Senator Whish-Wilson has done such a good cut-and-paste job of
including Labor’s exposure draft amendments in relation to the China-Australia Free Trade
Agreement. You did not do your own work, Peter—you just cut and paste the exposure draft
that we put out.

The TEMPORARY CHAIRMAN (Senator Back): Senator Wong, direct your remarks
through the chair.

Senator WONG: I am sorry—Senator Whish-Wilson cut and paste what we put out. We
put it out for very good reason—because we did think there were policy issues in relation to
labour market testing which ought be resolved, and we achieved an outcome. We achieved an
outcome by negotiation with the government around the matters that were canvassed in
Labor’s exposure. We have achieved outcomes which have legal force by way of regulation,
and I will go through some of those again briefly.

I would take issue with one point that the minister made. I do not want to misquote her, but
she made some comment about labour market testing continuing to be required. The
government removed labour market testing under the chapter 10 provisions of the China free
trade agreement in relation to a number of levels of employees—business executives and
intracorporate transferees—which is, I think, unremarkable. It is uncontroversial—or it might
be for Senator Whish-Wilson, but I think broadly it is not controversial. The government also
removed labour market testing under the chapter 10 provisions for trades occupations—and
that is a new thing in trade agreements. It is not the case in past trade agreements that labour
market testing at that level has been removed. What is disappointing is that at no point has the government articulated the economic rationale for that.

Having said that, what we thought was important in the face of the very important economic relationship with China was to ensure that we achieved real safeguards by way of negotiation with the government. We went through a process of putting out draft amendments—which, as I said, Senator Whish-Wilson has now picked up—having a negotiation with the government and achieving the outcomes. I will go through them very briefly. Firstly, in relation to labour market testing, the outcome we have achieved is labour market testing on all work agreements—so not just the IFAs, investment facilitation arrangements—that are referenced in the China free trade agreement, which I think is a good outcome and it is included in regulation. I thank the government and Mr Robb for indicating that to us.

We sought a range of work agreement safeguards, and, again, a new regulation will be made which references the safeguards that Labor were seeking. In relation to Australian wages and conditions—and this goes to the chapter 10 issue—we were cognisant of the provisions of the ChAFTA and the fact that it was not going to be possible for the government to renegotiate those provisions. For this reason, as I outlined in my speech in the second reading debate, we have achieved an additional safeguard, which is in regulation that is legally binding, the requirement that the market salary requirement in what is called the TSMIT, the temporary skilled migration income threshold, must be assessed against enterprise agreement rates. We regard that as an important and significant safeguard.

In addition, in relation to skills assessment, as I went through in my speech in the second reading debate, we achieved significant improvements to the visa conditions and criteria in relation to individuals coming in on 457 visas who hold occupational licences or must hold occupational licences. I will not traverse again the additional visa conditions which have now been included and which we regard as a significant strengthening of the regulatory regime, because I did so in detail in my speech in the second reading debate. The opposition will not be supporting the Greens' amendments, because we believe that the outcomes that Labor identified some time ago in relation to these issues have been significantly resolved by way of the agreement we have achieved with the government in relation to the China free trade agreement.

As the opposition have also said, there remain issues in the temporary migration sphere. We have seen the exploitation of workers and we have seen the underpayment of wages. Many of these cases have been publicised in the media. These are issues to deal with the broader temporary migration framework, not specifically with the China free trade agreement, and we certainly believe that there is more work to be done in that area as we go forward. But I thought it was useful for me to outline the opposition's position in relation to the Greens' amendments.

**Senator WHISH-WILSON** (Tasmania) (18:04): I will provide a very brief clarification. Senator Wong is half right in relation to the flattery bit. Amendment (6) certainly was directly quoting the work that Labor did, but amendments (1) to (5) was work that we did. Nevertheless, in our point of view, they are all important amendments. Senator Wong, if amendment (6) is your good work I would expect you to support our amendment when it goes to a vote.
The TEMPORARY CHAIRMAN (Senator Back): The question is that amendments (1) through (6), moved by Senator Whish-Wilson, be agreed to.

The committee divided. [18:10]

(The Temporary Chairman—Senator Back)

Ayes ...................... 11
Noes ...................... 36
Majority .................. 25

AYES

Di Natale, R
Lambie, J
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS

Hanson-Young, SC
Madigan, JJ
Rhiannon, L
Siewert, R (teller)
Waters, LJ

NOES

Abetz, E
Bernardi, C
Brown, CL
Bushby, DC
Canavan, MJ
Edwards, S
Gallacher, AM
Ketter, CR
Lindgren, JM
Ludwig, JW
McAllister, J
McKenzie, B
Muir, R
Peris, N
Reynolds, L
Ruston, A
Urquhart, AE (teller)
Williams, JR

Back, CJ
Bilyk, CL
Bullock, JW
Cameron, DN
Day, RJ
Fawcett, DJ
Gallagher, KR
Leyonhjelm, DE
Lines, S
Macdonald, ID
McGrath, J
Moore, CM
O’Neill, DM
Polley, H
Ronaldson, M
Sterle, G
Wang, Z
Wong, P

Question negatived.

Bills agreed to.

Bills reported without amendments; report adopted.

Third Reading

Senator RUSTON (South Australia—Assistant Minister for Agriculture and Water Resources) (18:13): I move:

That these bills be now read a third time.

The ACTING DEPUTY PRESIDENT (Senator Back): The question is that the bills be read a third time.
The Senate divided. [18:14]
(The Acting Deputy President—Senator Back)

Ayes ...................... 35
Noes ...................... 11
Majority ............... 24

AYES
Abetz, E
Bernardi, C
Brown, CL
Bushby, DC
Dastyari, S
Edwards, S
Gallacher, AM
Ketter, CR
Lindgren, JM
Ludwig, JW
McAllister, J
McKenzie, B
Muir, R
Peris, N
Reynolds, L
Ruston, A
Wang, Z
Wong, P
Back, CJ
Bilyk, CL
Bullock, JW
Canavan, MJ
Day, RJ
Fawcett, DJ (teller)
Gallagher, KR
Leyonhjelm, DE
Lines, S
Macdonald, ID
McGrath, J
Moore, CM
O’Neill, DM
Polley, H
Ronaldson, M
Sterle, G
Williams, JR

NOES
Di Natale, R
Lambie, J
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS
Hanson-Young, SC
Madigan, JJ
Rhiannon, L
Siewert, R (teller)
Waters, LJ

Question agreed to.
Bills read a third time.

Education Legislation Amendment (Overseas Debt Recovery) Bill 2015
Student Loans (Overseas Debtors Repayment Levy) Bill 2015

Second Reading

Debate resumed on the motion:

That these bills be now read a second time.

Senator POLLEY (Tasmania) (18:16): I rise to speak on the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015 and the Student Loans (Overseas Debtors Repayment Levy) Bill 2015. Labor supports these bills, which are the first step towards recovering unpaid HECS debts from Australians living overseas. This will improve the
integrity and the fairness of the HECS-HELP system, which, since it was introduced by a Labor government in 1989, has kept university education in Australia affordable.

We regret, however, that the government has taken so long to introduce this measure, which it foreshadowed shortly after the 2014 budget. There is no mystery about the reason for the delay. For most of the past 18 months the government has been preoccupied with its agenda to deregulate university fees and cut funding for student places. Fee deregulation, which would inevitably double or triple the cost of degrees, is fundamentally unfair. It is an agenda that the Australian people have always rejected and which Labor will never accept. As senators know, two deregulation bills have been presented to the parliament and each was rejected in this chamber.

The support for deregulation that the previous Minister for Education and Training, Mr Pyne, assumed to be widespread in the higher education sector has melted away. There is no army of vice-chancellors marching, in lock step, behind the government. If there ever really was such an army, they have now broken ranks to demand that the government scrap its agenda, consult with the sector and start again. Yet deregulation and funding cuts remain on the table. Mr Pyne's successor, Senator Birmingham, has pushed back the scheduled starting date of a deregulated system from 1 January next year to 1 January 2017, but this is only a delay not the abandonment of the government's plans. The reality is that the minister has no alternative, because adhering to the original timetable is now impossible.

Although the government still clings to Mr Pyne's plan, it has sensibly, if belatedly, also chosen to pursue reforms that have bipartisan support. As well as the bills for recovery of HECS debt from Australians overseas, Senator Birmingham has announced measures that Labor would always have supported if they had not been bundled with the two failed deregulation bills. These measures, which will now be legislated separately, are the extension of HECS access to long-term New Zealand residents of Australia, the updating of the Australian Research Council's funding caps, and formal authorisation for changing the University of Ballarat's name to Federation University.

All these things could already have happened if Mr Pyne had not decided to hold them hostage to the success of his deregulation agenda. Indeed, as senators know, Senator Carr has already introduced a private member's bill that would rectify the injustice of New Zealand citizens who are long-term residents of Australia being excluded from access to the higher education loans plan, HELP. That matter could be resolved very quickly if the government joined Labor in supporting this bill.

Labor is certainly willing to work with the government on necessary and overdue reform measures, such as those which will be implemented by the debt recovery bills we are now debating. The HECS-HELP income-contingent loan scheme is the bedrock on which Australia has been able to build a world-class university system. Under this system, any Australian who is capable of obtaining a university degree can do so. It has long been an anomaly, however, that Australians who work overseas can avoid their repayment obligations. As the architect of HECS, Professor Bruce Chapman, and his colleague, Dr Timothy Higgins, had noted:

A conservative estimate of the amount of foregone HECS revenue for the 1989 to 2011 graduate cohorts working overseas is over $400 million …
Until recently, it was assumed that recovering HECS debt from expat Australians would cost more than could be raised. The introduction of income-contingent student loans in the UK and New Zealand, however, has changed that calculation. A substantial proportion of Australians working abroad live in these two countries.

The revenue measures contained in these bills will extend the obligation to repay HELP debts to Australians residing overseas from 1 July 2016. They will be required to self-report their income to the Australian Taxation Office. If their income exceeds the minimum repayment threshold, they will be expected to repay their debt at the same rate as debtors living in Australia. It is estimated that the tax office will recover $26 million over four years. That figure should be understood in the context of the total HELP liability over the same period, which will be $62.7 million.

There will be challenges in implementing this reform. Australian graduates living overseas will have to be made aware of their obligations. In addition, the income contingent loans schemes in the UK and New Zealand are administratively complex. As of 2013, a quarter of the UK's overseas student debts and 60 per cent of New Zealand's overseas debts were in default. And, of course, the government's cuts to the Australian tax office will not make implementing these changes any easier. Despite these challenges however, Labor fully supports this measure which will make the HECS-HELP system fairer and increase revenue.

With this reform, as with the measures the government has agreed to legislate separately from any new deregulation bills, Senator Birmingham appears to be proceeding more prudently than his predecessor. However, he needs to go much further and drop the entire agenda he inherited from Mr Pyne. As we have said, that agenda has obsessed the government for 18 months. It has been a colossal waste of time and energy that would have been better devoted to the real problems facing the university system. It is clear that if a third deregulation package is brought before this parliament it will meet the same fate as the previous two. And it is clear too that there is no support for that agenda in the sector.

The Chair of Universities Australia, Professor Barney Glover, has declared publicly in a speech to the National Press Club that the organisation no longer favours fee deregulation. It is also apparent that the claim the government used for so long to justify its deregulation plans—a supposed funding crisis in universities—convinces no-one. The only funding crisis that ever existed was a confected one created by fear of the government's proposed 20 per cent cut to Commonwealth supported places. This was acknowledged last week by the Vice-Chancellor of the University of New South Wales, Professor Ian Jacobs, who said frankly in a Fairfax Media interview, 'There is no crisis in Australian higher education. Our system is the envy of the world.' Professor Jacobs said the deregulation debate had 'taken the sector down an unhelpful cul-de-sac'. 'We've spent 18 months debating the wrong question,' he said.

Senator Birmingham should accept that reality has unravelled the government's flimsy arguments. He should abandon the discredited planning he inherited from Mr Pyne and start from scratch. Senator Birmingham knows what would happen under a deregulated system. He has the example of the VET sector, which he has acknowledged is plagued by shonky private operators who have undermined the credibility of the system. As the evidence presented to the Senate's inquiry into private VET providers indicates, the shonky providers have dragged down standards luring vulnerable people to enrol in poor quality courses at public expense while traditional public TAFEs struggle to compete. In consequence, Australia's VET FEE-
HELP debt is ballooning; and, in many cases, it will become a bad debt as students drop out of courses and get poor-quality qualifications that will not lead to better employment prospects and a high skilled occupation.

It is idle to pretend that the deregulated system the government wants to introduce in higher education would not potentially lead to similar outcomes. Fixing the mess that the VET sector has become will be difficult enough. So why does the government want to create a similar mess in higher education as well? Why does it persist with an agenda that will result in $100,000 degrees and a massive blowout in HECS debts, including bad debt? The government should be intent on preserving the best elements of our university system, which, as Professor Jacobs said, it is the envy of the world—a system that has been able to deliver both high standards and access that is not restricted by the incomes of students or the parents. Acknowledging this is not to pretend that there are no problems in the system, but the problems that do exist will only be made worse by the Pyne-Birmingham plan for deregulated fees and funding cuts.

There is no immediate funding crisis, but universities do reasonably want funding arrangements that will deliver certainty for their future. That is why a Labor government would introduce a Student Funding Guarantee to remove the need for higher fees. We will give universities certainty by legislating the guarantee and indexing its value so that it is not eroded over time. Under our proposal, by 2018, funding would be $2,500 more per graduate place than under the government's plan. We would also recognise that a properly funded university system would ensure not only sufficient places but also satisfactory completion rates. If students drop out before graduation, all they have to show for their university experience is a HECS debt and no degree.

At present, nearly one-quarter of students drop out. In some smaller regional and suburban universities the proportion is much higher. That ought to matter to a government that purports to be concerned about the size of the nations HECS-HELP debt. It is the sort of issue that a minister who says he will consult the sector might be expected to be interested in. But we have heard nothing from Senator Birmingham on this increasingly serious problem—just as we heard nothing on it from Mr Pyne.

A Labor government would work with universities to provide incentives for them to lift completion rates. We would aim to increase the number of students completing their studies by 20,000 a year from 2020. We would restore resources to the sector; regulate TEQSA so that it can properly do its job for maintaining high standards across the system; and establish an independent higher education productivity and performance commission to ensure that graduates meet the needs of the future economy. The government, in contrast, offers universities nothing but the prospect of a funding cut, just as it offers students nothing but the prospect of increasingly unsustainable HECS debt.

Proceedings suspended from 18:30 to 19:30

Senator SIMMS (South Australia) (19:30): I rise today to speak to the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015. The bill before the chamber will increase the capacity of the government to collect outstanding debts from the Higher Education Loan Program and the Trade Support Loans program from those living, working
and travelling overseas. According to the May budget, this bill is expected to raise approximately $26 million over the next four years.

Personally, I am pretty sceptical about the ability of this measure to raise even the pitiful amount of revenue that has been projected, requiring, as it does, the self-registration of foreign residents and overseas travellers. Even with the punitive regime that this bill requires, with the tax office potentially hovering over anyone who fails to sign up before going on a backpacking trip around South America or South-East Asia, I have much less hope than the government at the revenue-raising possibilities involved here. However, even if these projections of potential revenue turn out to be correct, the Greens would not support this bill. Not only is it evidence of a government with distorted priorities but it is poorly crafted and it contains some serious procedural problems that we will seek to amend.

The first reservation that the Greens have with this bill is the requirement that those with existing HELP or TSL debt who are intending to travel overseas for more than six months after the commencement of the bill have only up to seven days to register with the Australian Taxation Office. Failing to comply with this would amount to a failure to comply with the Taxation Administration Act, with a roughly equivalent punishment. Additionally, foreign residents with assessed worldwide income above the repayment threshold must pay an amount equivalent to the repayment that they would make if they were an Australian resident. The government has entirely put the onus on the individual to not only be aware of their responsibilities in this bill but also assess whether they are in fact over the assessable worldwide income. It is a bit onerous to expect people living overseas to keep up to date with the happenings in Australian politics.

These measures place a huge burden of awareness of their responsibilities on foreign residents and travellers. Given the weight of the failure to comply with these responsibilities and the seriousness of the potential penalty—I understand it to be up to 50 penalty units—the Greens believe that this would be better served by creating or altering currently existing mutual tax agreements that we have with other nations. Half of Australia's university graduates working overseas are in only five countries. It is 60 per cent of graduates if we include Hong Kong and China. Identifying and receiving payment from these individuals via tax treaties would be a far fairer and more effective method of getting this money, should the government choose to pursue it. It would certainly be fairer at least than requiring the individual—many of whom would not know about this reform—to register with the tax office and then, in turn, requiring the commissioner to follow up on all of these foreign residents around the world. It sounds like a hugely onerous exercise for all involved. The Greens do understand the difficulties of altering existing tax treaties with other nations, so I will be moving a second reading amendment to this effect. The government should, at least, investigate the feasibility of this course of action before proceeding with this new tax regime.

A second problem that the Greens have with this bill is that it violates the no-retrospectivity principle. When current foreign resident HELP and TSL debtors moved and began their lives working overseas, they did so with the understanding that no mandatory HELP or TSL repayments would be required—at least that has always been the arrangement that has operated in this country. So for many, especially those at the middle of the income range or right at the edge of the repayment threshold, they would have made major life, family or financial decisions within a specific budget. I think we all recognise that a
university qualification is not necessarily a ticket to riches. Indeed, many people at the point of the repayment threshold are still living in financially difficult positions. That is particularly the case overseas. Requiring them to now repay their debt, which could be upwards of $2,000 per annum, may cause instances of financial stress. It is concerning when that is being applied to people who do not anticipate that coming down the line.

The Greens' committee stage amendment would mean that all foreign residents with current HELP and TSL debt accrued prior to the commencement of this bill—should it pass today—would be exempt from their income assessment and repayment requirements. Only HELP and TSL debt from courses enrolled in after the date of beginning would be relevant for current foreign residents. Given the benefit of warning, future foreign residents would also be required to pay back their HELP and TSL debt should they be required to move after the commencement period. Although the Greens still have significant problems with this bill, it would certainly be an improvement on what has been proposed by the government.

At the root of our opposition to this bill is a bafflement at this government's priorities—warped priorities they are indeed. The tax office found in 2011-12 that over $60 billion was moved from intra-party transfers to related entities in tax havens—$60 billion. Even if we were to assume that only 0.1 per cent of this, a tiny percentage, could be captured by the Australian corporate tax system, it would still amount to $60 million per annum, compared to the paltry $6.5 million per annum from this bill's projected revenue in the forward estimates.

The question is: why on earth is this government pursuing university graduates so hard yet it is unwilling to move on multinational corporates? Why is the government wanting to hassle students about their gap year yet leaving corporate entities untouched? Why is the government continuing to pounce on the most vulnerable members of our community rather than asking those with the wealth and the means to pay their fair share? These are questions that the Greens will continue to pursue. The government has a huge source of potential revenue at hand, not only with regard to corporate tax evasion but via reforming the superannuation system, negative gearing, capital gains and fossil-fuel subsidies. Of course, it is reluctant to go down that path, but, when it comes to slugging students, they are always fair game for the Liberal Party. The Greens will continue to point out the punitive nature of the government's revenue strategy of going after the poor and the politically weak while letting the rent seekers and the rich get off scot-free. That is this government's modus operandi and this bill is an extension of that agenda.

The Australian Greens remain committed to a universally free, accessible and world-class education system. This extends from early childhood to primary and secondary school and right up to tertiary education and training, whether that be at university, at TAFE or via an apprenticeship. The right of every individual to the education and training they need to be self-actualised citizens is essential to our vision of a fair, just and future-looking society—and the Greens will always stand up for that vision. The Greens do not support a further expansion of the HELP system that leads to tracking down overseas debtors and, because of this, we do not support this bill. However, we do believe that our amendments today could improve certain aspects of the bill as it stands, taking the onus off the individual, who, as always, is lumped with further bureaucratic requirements and responsibilities, and taking the pressure off those expats who have already made significant life decisions based on the current regime. I move the second reading amendment on sheet 7788 standing in my name:
At the end of the motion, add:

"...but the Senate calls on the Government to use existing mutual taxation agreements to assist in the identification of foreign residents and overseas travellers required to repay Higher Education Loan Program or Trade Support Loan debt, rather than require those residents and travellers to comply with changes in Australian law."

Senator McKENZIE (Victoria) (19:39): It gives me great pleasure as the Chair of the Senate Education and Employment Legislation Committee to stand here and speak to the government delivering on the Senate doing its work. That is what is so exciting as a chair of a Senate committee—when we work very hard on some of these reports into legislation, we come up with a set of recommendations and those recommendations go on to be adopted by government. During the course of the investigation by my committee into the Higher Education and Research Reform Amendment Bill 2014, the committee report recommended, at recommendation 4:

The committee recommends that the government explore avenues to recover HELP debts of Australians residing overseas.

I will go into the detail of that a little later—fantastic.

Senator Simms, I know you are new to this place, but I tell you what: it was a little frustrating to sit here and be lectured by the Greens on red tape, to be lectured by the Greens on fairness, to be lectured by the Greens about standing up—through you, Mr Acting Deputy President—and to be lectured by a Greens senator on regulation and impost as if somehow the Department of Education and Training and the Australian Taxation Office will suddenly be donning a hat and dark sunglasses, taking a dog and racing around the world searching for those intrepid graduates who are not paying back their HECS debts. I am sorry; that just fails the pub test. It might pass all right down in Fitzroy or whatever the fancy inner-urban suburb of Adelaide is—

Senator Conroy: You leave Melbourne alone.

Senator McKENZIE: but it does not pass the pub test out in the western suburbs, Senator Conroy, it does not pass the pub test anywhere in Hobart, Senator Bilyk, and nor does it pass the pub test anywhere in regional Australia.

We are interested in fairness. As the Prime Minister made very clear with his comments around taxation reform more generally over the last couple of weeks, ours is a government that is interested in fairness. Once the taxpayer subsidises your fabulous law and commerce degree at the University of Adelaide, at UTAS or at the University of Melbourne, you go off to the corporate wonders of the world and, after you have, yes, had a little dalliance in Europe, you end up in New York at Goldman Sachs or Barclays, why should the Australian taxpayer not be recompensed for the gift they have given you and given your family? You have been able to travel the world and be very successful, which is what we want you to do, and take brand Australia to the world—we are very creative and ingenious. We are happy for that to happen, but, at the end of the day, the Australian taxpayer has subsidised your very capacity to earn that salary. It is only right, just and fair that you, as a very well reimbursed and moneyed individual, pay that back.

We are very lucky in this country. Students are absolutely blessed to be in this system. The taxpayer subsidises upwards of 60 per cent of our young people's higher education. That is a great system. They are not having to leave university, like in the US, and be saddled with a
student loan they have to start paying back straightaway for 100 per cent of their tuition costs. That does not happen here. You get a HECS debt that you can delay until you can afford to pay it back, for a little over one-half of the cost of your degree. That is a great system. It is a system that was designed by Bruce Chapman. I was in the first HECS generation. It was painful and I have had to listen to everybody who is one year older than me talk about their free education. It is tough, but, at this end, I think it is just and fair. It is just and fair because, while the Australian taxpayer receives a benefit from my education and from that of any Australian who goes through our higher education system, we also get an individual benefit. What we choose to do with that degree, where we choose to take it and how we choose to maximise the fabulous quality of Australian education is up to us as individuals. So, for those who choose to maximise that by going overseas and earning a lot of money over a long period of time, it is only fair and just that they be required to pay it back.

It was through the committee inquiry that we actually heard about the level of HECS and HELP debt that was not being repaid. Indeed, it was Professor Chapman, the architect of the original system, who gave us that evidence. He actually urged the committee to examine the matter of lost revenue and to look at the debts of Australians living overseas. Professor Chapman and Dr Higgins estimated in 2013 that between $400 million and $800 million in revenue had been lost since 1989 due to the non-payment of HECS and HELP debt held by Australians residing overseas. I do not know where you live, Senator Simms, but that is hardly 'pitiful' revenue. There are a lot of schools that could be built with $400 million to $800 million. There are a lot of communities that could be supported. There is a lot of key research that could be undertaken through our higher education institutions on the back of $400 million to $800 million.

But I think the most important factor is that there is fairness throughout the system. Right now, if I choose to stay at home—if I choose to stay and support our local economy—I am more disadvantaged than if I choose to take my fabulous Australian higher education and take off to contribute to the economic development of some other nation and some other community so that the very taxpayers who contributed to my education fail to be repaid.

Chapman and Higgins also stated that an additional $20 million to $30 million each year is expected to be at risk due to future graduates moving overseas. We have a much more highly mobile graduate workforce. And that is a good thing. It is good that, as we meet and engage with the businesses, economies and communities of the world, we take our know-how, our entrepreneurial spirit, our innovation and, yes, our agility as graduates, and apply them to the problems and the companies of the world. That is a good thing. We want to encourage that. But we need to ensure that the HECS system is fair to all.

The measures in these bills are estimated to save more than $25 million between 2015-16 and 2018-19 and more than $150 million over 10 years. That is a lot of money. That is a lot of schools. That is a lot of research.

I would argue that this is a matter of fairness. Andrew Norton, who is well known for his research on and passion around higher education policy, also appeared at our committee and talked about the HELP debt issue more generally. He also talked about collecting debts. He also agrees with us that collecting the HELP debts of overseas students is all about fairness.

I cannot believe that the Greens are here arguing against having a fair system. What we do know is that 20 per cent never do repay their HECS debt—20 per cent. That is ridiculous. We
need to be ensuring that the taxpayer who has funded that student to attend a variety of institutions across this country, to study a variety of disciplines that all have the capacity to contribute to the growth and development of our nation, actually pay that debt back.

The Australian Taxation Office will provide a simple online tool to enable debtors to easily assess their repayment income and make repayments. So that is far from the convoluted and evocative language that Senator Simms chose to put in his speech. Really, I thought I was about to watch a Steven Spielberg movie, as the poor student was subject to the tyranny of the state chasing them around the world looking for their 25 grand for their business degree! That is not going to be the case. Students across Australia: it is okay; we just want to make sure that, when you are earning enough money overseas that you can afford to pay back your HECS debt to the Australian public, you do it—just like your mates who stay at home. If you are over in London on a good wage, it is hardly unfair that you are expected to contribute back to your HELP debt.

Senator Simms, you also talked about how onerous it was for these poor graduates—who, by the way, are running companies overseas that Goldman Sachs are relying on for advice, thanks to the degree. These young Australians who are doing fabulous things overseas—

Senator Canavan interjecting—

Senator Whish-Wilson interjecting—

Senator McKenzie: And I would love it if, in the committee stage, I could ask Senator Whish-Wilson if he contributed to paying back his HELP debt while he was working overseas, or whether he was not earning enough money to do that. I suspect I know the answer to that question, but I am happy to have that conversation off-line.

As to these people being somehow impotent and not aware of their responsibilities—I think, Senator Simms, that was the most classic line you used. Yes, I am sorry, but we do expect you, by the time you graduate from higher ed and you are managing people and handling transactions worth millions of dollars, to be aware of your responsibility under the law. If you are a driver in Victoria and have a licence, and if you change your address and you are 18, then, yes, the state expects you to inform it that you have changed your address. So I do not think it is onerous on a 24-year-old, 25-year-old, 30-year-old or 36-year-old to be aware of their responsibilities under the law with respect to this issue. Whilst I think it is wonderful to be lectured by the Greens on priorities, I did just want to briefly touch on some of the priorities that they have focused on over time that really go against those notions of fairness that underpin this bill. From the conversation today, and from continual contributions from the Greens, it is very clear who and what they prioritise: it is the wealthy; it is those who are highly educated—those who have an elite education; and it is the entitled. Rather than prioritising the workers in manufacturing, rather than prioritising those who have jobs in forestry, rather than prioritising those in the mining industry, rather than prioritising jobs in regional Australia and in agriculture, you come in here, with the seats you hold, with the highest median incomes, and lecture us on fairness. It is absolutely offensive.

This bill is all about fairness. No, it is not going to fix the surplus with what it will get back, but it is about principles, underlying how this government approaches its relationship with people and how it prioritises its relationship with taxpayers. Taxpayers invest in us, as
graduates, and it is only fair and just that we repay them whenever and however we can. This is a bill that will allow us to do that.

I thank the minister for adopting the recommendations of the Senate committee. It is always fabulous to have that occur. I know my colleagues will be very happy that this is occurring. I also thank the Labor Party, and Senator Carr particularly, for supporting this bill, which actually adjusts fairness to the system that was brought in by the Hawke government: the Chapman design, which ensures all students in this country are treated fairly.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (19:54): I thank all senators who have contributed to the debate on the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015 and the Student Loans (Overseas Debtors Repayment Levy) Bill 2015. The government is very proud of this reform, because we believe it will build and strengthen the sustainability of our higher education loans program—the HECS scheme, as it was originally established—which underpins the operation of higher education in Australia. It is critical that we ensure the sustainability of these HELP programs, because, by ensuring their sustainability, we then preserve to the maximum extent the capacity of future governments and future taxpayers to continue to support higher education around Australia.

These measures ensure the sustainability of what is a world-class students loans scheme, a scheme that ensures students in Australia have access to higher education, increasingly to vocational education, and support for apprenticeships, all of it in a manner that ensures they need not pay up-front and that they have equitable access, no matter how much they may earn or how much their family may have. It ensures that they have the capacity to attend university, or get a vocational diploma or an advanced diploma, without having the barrier of up-front fees.

These bills are not only about ensuring sustainability of the HELP programs, but are also about fairness. They are about ensuring that no matter who you are once you have finished your university degree, or your other program, or where you go in the world, you face the same repayment terms, to underpin the future sustainability of the system.

Out of this legislation the Australian government is introducing repayment obligations for overseas student loan debtors. The simple message is that if you live overseas at the end of your study you will have the same repayment obligations as people who live in Australia—no more and no less. Repaying your student loan debt, if you are earning above the repayment income threshold, is fair for everyone. It ensures the sustainability of the HELP program, which has played a critical role over the last 25 years in increasing access to higher education.

The success of HELP, and its predecessor HECS, is something of which all sides of politics I believe can rightly be proud. But we need to make sure that the HELP program continues to be the best and fairest student loans scheme in the world, and to ensure that they continue to play a critical role in the decades to come. That is why this government has taken steps to strengthen repayment arrangements by closing a loophole that has in fact existed since HECS began, back in 1989.

Until now, a person's repayment income was based on their taxable income, as defined by the Australian Taxation Office. This meant that a person who was not a resident for tax purposes did not face repayment obligations. As a result, we are losing tens of millions of
dollars every year because of student loan debtors who go overseas and from whom we do not collect repayments. It is important to understand that every single year in which a loan is deferred is a cost to the budget bottom line and to every other Australian taxpayer, because student debts are indexed at the CPI rate only, whilst the cost to government of carrying these debts is closer to or at the long-term bond rate. As a result of that, it is a continued increase in cost where debts are continually deferred. Therefore, if a student is overseas for a prolonged period of time at the conclusion of their degree or other course program, the cost to taxpayers of that debt not having been repaid increases over the course of that time.

Professor Bruce Chapman, who is widely recognised as being the architect of HECS, as it was adopted by the Hawke government—and he was there when HECS began—has repeatedly said that this is a problem that we can fix. He has urged the Senate and governments to look at this problem. We have looked at it and we have come up with a solution, and we are proud to be the first Australian government to close this long-standing loophole. This will mean that in future expatriate debtors are treated in the same way as their onshore peers. From the 2016-17 financial year, overseas student loan debtors will be liable to make repayments based on their assessed worldwide income, which includes both Australian repayment income and foreign sourced income.

The government has put forward two bills as part of this package: the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015, to amend the Higher Education Support Act 2003 and the Trade Support Loans Act 2014 to create the arrangements that underpin the operation of overseas debt recovery; and the Student Loans (Overseas Debtors Repayment Levy) Bill 2015, which will strengthen the legislative basis for the overseas debt recovery program and improve the capacity of the Australian Taxation Office to collect these repayments through existing tax administration arrangements.

From 1 January 2016, HELP and trade support loan debtors who move overseas for six months or more will need to notify the Australian Taxation Office that they have left the country. From 1 July 2017, these debtors will be required to contribute towards repaying their loans based on the income they earned in the 2016-17 financial year. Minor amendments to the Higher Education Support Act 2003 to allow the Department of Education and Training to access tax file numbers also form part of the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015. This extends administrative processes that already exist for trade support loans, and as a result the Department of Education and Training and the ATO will be able to more effectively administer the overseas debt recovery program and the HELP programs more broadly.

The bill also includes minor amendments in the Taxation Administration Act 1953 to allow data sharing of protected tax data with overseas jurisdictions to administer student loan debt. This will allow the government to enter into reciprocal arrangements with other countries to support student loan debt recovery. The government is making good progress with New Zealand and the United Kingdom in exploring the use of reciprocal data sharing to support overseas student loan debt recovery. There are also amendments to the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 included in the bill. These amendments will ensure that repayments made by overseas debtors cannot be claimed as a tax deduction as an allowable self-education expense. Repayments made by Australians living
overseas should be treated the same as HELP and trade support loan repayments made by those debtors who still live in Australia.

These bills will for the first time require all Australians, whether they live in Australia or abroad, to make repayments on their student debts based on their income. Those overseas debtors who have benefited from the government’s generous income-contingent student loans but until now have been able to avoid paying the taxpayer back for the education they have received will no longer be able to do so. Overseas debtors will now be required to make the same repayments that they would have had to make if they were living in Australia based on their income. Australians who have received the benefits of Australia’s world-class education system should make repayments when they are living overseas and earning a good income. To do otherwise undermines the sustainability of the HELP programs. To do otherwise ensures that other taxpayers, including those who have not had the benefit of higher education, face increased costs into the future. However, these bills also ensure that Australians who are not earning—young, enterprising students, or those who are volunteering, full-time carers or looking for work overseas—or only earning a modest amount will not be required to make repayments.

The legislation ensures that the same equity provisions apply wherever you live in the world. Just as we have an equitable arrangement in providing access to higher education without the application of up-front fees, so too will we universally apply an equitable arrangement that ensures that, no matter where you live, you do not have to repay the debts unless and until you are earning a reasonable income. These bills, in providing that equity and fairness in the treatment of HELP and trade support loan debts, will help improve the sustainability of our world-renowned income-contingent student loans system.

These loans are the envy of the world. They ensure all Australians are able to access the higher education or apprenticeships they need to contribute to our workforce and economy into the future. The changes made by these two bills will not only preserve these loan schemes for students and apprentices but will improve them by making them fairer for all Australians regardless of where they live. Overseas debt recovery is not just fair for individuals; it is also fair for the taxpayer. By recovering debt from HELP and trade support loans debtors living overseas, the government expects to save more than $25 million in the period from 2015-16 to 2018-19 and more than $150 million over the next 10 years in fiscal balance terms. As I said before, and I reiterate, it is important to appreciate that, the longer it take for repayments to be made, the more it is that taxpayers are subsidising that student. The longer it is that a person is overseas under the current arrangements, enjoying the benefit of not making repayments, the longer they are not only not making a tax contribution to Australia but accruing an ongoing benefit in terms of the subsidy associated with the student loan that they have had courtesy of the Australian taxpayer.

I hope that this outline will allay the concerns of some of the senators who spoke on these bills tonight about the growing value of the HELP debt. I am pleased that opposition senators support the bills. It is an important step in levelling the playing field, while at the same time preserving the income-contingent nature of our student loan schemes. I do give, as I have publicly and elsewhere, full credit to the Hawke government for introducing the HELP debt model, originally known as HECS. It is something that we need to preserve and ensure the sustainability of in the future. I thank Senator Carr and those opposite for their cooperation to date on this matter.
I look forward to hearing further comments, if need be, during the debate tonight. I note the amendments proposed by the Australian Greens. Let me say that in relation to the second reading amendment that has been moved by Senator Simms that I think it is unreasonable to expect solely the use of existing mutual taxation agreements by government. To do so would potentially create a circumstance of extreme cost in terms of the recovery mechanisms for the taxpayer relative to the value, compared with the reality that Australians living in Australia are expected to comply with Australian tax law. They are expected to be aware of their obligations in that regard, and it is not at all unreasonable to expect that people with a debt to Australia via a student loan who may happen to be living overseas should equally be expected to comply with any changes in Australian law, just as we expect Australians who are domiciled here to do so.

Ultimately, Australia needs experienced, innovative workers to drive productivity in our rapidly changing global economy. Our higher education and training systems are critical to this and are vital tools to give Australian students the skills they need for success into the future. Our government is committed to supporting higher education, training and research so that we can take advantage of the opportunities new industries present to us and create a more innovative and productive Australia. Student loan schemes support equal access to higher education and training and, in turn, greater workforce engagement. Overseas debt recovery will contribute, as I have said before, to keeping our generous income-contingent student loan schemes fair and sustainable into the long term. In doing so, they will help to underpin the investment in higher education by this government and future governments well into the long term.

I thank senators for the support that has been expressed thus far of this legislation and for their support of ensuring equitable repayment of student loans by all Australians, regardless of where they live, to ensure the sustainability of this loan scheme and, most importantly, the sustainability of future support to our higher education and training systems.

The ACTING DEPUTY PRESIDENT (Senator Seselja): The question is that the second reading amendment moved by Senator Simms be agreed to.

The Senate divided. [20:12]

(The Acting Deputy President—Senator Seselja)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>Noes</th>
<th>Majority</th>
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<td>9</td>
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<td>24</td>
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AYES

Di Natale, R
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS

Hanson-Young, SC
Rhiannon, I
Siewert, R (teller)
Waters, LJ

NOES

Abetz, E
Bilyk, CL (teller)
Bullock, JW

Back, CJ
Birmingham, SJ
Bushby, DC

CHAMBER
Question negatived.
Original question agreed to.
Bills read a second time.

In Committee

Bills—by leave—taken together and as a whole.

The TEMPORARY CHAIRMAN (Senator Seselja) (20:15): The question is that the bills be agreed to without amendments or requests.

Senator SIMMS (South Australia) (20:15): I might take this opportunity to respond to some comments made in relation to this bill during the previous debate. I noted with great interest the comments of Senator McKenzie and the suggestion that the Australian Liberal and National parties are now, apparently, the bastions of fairness in Australian politics. ‘Through the looking glass’ indeed, because this comes at the same time that the Liberal and National parties have been talking about increasing the GST from 10 to 15 per cent—a huge impost on Australian families. We know that the Liberal and National parties are the parties that tend to focus on the interests of the rich and powerful, but when it comes to the most vulnerable members of our community they are missing in action. So much of this particular legislative approach seems to be based on this idea of the mythical Australian graduate who is earning hundreds of thousands of dollars a year working on Wall Street. But what about the Australian graduate who is on an average income, who is unaware of these taxation arrangements and who finds themselves caught completely unawares by this change to the legislative regime?

Honourable senators interjecting—

Senator Whish-Wilson: Mr Temporary Chairman, I rise on a point of order. I do not think the good senator can hear himself talk, at the moment, there is so much noise in these chambers.

The TEMPORARY CHAIRMAN (Senator Seselja): Thank you, that is a fair point. I ask senators who wish to continue their conversations to do so elsewhere.
Senator SIMMS: The point I was making is that our concern is about those young people and Australians who are living overseas who are not aware of the change to the taxation regime. People plan their lives on the basis of this kind of legislation, and to expect Australians who are expats living overseas to follow the vagaries of Australian politics seems naive and out of step with the way that most people plan their lives. That is why the Australian Greens have been advocating for a different approach.

I find it ironic, in the extreme, that the Liberal and National parties would accuse the Greens of being a party that does not stand up for fairness in this place. It is ironic, indeed, when one considers the record of this Liberal-National government when it comes to budget cuts that target the most vulnerable in our community and a plan to increase HECS and increase the cost of living for each and every Australian through a great big new tax on everything. The Australian Greens are proud of the role that they play in advocating for fairness in this parliament, and certainly will not be lectured by the Liberal-National coalition, in that regard.

I have some questions for the minister. How will the government inform foreign residents of the changes to their compliance responsibilities under this bill?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:20): By and large, it is incumbent upon individuals with tax obligations or student loan obligations to be aware of changes, in relation to those arrangements, and to comply with the tax laws of Australia if they have a tax obligation. In the end, a student loan repayment operates just like a tax obligation, in that regard.

We want to make sure that there is a focus on communicating with those affected by the measure and informing them of new requirements where possible. We are not asking for anything onerous—simply that people are brought into line with what would be expected of them were they still living in Australia. We will be using data-matching capabilities, including data exchange, with the United Kingdom to help locate debtors who are overseas. The application of similar arrangements for reciprocal student loan debt recovery is being discussed with New Zealand. This is not unprecedented. Other countries have successful, efficient overseas debt recovery programs. There is no reason to expect that Australia could not achieve similar arrangements.

It is important to appreciate and understand that not only does the tax office have the ability to run communication strategies that may complement the standard operating procedures, regarding expectations around what Australian taxpayers or those with student loans are expected to be aware of, but also—noting where you are probably going with this issue—the ATO does have a degree of discretionary power that it can apply where people have reasonable explanations for not necessarily complying in a timely manner with any particular changes. I also draw your attention to the fact that the time line for repayment in this regard is some way down the track, so we are looking at a situation where people will not have to make contributions until 1 July 2017.

Senator SIMMS (South Australia) (20:22): I thank the minister for his response. Of the expenditure identified in the 2015-16 budget, how much will go towards informing foreign residents of their new responsibilities?
Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:22): We do not expect there to be an onerous cost to the government in the application of this measure. We are, of course, expecting that people are aware of their responsibilities. We want to have a situation where people who are debtors register, which is why there is that requirement. There is a new obligation requiring debtors who are going overseas for longer than six months or who have lived overseas for longer than six months to notify the ATO. This is an obligation that begins from 1 January 2016. Those already overseas will have until 1 July 2017 to register. Those debtors who have been overseas for six months but have not registered we expect can be identified through some of the data-sharing arrangements between the ATO and the Department of Immigration and Border Protection, as well as the application of the reciprocal arrangements that I spoke about earlier.

Senator SIMMS (South Australia) (20:23): What penalties will the government pursue against overseas travellers who fail to report to the tax office that they intend to leave the country for over six months?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:24): Penalties for noncompliance are the same as penalties for noncompliance in relation to any Australian and their tax or student debt obligations. Equally, as I said before, the ATO does have some capacity, in assessing the application of penalties, to take into account individual circumstances or valid reasons that may be given by individuals through those circumstances.

Senator SIMMS (South Australia) (20:24): How will the government enforce that? Will they extradite people to Australia to ensure that they answer penalties here in our country? How will that be enforced?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:24): Of course, enforcement is a matter that the ATO would consider, but I think we would be some way down the track before we got to a point of considering such measures as that which you have suggested.

Senator SIMMS (South Australia) (20:25): Will the government be pursuing students with current existing HELP or TSL debt who take a gap year or gap semesters overseas but do not report to the ATO?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:25): As I have made clear, the expectation is that students would register if they are more than six months overseas. If they are earning an income in excess of their repayment threshold—currently slightly more than $54,000—then they are expected to repay. That is just as, if they take a gap year and work within Australia during that gap year and earn more than $54,000, they are expected to make repayments. And that is just as, if they happen to be part-time students who work and earn more than $54,000, they are expected to make repayments.

Senator SIMMS (South Australia) (20:25): Will the government be helping foreign residents to assess their worldwide income, or will it be on each foreign resident to do that component themselves?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20:26): People are responsible for reporting their income, just as they are responsible for reporting their income through any part of the tax system.
Senator SIMMS (South Australia) (20:26): by leave—In respect of the Education Legislation Amendment (Overseas Debt Recovery) Bill 2015, I move Greens amendments (1) to (3) on sheet 7781:

(1) Clause 2, page 3 (table item 6), omit "items 6 to 10", substitute "items 6 to 12".

(2) Schedule 1, item 11, page 8 (lines 5 to 21), omit the item, substitute:

11 Application of section 154-16
Section 154-18 of the Higher Education Support Act 2003, as inserted by this Act, applies to persons who leave Australia after the commencement of this item.

12 Application of amendments—pre-commencement debt
(1) If:
(a) immediately before commencement a person is a foreign resident for an income year (the first income year); and
(b) immediately before commencement the person has an accumulated HELP debt or otherwise has a HELP debt that has not been discharged; and
(c) the person does not incur any additional HELP debt after commencement for the first income year or any later income year (other than any additional debt that arises as a result of indexation of the person's accumulated HELP debt or other HELP debt);

the amendments made by this Schedule to the Higher Education Support Act 2003 do not apply in relation to the person:
(d) for the first income year; and
(e) if the person continues to be a foreign resident for one or more later income years—each later income year for which the person continues to be a foreign resident.

(2) In this item:

commencement means the day on which this item commences.

13 Application of amendments—pre and post-commencement debt
(1) If:
(a) immediately before commencement a person is a foreign resident for an income year; and
(b) immediately before commencement the person has an accumulated HELP debt or otherwise has a HELP debt that has not been discharged (pre-commencement debt) for the income year; and
(c) the person incurs additional HELP debt after commencement for an income year (other than any additional debt that arises as a result of indexation of the person's accumulated HELP debt or other HELP debt) (post-commencement debt);

then:
(d) the amendments made by this Schedule to the Higher Education Support Act 2003 apply in relation to any post-commencement debt (including any indexation of that debt); and
(e) section 154-16 of that Act, as inserted by this Schedule, does not apply in relation to the pre-commencement debt.

Note: Paragraph (1)(e) only relates to the levy under section 154-16 (which is imposed under the Student Loans (Overseas Debtors Repayment Levy) Act 2015), it does not affect any other liability for payment under the Higher Education Support Act 2003.

(2) In this item:

commencement means the day on which this item commences.

(3) Schedule 2, item 10, page 13 (lines 5 to 21), omit the item, substitute:
10 Application of section 47C

Section 47C of the Trade Support Loans Act 2014, as inserted by this Act, applies to persons who leave Australia after the commencement of this item.

11 Application of amendments—pre-commencement debt

(1) If:

(a) immediately before commencement a person is a foreign resident for an income year (the first income year); and

(b) immediately before commencement the person has an accumulated TSL debt or otherwise has a TSL debt that has not been discharged; and

(c) the person does not incur any additional TSL debt after commencement for the first income year or any later income year (other than any additional debt that arises as a result of indexation of the person's accumulated TSL debt or other TSL debt);

the amendments made by this Schedule to the Trade Support Loans Act 2014 do not apply in relation to the person:

(d) for the first income year; and

(e) if the person continues to be a foreign resident for one or more later income years—each later income year for which the person continues to be a foreign resident.

(2) In this item:

commencement means the day on which this item commences.

12 Application of amendments—pre and post-commencement debt

(1) If:

(a) immediately before commencement a person is a foreign resident for an income year; and

(b) immediately before commencement the person has an accumulated TSL debt or otherwise has a TSL debt that has not been discharged (pre-commencement debt) for the income year; and

(c) the person incurs additional TSL debt after commencement for an income year (other than any additional debt that arises as a result of indexation of the person's accumulated TSL debt or other TSL debt) (post-commencement debt);

then:

(d) the amendments made by this Schedule to the Trade Support Loans Act 2014 apply in relation to any post-commencement debt (including any indexation of that debt); and

(e) section 47A of that Act, as inserted by this Schedule, does not apply in relation to the pre-commencement debt.

Note: Paragraph (1)(e) only relates to the levy under section 47A (which is imposed under the Student Loans (Overseas Debtors Repayment Levy) Act 2015), it does not affect any other liability for payment under the Trade Support Loans Act 2014.

(2) In this item:

commencement means the day on which this item commences.

Senator KIM CARR (Victoria) (20:26): The opposition does not support the amendments to the bill that are proposed by the Greens. The measures in the bill are straightforward. They apply the same liabilities to Australians living overseas as they do to Australians at home. Under the current law, Australians living overseas are required to report their income to the Australian Taxation Office. If a person leaves to go overseas and does not earn income above the threshold, they do not pay their HECS liability, so they are not affected, just as the case
applies in this country. The effect of the Greens amendments is to provide a tax holiday to students or former students who are earning above the threshold while living overseas.

The Labor Party remains a very strong supporter of HECS. It is a measure that requires defence by this parliament. The integrity of HECS requires the defence of this parliament, because it is a fundamental social contract entered into to preserve the principles of public good in higher education. The Commonwealth helps cover the cost of university education. The individual benefits from that process but does not have to provide a return on the loan until such time as average weekly earnings are achieved. It is a fundamental social justice measure which has led to the mass expansion of higher education in this country, and I think rightfully is regarded as one of the great achievements of the Hawke Labor government. To propose that people be allowed to go offshore and not pay their tax is a fundamental breach of that contract. It is to validate the tax avoider. Why should we support that?

I am concerned about the practicalities of any administrative action. The government tells us that these measures will apply to 46,000 people but also tells us that only 38,000 people are actually expected to make payments. However, I think the administrative difficulties can be resolved, given the time lines that are being proposed in this legislation and given the resources that we have with regard to the cooperation between the tax office and the immigration department.

When students signed up for HECS there was no clause saying, ‘If you work overseas, you are not obliged to meet your obligations.’ So I cannot fathom why the Greens, who claim to speak for the downtrodden, will stand up for people who go overseas to avoid a modest contribution to our higher education scheme. Frankly, these are measures that are long overdue, and working people of this country have a right to be curious as to why we have not acted on this earlier. Why should working Australians who do the right thing in paying their taxes, effectively subsidise those who are earning above the income of $54,000 a year—which, of course, is above average weekly earnings—and allow them to abrogate their responsibilities to the Australian taxation system?

It is said that the Greens are increasingly representing the more wealthy people in this country. This is one of those cases where I see the Greens fulfilling their new role—that is, the role which says that they want to protect the best social conscience that money can buy. That is exactly what you are doing with these measures, and that is why we will not be supporting them.

**Senator SIMMS** (South Australia) (20:32): I wish to respond to Senator Carr's comments in summarising the Greens' position. Of course, I do thank Senator Carr for reminding us that it was the Labor Party that was the architect of the HEC Scheme in this country—the Labor Party that moved away from free education in this country and saddled generations of students with debt; generations of students who have seen that debt increase as the Liberal government increased HECS a little bit further and built on the work of and the foundations laid by the Labor Party. Senator Carr has referred to it as one of the great achievements of the Hawke and Keating government. I would be very interested to know the views of the National Union of Students and other student organisations who continue to advocate against the unfairness that is at the heart of the HECS system.

Indeed, it was that moment when the Labor Party were in government and initiated HECS that destroyed the concept of free education in this country. And once you let the genie out of
the bottle, there is no putting it back in again. What we have seen is the Howard government come in with their agenda to increase HECS fees by 30 per cent and build on the work of the Labor Party and then of course the Abbott government pursuing their deregulation agenda, which sought to even further shift the cost burden onto students away from the public good. That is the work that the Labor Party began when they were in government and is the project that the Liberal-National Party have continued. So I thank Senator Carr for reminding us of that contribution.

I also want to make the point that this approach seems to be premised on this notion of a mythical Australian expat who, upon graduating from their studies here in Australia, boarded a plane in some elaborate effort to avoid paying back their HECS liability. What a bizarre proposition that is! The reality is that we are not talking about a group of people who are tax avoiders, who are skipping the country in some elaborate effort to avoid paying tax; we are talking about ordinary Australians who happen to be living overseas, for whatever reason, who suddenly find that the tax regime in their home country, their previous country, has changed. I am not quite sure how they are meant to become aware of this development. The minister has not shed any light on that. Perhaps they are meant to study The Australian or continue to monitor ABC online and keep an eye on changes to the domestic taxation arrangements here in Australia. It does seem a rather bizarre proposition to expect ordinary Australians who are living overseas to keep such a close eye on domestic politics here in Australia. Indeed, as has been the experience over the last three or so years, it is a space that moves quite quickly. So to expect Australians living overseas to keep track of that is curious indeed.

What the Greens are seeking to do here is provide a level of clarity to people who could find themselves caught out by this unusual tax regime. We are also trying to ensure that we do not trap people retrospectively—that we do not go down the path of applying legislation and a new legislative arrangement to a whole group of people who operated under the previous taxation regime. Senator Carr made the point that, when people took on board a HECS debt, they never thought that they could move overseas and not have to pay HECS. Yes, they did. That was the reality of the HECS regime. That has been the reality of the approach that has been taken in this country since, as Senator Carr has pointed out, the Labor Party initiated the HEC Scheme and undermined free education in this country. Since that point, it has been a feature of the system that, if you happen to live and work overseas, you do not have to pay HECS. Tonight, the Labor Party and the Liberal Party want to change that approach. We have taken the very sensible position of saying that, if you are going to do that, do not apply it retrospectively. Give people a little bit of notice. Let's not base our approach to taxation on this idea that there is some mythical graduate skipping the country to try to create some tax haven over in the UK just so they can avoid paying HECS. Give us a break! So I encourage you to support the amendments that the Greens have put forward.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (20:36): Because the government has not expressed a view on this yet, I do want to explain the government's opposition to this amendment—and let the record show that this is an occasion not oft seen in this place, when Senator Carr and I find ourselves in significant agreement about the lack of logic behind the approach of the Australian Greens. As I acknowledged in my summing-up speech, I think the advent of the HECS system, which has
morphed over time into the HELP program, is indeed one of the great accomplishments of public policy in this country. It is a demonstration of the fact that a good policy stands the test of time. The HECS loan system has stood through the Hawke and Keating governments, the Howard government, the Rudd and Gillard governments, and the Abbott and Turnbull governments, and I have no doubt that it will stand long into the future. Indeed, such an income-contingent loan system has been modelled and utilised by other countries, which have based themselves very much on the Australian experience. It is an important model because it recognises that benefits accrue to the individual as a result of accessing a higher education, just as benefits accrue to the public as a result of having a more educated populace and workforce.

So, it shares the costs, with a Commonwealth subsidy applied and with students making a contribution, but it ensures that that student contribution applies only when people are in a position to afford to repay it, by operating on an income-contingent level. As I emphasised in my summing-up speech, an important feature of this, though, in the generosity of this loan scheme, is that it is indexed only against the CPI. As a result, the longer that debts are outstanding the more it is that taxpayers are subsidising the loan that has been undertaken, because the cost to the Commonwealth of borrowing is greater than the CPI and therefore there is an increased and ongoing cost associated with a deferral of repayments. So the reality is that when a student completes their degree—or does not complete their degree but has accrued a debt and goes overseas and makes no repayments for the time they are overseas—they are increasing and expanding the subsidy that they benefit from as a result of the generosity of the Australian taxpayer to provide the sustainability of our higher-income-contingent loan system.

I marvel at the approach of the Greens, in some ways. In the different contributions I have heard from Senator Simms it seems that he does not want people to repay their debts except in almost exceptional circumstances. It seems, from various comments that have been made, that he does not want people to pay more tax; he does not want people to pay for university education. It is, of course, the classis magic money tree approach of the Greens. He has spoken a couple of times about the mythical Australian expat, the person who goes overseas and does not repay their HECS debt. Well, he need of course look only marginally in front of him and to his right, to Senator Whish-Wilson: I do not know whether he had a HECS debt or not at the time he lived as an investment banker in New York.

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Senator Whish-Wilson: I didn't.

Senator BIRMINGHAM: He didn't. You had already repaid it, had you, Pete?

Senator Whish-Wilson: Free education!

Senator BIRMINGHAM: Oh, really? There we go. Senator Whish-Wilson, you are older than I thought you were. I certainly went through under the HECS system, an inherently fair scheme. There are many who do travel overseas, some of whom do not ever return, and the taxpayer never sees a return on the investment in that student. There are others who spend some time overseas and, as I have outlined before, enjoy an increasing subsidy the longer they are overseas and the longer they are deferring repayment. That is why this is a fair measure. It is a long-overdue measure, but it is a measure that we can now, with confidence, bring into effect—a measure that will ensure that people living overseas have exactly the same terms applied to them as those living in Australia. We do not support the idea that seems to be being
propagated that it is legitimate—whether you incurred the debt in the past, today, or in the future—to avoid repaying that debt by being overseas. You should have to repay that debt if you are meeting the terms of repayment—which, put simply, is the income-contingent threshold: earning more than $54,000 per annum in current terms.

And we are giving people appropriate notice. There is indeed time for people to get their affairs in order, and it is not expected that if people are living overseas that they would be making contributions against their loans until 1 July 2017. As Senator Carr rightly acknowledged, there is time to make sure that the implementation arrangements are rolled out effectively, that the message is communicated effectively and therefore that the debts are repaid appropriately, as they should be for anybody who is earning above the income threshold, wherever they may live.

Finally, as I failed to do so in my summing-up speech, I want to acknowledge discussions I had with Senator Lazarus, who was keen for the government to explore some alternative models in relation to the repayment of debts overseas that may in fact reflect in some way the additional subsidy being provided to students who are overseas for a longer time and see whether there may be some means to either recoup that additional subsidy or ensure that the debt is repaid faster or sooner. These discussions took place only today, so it has not been possible to necessarily fully model and consider amendments that would reflect what Senator Lazarus proposed to the government. But I do give the commitment to consider them in future discussions and to continue to work with Senator Lazarus on this issue.

The TEMPORARY CHAIRMAN (Senator Lines): The question is that Greens amendments on sheet 7781 be agreed to.

The committee divided. [20:48]

(The Temporary Chairman—Senator Lines)

Ayes ......................9
Noes ......................32
Majority.................23

AYES

Di Natale, R
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS

Hanson-Young, SC
Rhiannon, L
Siewert, R (teller)
Waters, LJ

NOES

Birmingham, SJ
Bushby, DC
Canavan, MJ
Dastyari, S
Fawcett, DJ
Gallagher, KR
Lazarus, GP
Lindgren, JM
Ludwig, JW
McAllister, J

Bullock, JW
Cameron, DN
Carr, KJ
Edwards, S
Gallacher, AM
Ketter, CR
Leyonhjelm, DE
Lines, S
Madigan, JJ
McGrath, J
Question negatived.

Bills agreed to.

Bills reported without amendments; report adopted.

Third Reading

Senator BIRMINGHAM (South Australia—Minister for Education and Training)

(20:52): I move:

That these bills be now read a third time.

The Senate divided. [20:57]

(The Acting Deputy President—Senator Lines)

Ayes ...................... 31
Noes ...................... 9
Majority................. 22

AYES

Birmingham, SJ
Bushby, DC
Canavan, MJ
Dastyari, S
Gallacher, AM
Ketter, CR
Leyonhjelm, DE
Lines, S
Madigan, JJ
McGrath, J
Moore, CM
O’Neill, DM
Polley, H
Ronaldson, M
Sterle, G
Wang, Z

NOES

Di Natale, R
McKim, NJ
Rice, J
Simms, RA
Whish-Wilson, PS

Hanson-Young, SC
Rhiannon, L
Siewert, R (teller)
Waters, LJ

CHAMBER
Question agreed to.

Bill read a third time.

**Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015**

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

**Senator DASTYARI** (New South Wales) (20:59): Let me begin by just saying that multinational tax avoidance is not a victimless act. Every dollar that is avoided, every dollar that is minimised, is a dollar that is not going to our schools, to our hospitals, to our social services that rely on this funding.

Senator Canavan interjecting—

**Senator DASTYARI:** And, Senator Canavan, it concerns me. It concerns me greatly that there are a handful of international and multinational companies who are behaving in such a way that is bringing this burden upon all of us.

The former Treasurer should be congratulated for saying and doing many good things in this policy area. The former Treasurer Joe Hockey, with this bill that we are here to debate tonight, the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015, actually went a very important step in the right direction. This is a bill that fundamentally addresses many important concerns around multinational tax avoidance. Does the bill go far enough? Frankly, I do not believe it does. Can the bill be improved? Yes. Is this the answer to our multinational tax problems? No, I do not believe so. That being said, I do believe it is an important bill. I believe it is a bill that should be supported. I think it is a bill that demonstrates the right intentions. Even though it is not a bill that encapsulates everything that I would like to see in a multinational tax avoidance bill, that does not mean it is a bill that should not be supported.

Labor's position is that we support this bill. We have been calling for more action on multinational tax for over two years. It is good to see that the government has actually come on board with this legislation. Let us be clear: there is an international process currently underway through the OECD BEPS Project, the Base Erosion and Profit Shifting Project. This bill will complement that process. I anticipate that, in coming months, we are going to see some additional legislation. I anticipate that we are going to see new bills come before this parliament to encapsulate and capture everything that is being proposed via those changes. But, in the meantime, we can and should take unilateral action. That is fundamentally what this bill advocates. Labor is not going to stand in the way of attempts to tighten Australia's tax net, despite the fact that we believe that this legislation is an inefficient and insufficient attempt at addressing those concerns. Labor will continue to take a constructive, open and helpful approach to protecting Australia's revenue base. In the same spirit, we believe that, because we are supporting this bill—supporting the government's attempts to tackle this through this legislation—this parliament should also adopt the $7.2 billion tax package that has been put on the table by Labor. What is so outstanding with the budgetary challenges that we face as a nation is: Labor has proposed measures that will raise $7.2 billion over the next 10 years, and this government has decided not to take those changes and not to take that package. Let us be clear: they are not Labor's costings we are talking
about; these are independent costings from the Parliamentary Budget Office, which has determined this $7.2 billion figure.

There are four schedules in this bill, and they all warrant some investigation. Schedule 1 introduces a new concept into the tax law, with this idea of a 'significant global entity', potentially capturing up to 1,000 companies with annual income of over $1 billion. It is a recognition that things have changed, that business has changed, that the world has changed and that how business operates is going to continue to be different. Schedule 2 amends the existing anti-avoidance provision to counter instances when multinational firms use artificial arrangements. Again, these artificial structures, artificial arrangements, are at the heart of multinational tax avoidance. Let us be clear about the principle of multinational tax avoidance. It is about creating the impression, through accounting and other techniques, of being as unprofitable as possible in a decent or higher tax jurisdiction like Australia and of being artificially as profitable as possible in a lower tax jurisdiction. Again, it is an artificial corporate tax structure that does not reflect the reality of how that business operates. Schedule 3 doubles the maximum penalties for firms involved in tax avoidance and profit-shifting schemes. However, these stronger penalties will not apply where there is a reasonable, argued position, where there is a decent case being put forward that happens to be deemed to be incorrect. Schedule 4 implements the OECD's action plan on transfer pricing.

It needs to been noted that this multinational tax bill takes an untested approach to corporate tax and, importantly, fails when it comes to this key measure of transparency. At the heart of tackling multinational tax avoidance needs to be a new approach to transparency, to openness, to making sure that the relevant information is out there for Australian consumers and Australian taxpayers. Fundamentally, where this bill has failed is that it has not adopted that simple benchmark of an open and transparent approach. I have been arguing in this chamber for over a year now that we need to adopt a naming and shaming approach. We need to expose and highlight the worst offenders and the worst companies—those engaging in the sharpest accounting techniques—and force them to come out into the community and justify their position, justify the stance they have taken and justify their approach. I think that would create a better tax system where there is more openness and transparency.

Let's be clear. The tax office already knows who some of the worst offenders are. They are in constant debate and constant engagement with some of the worst offenders. The people who do not seem to know are Treasury, the government and the taxpayers in the Australian community. I say: let's empower those people. Let's have a more open and transparent approach. Let's shine some sunlight in the dark corners of multinational tax avoidance. There is a body of research that demonstrates that, in doing so, you will achieve better tax outcomes and better outcomes for the Australian community.

This multinational tax bill takes an untested approach to corporate tax. While I do believe the bill warrants support, I highlight the fact that there are some serious concerns with it. There are no precedents for this approach around the world. Furthermore, we have sat there with Treasury official after Treasury official at Senate estimates and other Senate hearings, and they are quite clear: they cannot even tell us how much revenue this is going to bring. They cannot even put a figure on it. Their argument is: 'If it's successful and effective, it's going to result in people paying the tax they are due to pay, so this measure itself won't raise revenue.' If you are to accept that, you also have to accept that they cannot even give you a
figure of the increase it will bring to other revenue they believe this measure will create an uptick in. We have a bill here for which the government and Treasury themselves are incapable of putting forward a simple figure of how much revenue it will bring.

The main measures in this bill have their genesis in work that was done by the previous member for North Sydney and previous Treasurer, Joe Hockey. I have to say: the former Treasurer deserves credit for a lot of the right rhetoric around multinational tax. The problem always with the former member, Mr Hockey, was that his rhetoric never matched the reality of what he was proposing—and this bill highlights that. What was proposed to be introduced had a scope that was much larger, much more detailed and much more extensive than what was finally put before the parliament. Late last year, the UK government announced the so-called 'Google tax'. In that, I think, was the genesis of what became this bill. It was an idea that was dropped when it was pointed out that we already had anti-avoidance laws and that the UK's approach would breach a whole raft of European Union tax treaties. Having said that, part of what is being proposed in this legislation is based on the idea that, if you create a strong enough penalty, people will behave the right way. Fundamentally, that is not an approach that those of us on this side of politics necessarily oppose. It is not an approach that should be opposed, but it is a question of the implementation of it in this bill. Tough enforcement is necessary, but, when its implementation is not complemented with proper transparency measures and a proper, open approach to tax minimisation, it is going to fail.

I note that, when they were in opposition, those on the other side of the chamber did not give Labor anything like the same support in our efforts to tighten Australia's tax net and address major companies shifting their profits offshore that we are prepared to give the current government, despite the fact that we have such concerns about this proposed legislation. When we brought forward the Tax Laws Amendment (Countering Tax Avoidance and Multinational Profit Shifting) Bill in 2013, which plugged loopholes in Australia's transfer pricing rules and anti-avoidance provisions, those opposite—those who are proposing the current bill—opposed it. When we introduced the Tax Laws Amendment (Cross-Border Transfer Pricing) Bill in 2012, those opposite vehemently opposed it. When we amended the Taxation Administration Act, through a lot of good work done by, amongst others, the previous member for Lindsay, Mr David Bradbury, who is now working at the OECD, members opposite voted against it. Right now, as we are supporting this bill, those opposite support carving out almost half of the Australian companies from tax transparency laws that apply to them, shielding Australia's 800 richest firms from scrutiny.

It is important that we place the debate around multinational tax avoidance above politics. The Labor Party and those on this side are proud of what we were able to do in government and what we are trying to do in opposition. Importantly, in March this year, we announced a $7.2 billion package. It was the first time that an opposition had proposed any legislation of its kind that early in its term in opposition. Frankly, a lot of us expected that it would be adopted by the government, and we were happy for it to be adopted by the government. We were happy for the legislation approached in a bipartisan way. There are four parts to Labor's plan. Firstly, we propose reversing the current thin capitalisation rules to reduce the amount of debt that companies could claim deductions for in Australia. Our view was that companies must not be able to create their own scenarios, rules and structures simply to load their Australian operations with international debt. Secondly, we say that Australia should better
align its rules on hybrid entities and instruments with tax laws in other countries. Again, this is about making sure we minimise the number of mismatches and the number of hybrid rules that allow these loopholes. Thirdly, we also said that you need to properly fund and resource the ATO. Finally, and importantly, we have been saying that you need to have more transparency, more openness and more accountability.

Labor’s package, if the government chose to adopt it, could actually work side by side with this legislation. The important difference is that our costed policy would bring in $7.2 billion over the next decade. What is astounding is that the government has legislation here that, by its own account, it cannot put one single figure behind as to what it is actually going to bring in. We can—and these are not our figures; these are independently costed figures from the Parliamentary Budget Office.

Why is that the case? This bill fails to address the practice of companies loading debt onto their Australian operations to artificially inflate their tax deductions. We have seen that just in recent days. Let us have a look at the example of Chevron that has been reported on in the past few days. Today we found that the amount of tax that a company like Chevron is paying at the moment in their Australian operation would equate to what a normal Australian family spends on their weekly shopping. Let me be clear: there are legitimate situations for deductions, and at different stages of the business cycle there is going to be, understandably, less profit and, as a result, less tax. What concerns me is: if we do not get these tax settings right now, then—as we move away from the mining boom that was based around iron ore towards the importance that LNG and gas are going to provide to the Australian economy—it will result in a situation where some of Australia’s largest companies are able to minimise their tax, not just through what we have seen in the past with transfer pricing but particularly as it relates to debt.

So we have a situation where Australia needs a multinational tax system that is tough, that is open, that is transparent and that is equitable. And that is not what we have at the moment. What we have at the moment is a system of rules and laws that are geared towards a handful of companies.

Over the past year, through the work that has been done by the Senate Economics References Committee’s inquiry into multinational tax avoidance—and I do need to credit the incredible work that was done by the former leader of the Greens, Christine Milne, in this space—we saw example after example of multinational firms structuring and gearing themselves in such a way as to minimise their Australian tax liabilities. By the end of this year, we will be coming out with our final report; two months earlier, we came out with our interim report. The interim report really focused on this issue of transparency. Our final report will focus on issues like transfer pricing and debt loading. But it is important to understand that—as important as it is to make sure that we have the rules right, the settings right and the laws right—what we actually need is parliamentarians and public leaders to be debating about making sure that we have the equity right and we actually have a system that is fair, transparent, open and tough, and that tackles that handful of companies that are behaving poorly. We know who they are. We know their structures. We know they largely seem to be multinational firms that operate internationally with structures they have created in Australia to minimise their tax liabilities. We know the sectors that they exist in—they are largely
spaces like the tech sector, the mining sector, the pharmaceutical sector and other kinds of international sectors.

This is a bill that deserves support. But let me be clear: this is not the perfect bill. This is not the solution. And this is not the best way of approaching the challenges that we have.

Senator LEYONHJELM (New South Wales) (21:19): I rise to oppose the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015. I suspect I will be the only parliamentarian to do so.

It is easy to throw stones at corporations. Even though a corporation is just a collective of individuals pooling their resources to make stuff, 'corporation' is still a dirty word. It is even easier to throw stones at multinational corporations. To be multinational just means you sell your stuff to willing buyers in more than one country. But 'multinational' still serves as an effective dog whistle for those who do not like foreigners. And it is easier still to rail against tax avoidance. After all, we should all pay our fair share.

The thing is, we have tried to define what a fair share is in tax law, and the multinational corporations have paid that fair share. As it happens, we set the bar high when we defined what a fair share is. Australia gets more corporate tax as a share of GDP than any other OECD country apart from Norway. We have passed tax laws that tell multinational corporations what tax rate they must pay, what revenue needs to be taxed and what expenses are to be deducted. So, if our idea of what a fair share is has changed, we should legislate changes to the tax rate, to what we mean by 'revenue' or to what we mean by 'expenses'.

The legislation before us today does nothing to change the tax rate, what we mean by 'revenue' or what we mean by 'expenses'. It just says that, if you are a large multinational corporation who has paid the legislated tax rate, you have still broken the law if you have done anything with the purpose of getting a tax benefit. The ATO and courts will decide whether you have broken the law, after the fact, in an unpredictable, arbitrary and ad hoc way. This is the justice of a kangaroo court.

What makes this even more farcical is that we already have a despicable rule that says you have broken the law if you have done something that is otherwise legal but that is done with the purpose of getting a tax benefit. It is called the general anti-avoidance provision. It applies to everyone, including multinational companies. No wonder the government has struggled to identify any increase in revenue that will arise with the passage of the bill before us today. It is nothing but grandstanding.

This bill is targeted at companies like Google, Apple and Microsoft—businesses that generate ingenious goods and services from places that are as far away from Australia as you can imagine. Even when their products came in plastic wrapping, which not many do now, Australia did not even provide the plastic that surrounded the cardboard that encased the shiny product. And we have absolutely nothing to do with the science, marketing nous and entrepreneurship that made those products possible. The idea that anything more than a tiny fraction of the sales revenue should be treated as Aussie-grown profits is jingoism worthy of the most embarrassing xenophobe.

It is obvious that companies set up their offices, base their intangible activities, and book their profits, in low tax jurisdictions. Places like Singapore are teeming with business shirts, even though it is a place where the humidity never drops and your shirt sticks to your back.
The business-people of the world would much prefer to do their business in Australia, with its beaches, open spaces, cool sea breezes, and great coffee. So will someone please think of the business-people and halve our corporate tax rate!

Making life harder for multinationals in a competitive market and expecting more revenue is like punching someone in the nose and expecting them to like you more. Instead, we should remember that big corporations are kept in check by competition. But there is no competition with big government, which has the unique power of being able to take your money by force.

 Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (21:24): I must confess that I am a little bit confused about where the Turnbull government stands on multinational tax avoidance. Just last sitting week parliament passed a government bill that wound back one of Labor's key tax transparency measures. The bill I refer to is the Tax and Superannuation Laws Amendment (Better Targeting the Income Tax Transparency Laws) Bill. It follows the tradition of those opposite of inserting a misnomer into the title of the bill to hide their real intent, because the bill passed last month does not better-target Labor's laws; it guts them. This was just one in a series of wind-backs of Labor's anti-avoidance reforms, through which the government has so far handed back $1.1 billion to multinational companies. So it is quite puzzling to see the government put forward legislation to strengthen the provisions, having already weakened them in several other pieces of legislation.

Having said that, the provisions in this bill are a positive, albeit small, step forward, and we support them. But even with the passage of this bill the government's measures are a far cry from the serious action on multinational tax avoidance. Just last sitting week parliament passed a government bill that wound back one of Labor's key tax transparency measures. The bill I refer to is the Tax and Superannuation Laws Amendment (Better Targeting the Income Tax Transparency Laws) Bill. It follows the tradition of those opposite of inserting a misnomer into the title of the bill to hide their real intent, because the bill passed last month does not better-target Labor's laws; it guts them. This was just one in a series of wind-backs of Labor's anti-avoidance reforms, through which the government has so far handed back $1.1 billion to multinational companies. So it is quite puzzling to see the government put forward legislation to strengthen the provisions, having already weakened them in several other pieces of legislation.

In June last year I met with representatives of Micah Challenge, a Christian anti-poverty organisation. During my time in the Senate I have had many meetings with Micah Challenge. They do an excellent job advocating for the world's poor. At the time of my meeting last year, Micah Challenge had joined with the Tax Justice Network, a global movement campaigning for measures to tackle tax avoidance by multinational companies. I have spoken in this place previously about my meeting with Micah Challenge and the issue of tax justice, but I will return to some of the points I made in that speech, because they are relevant to the bill we are debating today.

It would interest many people, and possibly even shock them, to learn that multinational companies manage to use their tax arrangements to unfairly avoid paying around $160 billion in tax in developing countries. This is the estimate from UK charity Christian Aid. By comparison, the world's annual aid contribution is only $135 billion a year. In other words, multinational tax avoidance in developing countries is greater than the combined foreign aid budgets of all contributing nations.

So, as you can see, seriously combating this problem would go a long way towards eliminating extreme poverty. When it comes to poverty alleviation, tax revenue can have some advantages over development assistance, provided the government receiving it and spending it is doing so in a proper and transparent way. For example, tax revenue is a more stable and secure source of income, which can help countries plan for the long-term future. Also, the governments of recipient countries are accountable to their own citizens for the expenditure of the money, rather than to a foreign government.
Having said that, tax revenue should be a supplement to development assistance and not a substitute for it. Development assistance should play an important role in alleviating extreme poverty, for as long as it persists. I will continue to campaign fervently for this government to reverse its cruel and heartless $11.3 billion in cuts to its aid budget. I will also continue campaigning for tax justice.

To highlight the ridiculousness of multinational tax avoidance, I mentioned in my speech last year the story of the sugar cane cutter working in Zambia for USD$14 a day, who paid more absolute tax than the multinational company Zambia Sugar, despite the latter making $18 million in profit. A similar example is that of the richest man in the world, Warren Buffet, pointing out that he pays a lower rate of tax than his secretary. All this would be quite funny if it was not so tragic that multinational companies making profits in the millions and billions can end up paying barely any tax, while the tax burden falls to middle income earners.

You may be asking yourself, why I am talking about poverty in developing countries when we are debating a bill that relates to Australia. Well, the answer is quite simple. Tax justice is as much an issue in developed countries like Australia as it is in developing countries. All countries, no matter how wealthy, have people who are experiencing poverty and disadvantage. This poverty and disadvantage is exacerbated when big companies do not pay their fair share of tax, because in order to fund essential services the tax burden falls to low- and middle-income earners. There is clearly something awry in Australia when the three richest people have more wealth than the poorest one million.

But the issue of multinational tax avoidance is relevant to the issue of global extreme poverty regardless of which jurisdiction you are talking about. This is a global problem and, when action is taken by developed countries, multinationals find it more difficult to avoid their tax obligations in countries where poverty is rife. The more countries around the world there are that crack down on tax avoidance in their own jurisdictions, the fewer places multinational companies will have to shift and hide their profits.

Let me take some time to explain how multinational tax avoidance works, because it is very relevant to this bill and, of course, this debate. Multinational businesses use sophisticated accounting techniques and a complex web of companies to shift their profits from higher taxing jurisdictions to lower taxing jurisdictions. This is increasingly becoming a problem when advances in information and communications technology are making business increasingly globalised. Also, with an increasing amount of business taking the form of selling intangible assets like information or online services, it is becoming easier for businesses to choose where they conduct their business from and harder for governments to make rules defining where business is conducted.

It is relatively easy to track how much tax an individual or a company should pay when all their activity is confined within our borders, but it becomes a whole lot trickier when an intricate web of companies forming a consolidated entity operates across national borders. If a company can effectively shift most or all of its profits to a tax haven, it can avoid paying any tax or, at least, paying a reasonable share of tax that is commensurate with community standards. One of the popular ways for multinationals to artificially shift profits from one jurisdiction to another is through the payment of licence fees or royalties from subsidiaries to a head company. Another popular arrangement is where the head company grants the subsidiary a loan, and the loan repayments help the subsidiary to write off some of their
profits. If you look objectively at these arrangements—the amount of the licence fees and loans, and where the head company is situated—the structure makes no commercial sense, except from the point of view of minimising the company's tax bill. It is thoroughly ridiculous, for example, that a small territory like the Cayman Islands, a tax haven with a population of around 60,000 people, is home to 100,000 registered companies. How many of these 100,000 companies actually do business in the Caymans, other than on paper?

We have recently had a report from a Senate inquiry which reveals just how aggressive some multinational firms have become with this activity. In its submission to the tax inquiry, the tax office reported that more than half of Australia's cross-border trade—over $300 billion a year—is from companies transferring money between their own subsidiaries. The inquiry heard evidence that one big multinational firm may have paid as little as two per cent tax on billions of dollars in revenue. By contrast, an average Australian wage earner pays 21c in the dollar. If an average wage earner were able to pay the same rate of tax as that multinational company, they would pay $15,000 less a year. This is an insidious problem that is only going to get worse as finance becomes more mobile. It is a problem that needs action not just from individual countries but from the global community.

The Tax Justice Network proposed three measures to help combat the problem of multinational tax avoidance. They include the automatic exchange of information between tax authorities in different countries; a public register that lists the owners and beneficiaries of companies, trusts and foundations; and requiring multinational companies to break down their financial reporting on a country-by-country basis. We on this side of the chamber have gone a long way towards implementing what the Tax Justice Network has been campaigning for. We are very proud of our record when it comes to increasing transparency and clamping down on tax avoidance by large multinational companies.

I will just briefly summarise the measures to tackle tax avoidance that Labor has implemented during our time in government. We passed legislation that plugged loopholes in Australia's transfer-pricing rules and anti-avoidance provisions. We amended the Taxation Administration Act to require the Australian Taxation Office to publish information about the income, taxable income and tax paid by companies earning over $100 million. We also passed legislation which cracked down on companies overvaluing assets in international transactions. I should mention at this point that the last three measures I referred to were opposed by the coalition and, as I mentioned earlier, one of them was recently reversed by a government bill.

**Senator O'Neill:** Shame!

**Senator BILYK:** You are absolutely right, Senator O'Neill—shame! Labor in government also signed 28 bilateral information-sharing agreements with tax agencies in other countries, including the Cayman Islands and Monaco, which netted around $730 million in additional tax between 2012 and 2014. And we gave the Australian Taxation Office $109 million to set up a specific audit program looking at the use of offshore marketing hubs. This program has already paid dividends, with 13 companies hit with revised tax bills worth $250 million. The tax office estimates that this program will return $1 billion in additional revenue to Australia over four years. Of course, there is more to be done in this area. In March this year, Labor announced a further package of new measures, which will return $7.2 billion to Australia over the next decade. This package was developed after extensive consultation with experts and was independently costed by the Parliamentary Budget Office.
Like Labor, this government talks tough on multinational tax avoidance. But unlike us, those opposite talk the talk but they do not and cannot walk the walk. In the 2015 budget, the former Treasurer Mr Hockey announced changes to part IVA, the anti-avoidance provisions, of the Income Tax Assessment Act. I wonder if those opposite know how much revenue the Treasury estimated that this so-called crackdown would extract in additional revenue. Does anyone want to guess? Heads are down. According to the budget papers, it would extract zero, nothing, absolutely zip. It is interesting that Mr Hockey as shadow Treasurer referred to Labor's tightening of the part IVA provisions as 'an unnecessary overreaction' and 'more red tape for business'. I guess at the time he was revealing what he really thought, because his subsequent changes were mostly cosmetic.

Let us not forget that, while puffing their chests and claiming a crackdown on multinational companies, the government have actually wound back antiavoidance measures put in place by Labor, handing back $1.1 billion to multinational companies. Yes, that is absolutely right: $1.1 billion. While we are disappointed with the government's record on multinational tax avoidance, we will support the current bill. We are willing to support the reforms contained in this bill because we believe that some action to crack down on multinational tax avoidance is better than none.

The bill has four schedules. Schedule 1 introduces the concept of a 'significant global entity', a term which applies to 1,000 companies with annual income over $1 billion. Schedule 2 amends the existing antiavoidance provision to counter instances where multinational firms use artificial arrangements to avoid paying corporate tax in Australia. Up to 100 companies are likely to be affected by this measure. Schedule 3 doubles the maximum penalties for firms involved in tax avoidance and profit-shifting schemes, except where they have a reasonably arguable position. And schedule 4 implements the Organisation for Economic Cooperation and Development's action plan on transfer pricing documentation and country-by-country reporting. There are no precedents anywhere else in the world for the corporate tax measures in this bill.

Given that these measures are untested, not even Treasury has been able to estimate how much revenue it will bring in. In fact, it remains to be seen if this bill will raise even one extra dollar of Australian tax. Imagine what the reaction of those opposite would be if Labor introduced a package of tax avoidance measures which had a series of asterisks next to the costings. But of course we did not do that. Instead, we laid out a detailed plan, in consultation with stakeholders, and had it costed by the Parliamentary Budget Office. Unlike the bill currently before the chamber, the PBO has determined that it would raise $7.2 billion in revenue.

The government's bill focuses on companies that artificially avoid booking revenue in Australia—in other words, ensuring that revenue raised here is declared here. However, the bill does nothing to address the major problem underpinning multinational tax avoidance—the use of debt deductions to send money offshore. Tackling debt deductions is a core element of our reforms and will close one of the major loopholes that multinational companies use to avoid their tax obligations. We have never said that our package is the final word on tackling multinational tax avoidance, but we have called on the government, and will continue to do so, to adopt our measures alongside their own.

Mr Turnbull recently said the following at the Prime Minister's Prizes for Science dinner:
If somebody else has done something that is even better than what we have thought of, then we will, recognising that plagiarism is the sincerest form of flattery; we will pinch it and use it.

Well, Labor has a package that would represent some real action in cracking down on multinational tax avoidance. Labor's plan has been independently costed by the Parliamentary Budget Office and we know that it will raise real revenue—$7.2 billion of it. If the government have the good sense to pinch our ideas, if they have the good sense to adopt our package, then we say, 'You're absolutely welcome to it.' We want and need real action to make our tax system fairer. We want and need to take the burden off small businesses and low- and middle-income earners. Perhaps, if the Turnbull government raises some real money from those who can most afford it, they will not have to spend so much time attacking low- and middle-income earners.

Each dollar raised by making multinational companies pay their fair share of tax could replace a dollar that the government has sought to rip from the pockets of pensioners, young jobseekers, university students or people just visiting the doctor. It just goes to show the twisted priorities when the government is openly canvassing a 15 per cent tax on everything—a tax which hits the people who can least afford it the hardest—yet they will not take strong action to ensure that our biggest and wealthiest companies pay their fair share.

The government really needs to get serious about multinational tax avoidance. Our new Prime Minister, Mr Turnbull, is trying to tell us that we have a 21st century government. Let me tell you what a 21st century government does. It considers the problems of the 21st century and it applies 21st century solutions. But that is not what the government have done. As I keep reminding the Senate, the so-called 21st century government took Australia's largest, most modern infrastructure project, the 21st century National Broadband Network, and proceeded to roll it out using 20th century technology. That was after they delayed the project by two years and blew out the cost by $26 billion. And this so-called 21st century government still do not have a serious, effective solution to address dangerous climate change by cutting Australia's carbon emissions.

I mentioned earlier that advances in information and communications technology and the growing global trade of intangible goods and services is exacerbating the problem of multinational tax avoidance. A 21st century government is one that will get serious about tackling this problem. The bill is a small step in the right direction, but the government should get on board with Labor's reforms—which, as I have said, will raise $7.2 billion from Australia's multinational companies. If they did, it would be a big step towards addressing the inequity that allows many of those who can most afford it to pay the lowest rates of tax. It would also go a long way towards restoring fairness to Australia's taxation system. If Prime Minister Turnbull wants to show he is serious about tackling multinational tax avoidance and if he wants to show that he can drag the right wing of his party kicking and screaming into the 21st century, then he should adopt Labor's multinational tax package. The 21st century is beckoning. Let's see if our self-proclaimed 21st century Prime Minister can answer that call.

Senator O'NEILL (New South Wales) (21:43): I rise to speak to the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015 with a degree of disappointment in what this piece of legislation attempts to enact. There is a gap between what was possible and what is actually being attempted by a government that seems too afraid of big companies to engage in a proper and fair conversation on behalf of the Australian
people and ask the multinational companies to pay their fair share. Australians talk an awful lot about fairness. It is one of the things that makes me particularly proud of this country. The notion that we should all have an equal go, pay our relatively fair amounts of tax and take the resources that we need when we need them is something that Australians believe in and understand.

I think that even the Abbott government, before the Turnbull takeover, had a sense that Australians are actually getting to the point where they are pretty sick and tired of hearing about multinational companies—multinational meaning exactly that, that they can operate across multiple jurisdictions. Multinationals have the power to move their money around—move it left, right, up, down or in whatever way the latest expertise that they can buy tells them they should move it—in order to minimise the amount of tax that they pay in this jurisdiction in which they are making a profit. I know from my time on the Joint Committee on Corporations and Financial Services with Acting Deputy President Williams that he has a very, very strong sense of justice. I know the Acting Deputy President, like me, would think that in normal transactions between ordinary individuals—people in the everyday community—it is not fair for people to abuse access to knowledge and information. Yet, that is exactly what we see these multinational companies doing.

In that context, where there has been this awakening and this very significant public conversation about getting multinationals to pay their fair share, the Abbott-Turnbull government has decided to have a little bit of a go at addressing this issue of national concern. When I say ‘a little bit of a go’, I mean ‘a little bit’ of a go. There is nothing brave about this legislation. Although we will support it, because it is sort of an approximation of an effort in the right direction, it is nothing that is really calling on fairness from these very powerful, very wealthy organisations that should be doing some of the heavy lifting in terms of the revenue needs of this country. This legislation is a little bit like somebody going up to a bigger person—somebody quite significantly bigger than them—tapping them on the shoulder and simply saying, ‘Would you mind giving me just a little bit of all that you have?’ That is what this legislation equates to: a little tap on the shoulder of big business, of multinational businesses, and asking politely, ‘Please sir, could you give me a little bit more?’

The reality is that this is a government that lacks the courage to take on vested interests, and there are a whole range of reasons for that. But it is a government that fails to understand that it is in a position of responsibility, as the government of this nation, to take a fair whack at these businesses that are seeking to avoid corporate and ethical responsibility as participants in an economy—not as people, organisations and businesses that should feel free to fly to another jurisdiction in order to reduce the burden of tax on that particular company, at the cost of so many. I know in the comments that have been made by my colleagues earlier this evening—I believe it was Senator Dastyari who used the term—that tax avoidance, as constructed by these multinational companies, is in fact not a ‘victimless crime.’ I can imagine leaders of these multinational companies, many of them living in the lap of luxury, are very, very disconnected from the challenging lives of ordinary Australians, who are finding it really hard to make ends meet and all the time paying their fair share of tax.

Let us flick to these multinational companies and executives who run them. You can only imagine the sorts of conversations where they stand there, talking to one another, saying things like: ‘We had a great year, last year. We minimised our tax—actually, we got it down
to a point where we didn't have any debts to pay to the Commonwealth at all. We got away with it. Would you like to find out where we got our advice? Then some sort of insider trading referral to companies—often accountancy companies—who are making money on the back of giving unethical advice to multinational companies at the cost of ordinary Australians, at the cost of ordinary working people who are proud to pay their fair share of tax.

They are proud to pay because they know that is going to put books on the tables in the classrooms so that children—their grandchildren, their children and the future generations—can learn to read, write and do arithmetic in the oldest possible way and be able to participate in the global economy. Ordinary people paying their fair share of tax understand that that is what their money does. They understand that it builds roads, makes hospitals accessible and provides the care and support that we take for granted in this great nation. While Australians of ordinary means—regular, hardworking, fair and ethical Australians—are bearing their burden, multinationals are seeking flight to other jurisdictions to abandon any fair responsibility to the nation in which they profit.

Debate interrupted.

**ADJOURNMENT**

_The ACTING DEPUTY PRESIDENT (Senator Williams) (21:52):_ Order! It being 9.50 pm, I now propose the question: That the Senate do now adjourn._

**Boothby Electorate**

_Senator GALLACHER (South Australia) (21:50):_ I rise to make a contribution in this adjournment on some activities in the seat of Boothby. As senators may well be aware, the Hon. Dr Andrew Southcott has indicated he will not be contesting that seat, and so the field is open, so to speak. I would like to place on the public record that the Labor Party has a startlingly good candidate in Mr Mark Ward. Mark Ward has lived in Hawthorndene, a suburb in the electorate of Boothby, for 18 years. He and his family are involved, as normal, in all the sports and local clubs, and he has two daughters attending school in Boothby.

He works in Boothby as senior leader of mathematics and numeracy at Urrbrae Agricultural High School, and from 2004 to 2007 he was a project officer with the education department for the science and mathematics strategy, working with schools around the state from reception to year 12 on a variety of science and mathematics projects. From 2008 to 2011, he worked at the Flinders University at the Flinders Centre for Science Education in the 21st Century on strategic science and mathematics projects. Mark has also been very active in the community, serving as an elected member of the Mitcham council for over eight years, and he had a stint as deputy mayor.

The people of Boothby will get a choice. They will get a choice at the next election between a good, local, hardworking candidate and a Xenophon candidate, yet to be announced. We are looking forward to the Nick Xenophon Team announcing their candidate. They seem to have some idea that they are heavily credentialed to be successful.

I want to put on the public record that, with Dr Southcott not standing in this electorate—a seat which he has held successfully for many years and in which he has held off all challengers—the Liberal Party has now preselected a Ms Nicolle Flint. I do not know how much you, Acting Deputy President Williams, or any other senators would know about the
seat of Boothby, but it is a seat where, from time to time, the Labor Party has been accused of standing trophy candidates, and not all of those candidates have been all that successful. I suppose that Ms Flint has had that baptism of fire which comes from going on FIVaa and ABC 891.

It went a bit like this. When asked if she was a local, she gave the following response: 'Look, I'm going to make my home in Boothby. I will be living and enrolled here. The reason I've put myself up for Boothby is that Boothby has been really good to me.' She was asked, 'Well, how long have you lived in Boothby?' and she said: 'I'm going to make my home in Boothby. I will be living and enrolled here. As I said, Boothby has been very good to me.' She was asked, 'Have you ever lived in Boothby?' and she said, 'I haven't, but the preselectors of the Liberal Party in Boothby have selected me because they believe, with my work and study—' and the announcer interjected and said: 'Have you ever lived in Boothby? Where do you live?' She said: 'I'm currently staying in the city, so it's just on the edge of Boothby. I'm going to be making my home in Boothby.' The radio announcer said: 'Okay, so you're staying in the city. Where is your home?' She said: 'My home is going to be in Boothby and I'm currently looking.' The announcer said, 'It's not a trick question. Where is your home?' She said, 'My home is currently just in the city, just on the edge of Boothby. And, as I said, I'm going to be making my home in Boothby,' and the farce continued.

Matthew Abraham, a radio announcer on 891, asked: 'Michael Atkinson, the Labor Party Speaker, has said that you live near Cape Jaffa in the south-east, and I think your dad is or was the mayor down there. Is that where your home is?' She said: 'Look, my parents' farm is down there and my family has been farming down there for many, many years, so I have had the privilege of having quite flexible work and study arrangements, so I have divided my time between Adelaide and the south-east.' It goes on and on, but it just follows a continual theme. When you are asked a straight question, it is probably best to just give a straight answer. Unfortunately, there has been a history of this sort of stuff in this seat. But I can say this: our candidate lives, works and brings his family up in the seat. I do not know Ms Nicole Flint. I have read a couple of her pieces in the media; she is an opinion piece contributor. I wish her well, as we always do at the start of any contest—both sides—ring the bell, and let us get on with the real campaign. But that was not an auspicious start.

Why do we really think that there is a contest in Boothby, a seat that the Liberal Party has held for quite a number of years? The reason we think that there is a contest in Boothby is because of the appalling damage that has been inflicted upon the South Australian economy. With the closure of Holden, we know from a quite well credentialed study of the University of Adelaide, Closing the Motor Vehicle Industry: The Impact on Australia April 2014 that there will be 4,385 jobs lost in Playford. That is the main suburb around Elizabeth. We know that there will be 2,772 jobs lost in the Adelaide City council area. We know that there will be that there will be 2,447 jobs lost in the Salisbury council area, another key northern suburbs area. We find out that there will be 2,352 jobs lost in the Port Adelaide Enfield council area. The southern suburbs will be impacted with 2,042 jobs to be lost in the Onkaparinga council area and 1,449 to be lost in Marion. These are the numbers in the seats of Boothby, Kingston and Hindmarsh. Other areas will include Charles Sturt, 1,881; West Torrens, 1,554; Norwood Payneham St Peters, 629; Tea Tree Gully, 563.
So South Australians and Boothby electors are acutely aware that a couple of issues are impacting very, very severely on South Australia. The first issue is the imminent demise of manufacturing of motor cars in South Australia. That will be widespread across a number of electorates and it will impact in Boothby. We also know, through some campaigning work that my office has done in having quite a large number of phone calls and distributing quite a large number of DLs, that there is grave concern about the lack of a decision to build submarines in South Australia. I am going to put the coalition promises on the record again.

The coalition committed to building 12 new submarines here in Adelaide:

We will get that task done, and it is a really important task, not just for the Navy but for the nation. And we are going to see the project through, and put it very close after force protection, as our number priority if we win the next federal election.

People understand and know that promise. We now know, as time has elapsed, that two prime ministers have been nimble enough to walk away from that promise, that three defence ministers have been agile enough to avoid committing to that promise and that not one of the 12 submarines has yet been committed to. Nearly a year ago, the minister was on the record saying, in answer to a question from me, that he would not trust the Australian Submarine Corporation to build a canoe.

This issue has resonated not only in Boothby but in the entire state, and we know this because of the activity of the Hon. Christopher Pyne, the activity of Senator Fawcett, the activity of Senator Rushton, the activity of the member for Hindmarsh, Matt Williams, and the activity of all of the other members of parliament in the South Australian contingent agitating very strongly for an improvement in the situation. They know as well as I know that you cannot move in South Australia without being asked about these types of issues. We know that the Xenophon team are going to campaign on this issue. They made it very clear and very public. I have also indicated that our candidate, Mr Mark Ward, is out there campaigning on these issues.

We also know that, when the preselected candidate for the Liberal Party was asked about her thoughts on a 15 per cent GST, her answer was, 'I'll leave that to the Treasurer, Scott Morrison.' Not an auspicious start for a candidate. As I said at the outset, I will wish her well in her candidacy and her campaign, but she should answer the questions truthfully and speak from the heart and she might do a little bit better. Our candidate will do that. Our candidate will articulate his case clearly and consistently and be on the front foot on all occasions.

**Sri Lanka: Political Prisoners**

*Senator RHIANNON* (New South Wales) (22:00): Tamil political prisoners in Sri Lanka have resumed their hunger strike. This time they have stated that they will fast until death if they are not released. The international community, numerous journalists, politicians from many countries and prominent people have raised the issues of war crimes and crimes against humanity in Sri Lanka. Now it is vital that the Tamil political prisoners detained under the Prevention of Terrorism Act are not forgotten. We owe it to them as well as to their families.

The hunger strike started last month with 223 Tamil prisoners of war in Colombo, Anuradhapura, Jaffna and Kandy. I understand that the hunger strike was initially called off when the prisoners were given assurances that the President would act by 7 November. The Sri Lankan government has since ruled out a common amnesty for the Tamil political prisoners but says it is considering an option of bail and/or 'rehabilitation' for some. Some of
the Tamils have been in jail since 1997. They are being held under Sri Lanka's Prevention of Terrorism Act, which has been in force since 1979. According to the BBC, only 54 of the more than 200 prisoners have been convicted. Most have been imprisoned on suspicion of links with the defeated Tamil Tigers, or LTTE.

The Prevention of Terrorism Act permits Sri Lankan security forces to arrest, without warrant, individuals suspected of 'acting in any manner prejudicial to the national security or to the maintenance of public order' or having conducted 'any transaction' with a person or group engaged in terrorist activities, and to detain people for up to 18 months without bringing them before a court. A 2014 Human Rights Watch report states that many LTTE suspects have been held under the Prevention of Terrorism Act, which provides effective immunity to officials implicated in abuses. The Human Rights Watch report goes on to say that, under the Prevention of Terrorism Act, as well as under the state of emergency in effect during the war, confessions to the police and other authorities obtained under duress are admissible unless the accused can prove that they were obtained involuntarily.

The report also notes that the Prevention of Terrorism Act allows Sri Lankan authorities to hold detainees where they choose and to move them from place to place while under investigation—practices that increase the likelihood of torture and abuse. In only a handful of the cases reported to Human Rights Watch was the victim provided an arrest warrant or a legally valid reason for arrest. More typically, they were forcibly put into vehicles and subjected to beatings. Some detainees told Human Rights Watch that rapes and sexual violence did not occur in the first and 'known' places of detention but rather after they were driven, often blindfolded, to a second, unofficial location.

Secret detention camps are of huge concern. Amnesty International reported on secret camps in 2012 when they reported that members of the security forces had used secret places of detention to interrogate and torture detainees—some of whom have reportedly been tortured to death or extrajudicially executed. UN HR chief, Zeid Ra'ad al-Hussein, has also spoken of secret and unacknowledged places of detention, saying there is an urgent need to investigate reports of them. In the much awaited report by the Office of the High Commissioner for Human Rights handed down in September 2015, recommendation 16 said:

Initiate a high-level review of the Prevention of Terrorism Act … and its regulations and the Public Security Ordinance Act with a view to their repeal and the formulation of a new national security framework fully complying with international law;

Recommendation 24 said:

Review all cases of detainees held under the PTA and either release them or immediately bring them to trial. Review the cases of those convicted under the PTA and serving long sentences, particularly where convictions were based on confessions extracted under torture;

The UN report also talks of the scale of enforced disappearances in Sri Lanka being exceptional and that in 2014 the UN Working Group on Enforced or Involuntary Disappearances reported a total of 12,536 complaints of enforced disappearances in Sri Lanka registered over the years—the second highest number of disappearances on the list of the Working Group for any country in the world.

Human Rights Watch have also recommended that Sri Lanka repeal the Prevention of Terrorism Act and abolish the system of detention without charge or trial. In 2014 Amnesty International noted that the PTA, the Prevention of Terrorism Act, has been widely criticized
by Sri Lankan civil society, international monitoring organisations and United Nations bodies. In its report titled Authority without accountability: the crisis of impunity in Sri Lanka, the International Commission of Jurists documents how provisions of the Prevention of Terrorism Act have resulted in arbitrary detention, contravened suspects' right to a fair trial and due process, and facilitated torture and other ill-treatment and enforced disappearances.

The new President in his election manifesto promised to institute constitutional amendments that would guarantee democracy to Sri Lanka. He has also spoken about reconciliation with the Tamil community. To give true meaning to genuine reconciliation, the culture of impunity and legal limbo of Tamil political prisoners must be brought to an end. When one considers the role of the PTA and the power that security and armed forces have in Sri Lanka, one can understand why so many political prisoners are on hunger strike. Freedom from arbitrary detention is both central to contemporary human rights standards and as longstanding as the Magna Carta. The Prevention of Terrorism Act is a blatant violation of this freedom. The law supports the violation of basic civil liberties and renders irrelevant in Sri Lanka the right to a fair trial. It has been a lesson in the selective application of extraordinary security powers and the politicisation of law enforcement. The PTA needs to be abolished and comprehensive measures need to be taken to deliver justice to those who have been denied it. Australia has a role in solving this issue. We should give voice to support these people who have been so abused.

**Tasmania: Defence Industry**

Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (22:07): As we know, Tasmania is not typically thought of as a place that could be home to a thriving defence industry, but what Tasmania has to offer to our defence industry may be of great surprise to the rest of Australia. Not only are there several Tasmanian-based companies supplying goods and services to the Australian Defence Force, but there are also a number of Tasmanian companies supplying other defence forces around the world. My home state is fast developing a reputation as a manufacturer of high-quality defence products. I will briefly outline a few examples of companies in Tasmania that are achieving success with defence contracts in Australia and the rest of the world.

The Australian Maritime College in Launceston offers training, consultancy and research services to the Australian Defence Force and international defence services through its business development arm, AMC Search Ltd. The famous Blundstone boots, the world's most recognisable boot brand, are supplied to defence forces all over the world. Incat's wave-piercing catamarans are useful for fast transit, fast turnaround in port and can be used for rapid sea-based deployment of troops. The Royal Australian Navy chartered an 86-metre Incat vessel for use during the East Timor crisis, and Incat has supplied a number of its vessels to the US Navy. A Defence Science and Technology Organisation facility in Scottsdale has been researching nutrition and human health for the production of ration packs for the Australian Defence Force. Fiomarine Industries worked with DSTO and the Navy to tailor their Fiobuoy underwater retrieval system to suit Defence needs and is now supplying defence services in Singapore, Japan and the United States. These are just a few examples of how Tasmania's defence industry is kicking goals in Australia and across the globe. But it has the potential to achieve much, much more.
In late September, I hosted a roundtable with the Tasmanian defence industry as part of the consultations for federal Labor’s Tasmania Taskforce. The Tasmania Taskforce was established by the Leader of the Opposition, Bill Shorten, to develop a clear and coherent strategy that will grow jobs and enable Tasmania’s sustainable development into the future. The task force is co-chaired by the Member for Franklin and Shadow Minister for Employment Services, Julie Collins, and the Tasmanian Leader of the Opposition, Bryan Green. The task force has been busy consulting with the Tasmanian community through a series of regional forums and industry roundtables, and we have been fortunate to have the participation of several shadow ministers as we consult with different industry sectors. On this note, I would like to thank the Shadow Minister for Defence, Senator Conroy, for coming to Hobart to meet with defence industry stakeholders.

Following the roundtable, Senator Conroy and I visited the construction yards of Incat and Taylor Brothers (Slipway & Engineering) as well as Liferaft Systems. During his visit, Senator Conroy got to see firsthand the beginning of construction on the first of six ferries bound for Darling Harbour, for which Incat has just secured a $50 million contract. At Taylor Brothers, we witnessed the company’s innovative prefabrication approach to constructing ships’ accommodation. Walking through corridors past bunks and lockers, we saw that the company can build an entire accommodation complex, which is then flat packed for shipping and installation.

The third and final company we visited, Liferaft Systems, has designed an inflatable evacuation vessel that fits into a capsule weighing 400 kilograms. The capsule is small enough that it can be operated by a couple of crew, and the vessel inside inflates on deployment. Despite the small size of the capsules, these evacuation craft are large enough to carry 100 passengers. Liferaft Systems is supplying defence forces in Australia, New Zealand, the United States, France, Holland and the United Kingdom.

The few companies that Senator Conroy and I visited are but a small portion of the maritime expertise, knowledge and innovation that Tasmanian companies have to offer. A consortium of Tasmanian-based companies has put forward a bid to tender for the Department of Defence’s Pacific Patrol Boat replacement project. Since the 1980s, Australia has gifted patrol boats to our Pacific neighbours to assist them with their maritime security. This program has been a centrepiece of Australia’s defence engagement with our Pacific neighbours, strengthening our diplomatic ties and making an important contribution to the security of our region.

With the patrol boats that Australia gifted in the 1980s to soon reach the end of their useful lives, Defence has announced a tender to construct up to 21 replacement vessels and provide servicing and support over the life of the vessels. This construction work is valued at around $600 million, with the total contract estimated at around $1.4 billion over 30 years including sustainment and personnel costs. The Tasmanian bid for this contract is being led by Incat, ThyssenKrupp Industrial Solutions, Haywards Shipbuilding and UGL Engineering—but it also involves dozens of other Tasmanian subcontractors.

The Tasmanian Pacific Patrol Boat bid was one of the key topics discussed at the defence industry roundtable I referred to earlier. The clear message from the Tasmanian industry stakeholders around the table was that they were not after any special treatment. All they want is to compete for the tender on a level playing field. There are several other bidders for the...
Pacific Patrol Boat contract, but Tasmania has a strong bid that is being led by world-class shipbuilding companies with world-class facilities. Provided they are given a fair go, they should have a very good chance of winning the contract. However, instead of a level playing field in Defence procurement, what we have seen recently from this government is a series of political decisions and political fixes—political decisions such as the deal done with Prime Minister Abe of Japan to have Australia’s submarines built in Japan or the direction that Australia’s future naval surface fleet be built in Adelaide in a bid to save the seats of Liberal MPs in South Australia.

The new Minister for Defence, Senator Payne, should visit Tasmania as soon as possible and see what our industry has to offer in the area of Defence. In particular, I would like her to pay a visit to Hobart’s maritime defence industry precinct and speak to the companies involved in the Pacific Patrol Boat bid. Prince of Wales Bay was identified as a Defence precinct by the former federal Labor government in recognition that Tasmanian companies in the precinct were well placed to secure future defence contracts, especially in shipbuilding. Senator Payne should reassure those companies, in person, that they will get a fair go and that the tender process for the Pacific patrol boats will not be politicised like other Australian defence contracts.

Tasmania has an innovative maritime industry with the capacity to take on complex defence projects that will bring investment and jobs to Tasmania. I know that if Senator Payne visited Tasmania, she would see an industry that is innovative, clever and producing high quality products that are the envy of the world. If Tasmania’s defence industry was truly given a fair go by this government, I have no doubt we would see better outcomes for both the Australian Defence Force and the Tasmanian economy.

In closing, I would like to acknowledge and thank my colleague Senator Brown, who has been advocating for the maritime defence precinct and for Tasmanian maritime companies for many years now. She has been ably assisted by the federal Labor candidate for Denison, Jane Austin, who is a strong advocate for the maritime defence industry in Tasmania and who would become an even more powerful advocate should she be elected as the member for Denison.

It is my fervent hope that the Tasmanian bid for the Pacific patrol boat tender is a success. We have world-class shipbuilding facilities with world-class technology, skills, knowledge and experience. There is a very good chance for the Tasmanian bid if it is a fair dinkum process—a process in which all bids get to compete on a level playing field. Tasmania’s defence industry and the defence industry around Australia deserves fair and impartial decisions and decisions free of the kind of political interference that we have seen time and time again from this government.

**Senate adjourned at 22:16**

**DOCUMENTS**

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number. An explanatory statement is tabled with an instrument unless otherwise indicated by an asterisk.]
Acts Interpretation Act 1901—Subsection 34C(6)—Statements relating to extension of time for presentation of periodic reports—


Agricultural and Veterinary Chemicals Code Act 1994—

Agricultural and Veterinary Chemicals Code Instrument No. 4 (MRL Standard) Amendment Instrument 2015 (No. 10) [F2015L01741].

Agricultural and Veterinary Chemicals Code (Pre-application Assistance Fee) Instrument 2015 [F2015L01752].


Australian Research Council Act 2001—

Approval of ARC Discovery Projects Proposals for funding commencing in 2016—Determination No. 141.

Special Research Initiatives Funding Rules for funding commencing in 2008-2009 or 2009-2010 Variation (No. 1) 2014 [F2015L01690].


Broadcasting Services Act 1992—Broadcasting Services (Events) Notice (No. 1) 2010—

Amendment No. 9 of 2015 [F2015L01692].

Amendment No. 10 of 2015 [F2015L01750].


Civil Aviation Act 1988—

Civil Aviation Regulations 1988—Direction—number of cabin attendants for Fokker F70 and Fokker F100 aircraft (Alliance Airlines)—CASA 144/15 [F2015L01700].

Civil Aviation Safety Regulations 1998—

Exemption—English language proficiency assessments—CASA EX146/15 [F2015L01718].

Exemption—extended diversion time operation requirements (Qantas B747 and A380)—CASA EX177/15 [F2015L01655].

Exemption—from welding training for grant of aircraft welding authority—CASA EX174/15 [F2015L01699].

Exemption—validation of RNP AR APCH (ICAO) procedure—Virgin Australia Airlines—CASA EX164/15 [F2015L01677].
Exemption—validation of RNP AR APCH (ICAO) procedure—Virgin Australia International Airlines—CASA EX165/15 [F2015L01683].

Repeal of Airworthiness Directives—
CASA ADCX 016/15 [F2015L01654].
CASA ADCX 017/15 [F2015L01698].
CASA ADCX 018/15 [F2015L01751].

Commissioner of Taxation—Public Rulings—
Class Rulings—
Miscellaneous Taxation Ruling—Addendum—MT 2012/3.
Taxation Determination—Addendum—TD 2014/7.
Taxation Ruling—Notice of Withdrawal—TR 98/23.

Corporations Act 2001—
ASIC Corporations (Amendment) Instrument 2015/943 [F2015L01691].
ASIC Corporations (Amendment) Instrument 2015/991 [F2015L01740].
ASIC Market Integrity Rules (ASX Market) Amendment 2015 (No. 2) [F2015L01695].
ASIC Market Integrity Rules (Chi-X Australia Market) Amendment 2015 (No. 2) [F2015L01696].
ASIC Market Integrity Rules (Competition in Exchange Markets) Amendment 2015 (No. 1) [F2015L01694].

Customs Act 1901—
Comptroller of the Indian Ocean Territories Customs Service Instrument of Approval No. 1 of 2015 [F2015L01724].
Customs (Extensions of Time and Non-cooperation) Direction 2015 [F2015L01736].
Customs (Preliminary Affirmative Determinations) Direction 2015 [F2015L01738].

Customs Amendment (Anti-dumping Measures) Act (No. 1) 2015—Customs Amendment (Anti-dumping Measures) Commencement Proclamation 2015 [F2015L01719].


Defence Act 1903—
Section 58B—
Additional risk insurance and deployment allowance—amendment—Defence Determination 2015/42.
Christmas stand-down and approved overseas club—amendment—Defence Determination 2015/43.
Paratrooper allowance—amendment—Defence Determination 2015/44.
Travel to and from overseas posting location—amendment—Defence Determination 2015/41.
Section 58H—


ADF Allowances—Special Forces—Amendment—Defence Force Remuneration Tribunal Determination No. 11 of 2015.


Woomera Prohibited Area Rule 2014—
Determination of an Exclusion Period for the Green Zone Amendment No. 1 [F2015L01705].

Determination of Exclusion Periods for Amber Zone 1 and Amber Zone 2 for Financial Year 2015-2016 Amendment No. 2 [F2015L01707].

Environment Protection and Biodiversity Conservation Act 1999—
Amendment of List of Exempt Native Specimens—New South Wales Abalone Fishery (12 October 2015)—EPBC303DC/SFS/2015/30 [F2015L01684].

Amendment of List of Exempt Native Specimens—Queensland River and Inshore (Beam) Trawl Fishery (30 September 2015)—EPBC303DC/SFS/2015/29 [F2015L01656].

Amendment of List of Exempt Native Specimens—Small Pelagic Fishery (26 October 2015)—EPBC303DC/SFS/2015/37 [F2015L01709].

Amendment of List of Exempt Native Specimens—Spencer Gulf Prawn Fishery, Gulf St Vincent Prawn Fishery and the West Coast Prawn Fishery (23 October 2015)—EPBC303DC/SFS/2015/39 [F2015L01708].

Amendment of List of Exempt Native Specimens—Torres Strait Trochus Fishery (12 October 2015)—EPBC303DC/SFS/2015/33 [F2015L01657].

Amendment to the List of CITES species (182) (29 October 2015) [F2015L01746].

Amendment to the lists of threatened species, threatened ecological communities and key threatening processes under sections 178, 181 and 183 (182) (14 October 2015) [F2015L01669].

Amendment to the lists of threatened species, threatened ecological communities and key threatening processes under sections 178, 181 and 183 (183) (27 October 2015) [F2015L01725].

Amendment to the lists of threatened species, threatened ecological communities and key threatening processes under sections 178, 181 and 183 (186) (27 October 2015) [F2015L01726].

Excise Act 1901—
Excise (Mass of CNG) Determination 2015 (No. 1) [F2015L01733].

Excise (Volume of Liquid Fuels—Temperature Correction) Determination 2015 (No. 1) [F2015L01732].

Excise (Volume of LPG—Temperature and Pressure Correction) Determination 2015 (No. 1) [F2015L01745].


Financial Sector (Collection of Data) Act 2001—Financial Sector (Collection of Data) determination No. 35 of 2015—Revocation of Reporting Standard FRS 100.0 Reporting Requirements for First Home Saver Accounts Providers [F2015L01666].


Food Standards Australia New Zealand Act 1991—

Australia New Zealand Food Standards Code—Standard 1.4.2—Maximum Residue Limits Amendment Instrument No. APVMA 9, 2015 [F2015L01742].

Food Standards (Proposal M1012—Amendments to Standard 1.4.2) Variation [F2015L01668].

Health Insurance Act 1973—


Health Insurance (Midwife and Nurse Practitioner) Amendment Determination (No. 2) 2015 [F2015L01702].

Health Insurance (Midwife and Nurse Practitioner) Determination 2015 [F2015L01660].

Higher Education Support Act 2003—

Higher Education Provider Approval—No. 1 of 2015 [F2015L01749].

VET Provider Approvals—

No. 18 of 2015 [F2015L01697].

No. 20 of 2015 [F2015L01754].

No. 22 of 2015 [F2015L01748].


Marriage Act 1961—Marriage (Recognised Denominations) Amendment (New Denominations and Other Name Changes) Proclamation 2015 [F2015L01744].


Migration Act 1958—


Migration Amendment (Special Category Visas and Special Return Criterion 5001) Regulation 2015—Select Legislative Instrument 2015 No. 169 [F2015L01661].

Migration Regulations 1994—

Required Medical Assessment—IMMI 15/119 [F2015L01747].

Specified Place to Provide a Personal Identifier 2015—IMMI 15/134 [F2015L01682].

National Consumer Credit Protection Act 2009—ASIC Credit (Financial Counselling Agencies) Instrument 2015/992 [F2015L01743].

National Health Act 1953—
National Health (Australian Community Pharmacy Authority Rules) Amendment Determination 2015 (No. 1)—PB 89 of 2015 [F2015L01689].

National Health (Efficient Funding of Chemotherapy) Special Arrangement Amendment Instrument 2015 (No. 10)—PB 105 of 2015 [F2015L01715].

National Health (Highly specialised drugs program) Special Arrangement Amendment Instrument 2015 (No. 11)—PB 104 of 2015 [F2015L01723].

National Health (Immunisation Program—Designated Vaccines) Variation Determination 2015 (No. 2) [F2015L01713].

National Health (Listed drugs on F1 or F2) Amendment Determination 2015 (No. 9)—PB 106 of 2015 [F2015L01717].


National Health (Pharmaceutical Benefits—Early Supply) Amendment Instrument 2015 (No. 9)—specification under subsection 84AAA(2)—PB 103 of 2015 [F2015L01704].

National Health (Price and Special Patient Contribution) Amendment Determination 2015 (No. 8)—PB 102 of 2015 [F2015L01703].

Ozone Protection and Synthetic Greenhouse Gas Management Act 1989—Grant of exemptions under section 40—
DG Thomson Pty Ltd—No. S40E56872688.
Execujet Australia Pty Limited—No. S40E76141737.

Private Health Insurance Act 2007—Private Health Insurance (Benefit Requirements) Amendment Rules 2015 (No. 5) [F2015L01711].


Public Governance, Performance and Accountability Act 2013—
Commonwealth has acquired shares in NBN Co Limited—13 October 2015 [2].

Public Governance, Performance and Accountability (Section 75 Transfers) Amendment Determination 2014-2015 (No. 2) [F2015L01731].

Public Governance, Performance and Accountability (Section 75 Transfers) Determination 2015-2016 [F2015L01730].

Radiocommunications Act 1992—
Radiocommunications (Field Trial by Corrective Services NSW of PMTS Jamming Devices at Lithgow Correctional Centre) Exemption Determination 2015 [F2015L01662].

Radiocommunications (Spectrum Access Charges—3.4 GHz Band) Determination 2015 (No. 2) [F2015L01659].

Safety, Rehabilitation and Compensation Act 1988—

CHAMBER
Safety, Rehabilitation and Compensation (Definition of Employee) Amendment Notice 2015 [F2015L01665].
Veterans’ Entitlements Act 1986—
   Amendment Statements of Principles concerning chronic obstructive pulmonary disease—
      No. 128 of 2015 [F2015L01687].
      No. 129 of 2015 [F2015L01688].
   Statement of Principles concerning dental caries (Balance of Probabilities)—No. 123 of 2015 [F2015L01676].
   Statement of Principles concerning dental caries (Reasonable Hypothesis)—No. 122 of 2015 [F2015L01675].
   Statement of Principles concerning discoid lupus erythematosus (Balance of Probabilities)—No. 127 of 2015 [F2015L01681].
   Statement of Principles concerning discoid lupus erythematosus (Reasonable Hypothesis)—No. 126 of 2015 [F2015L01680].
   Statement of Principles concerning loss of teeth (Balance of Probabilities)—No. 125 of 2015 [F2015L01679].
   Statement of Principles concerning loss of teeth (Reasonable Hypothesis)—No. 124 of 2015 [F2015L01678].
   Statement of Principles concerning malignant neoplasm of the oesophagus (Balance of Probabilities)—No. 121 of 2015 [F2015L01686].
   Statement of Principles concerning malignant neoplasm of the oesophagus (Reasonable Hypothesis)—No. 120 of 2015 [F2015L01685].
   Statement of Principles concerning pinguecula (Balance of Probabilities)—No. 119 of 2015 [F2015L01672].
   Statement of Principles concerning pinguecula (Reasonable Hypothesis)—No. 118 of 2015 [F2015L01670].
   Statement of Principles concerning pterygium (Balance of Probabilities)—No. 117 of 2015 [F2015L01674].
   Statement of Principles concerning pterygium (Reasonable Hypothesis)—No. 116 of 2015 [F2015L01671].
Tabling

The following documents were tabled pursuant to standing order 61(1) (b):

[Documents presented since the last sitting of the Senate, pursuant to standing order 166, were authorised for publication on the dates indicated]

Administrative Appeals Tribunal—Report for 2014-15. [Received 26 October 2015]


Airservices Australia—Report for 2014-15. [Received 2 November 2015]

Army and Air Force Canteen Service (AAFCANS)—Report for 2014-15. [Received 30 October 2015]

ASC Pty Ltd—Report for 2014-15. [Received 2 November 2015]

Auditing and Assurance Standards Board—Report for 2014-15. [Received 30 October 2015]

Auditor-General—Audit reports for 2015-16—

No. 5—Performance audit—Implementation of audit recommendations: Department of Veterans' Affairs.

No. 6—Performance audit—Third follow-up audit into the Australian Electoral Commission's preparation for and conduct of federal elections: Australian Electoral Commission. [Received 4 November 2015]

Australia Business Arts Foundation Ltd (Creative Partnerships Australia)—Financial statements for 2014-15. [Received 2 November 2015]

Australia Council for the Arts (Australia Council)—Report for 2014-15. [Received 30 October 2015]

Australian Accounting Standards Board—Report for 2014-15. [Received 30 October 2015]

Australian Aged Care Quality Agency—Report for 2014-15. [Received 2 November 2015]

Australian Broadcasting Corporation (ABC)—Report for 2014-15. [Received 30 October 2015]

Australian Centre for International Agricultural Research (ACIAR)—Report for 2014-15. [Received 28 October 2015]

Australian Competition and Consumer Commission (ACNC)—Report for 2014-15. [Received 28 October 2015]

Australian Competition and Consumer Commission (ACCC)—Report for 2014-15, including report of the Australian Energy Regulator (AER). [Received 30 October 2015]

Australian Energy Regulator (AER)—Report for 2014-15 on the modernisation of the electricity market in Northern Territory.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


Australian Energy Regulator (AER)—Report for 2014-15 on the wholesale electricity market in Western Australia.


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Australian Customs and Border Protection Service—Report for 2014-15 [Final report]. [Received 28 October 2015]

Australian Electoral Commission (AEC)—Report for 2014-15. [Received 2 November 2015]

Australian Federal Police (AFP)—Report for 2014-15, including reports on assumed identities and the National Witness Protection Program. [Received 2 November 2015]

Australian Film, Television and Radio School (AFTRS)—Report for 2014-15. [Received 29 October 2015]

Australian Financial Security Authority (AFSA)—Report for 2014-15, including reports on the operation of the Bankruptcy Act 1966 and Personal Property Securities Act 2009. [Received 29 October 2015]

Australian Fisheries Management Authority—Report for 2014-15. [Received 23 October 2015]

Australian Hearing Services (Australian Hearing)—Report for 2014-15. [Received 28 October 2015]

Australian Human Rights Commission—Reports—
No. 94—Rahimi (deceased) v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 95—HG v Commonwealth of Australia (Department of Immigration and Border Protection).

Australian Information Commissioner—Report for 2014-15. [Received 26 October 2015]

Australian Institute for Teaching and School Leadership Limited (AITSL)—Report for 2014-15. [Received 2 November 2015]

Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS)—Report for 2014-15. [Received 30 October 2015]


Australian Law Reform Commission (ALRC)—
Report No. 128—Replacement.

Australian Maritime Safety Authority—Report for 2014-15. [Received 2 November 2015]

Report for the period 1 January to 30 June 2015.
Report for the period 1 January to 30 June 2015—Replacement.


Australian Nuclear Science and Technology Organisation (ANSTO)—Report for 2014-15. [Received 27 October 2015]

Australian Office of Financial Management (AOFM)—Report for 2014-15. [Received 23 October 2015]


Australian Pesticides and Veterinary Medicines Authority (APVMA)—Report for 2014-15. [Received 2 November 2015]

Australian Postal Corporation (Australia Post)—

Australian Prudential Regulation Authority (APRA)—Report for 2014-15. [Received 30 October 2015]

Australian Public Service Commission—Report of the Australian Public Service Commissioner for 2014-15, including report of the Merit Protection Commissioner. [Received 30 October 2015]

Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)—Report for 2014-15. [Received 29 October 2015]

Australian Rail Track Corporation Limited (ARTC)—Report for 2014-15. [Received 27 October 2015]


Australian Renewable Energy Agency (ARENA)—Report for 2014-15. [Received 2 November 2015]

Australian Research Council (ARC)—Corporate plan 2015-16 to 2018-19.

Australian Safeguards and Non-Proliferation Office—Report for 2014-15. [Received 2 November 2015]

Australian Securities and Investments Commission (ASIC)—Report for 2014-15. [Received 30 October 2015]


Australian Sports Anti-Doping Authority—Report for 2014-15. [Received 30 October 2015]

Australian Sports Commission—Report for 2014-15, including report of the Australian Sports Foundation Limited. [Received 30 October 2015]


Australian Strategic Policy Institute Limited (ASPI)—Report for 2014-15. [Received 30 October 2015]


Australian Transaction Reports and Analysis Centre (AUSTRAC)—Report for 2014-15. [Received 2 November 2015]

Australian Transport Safety Bureau (ATSB)—Report for 2014-15. [Received 29 October 2015]

Australian War Memorial—Report for 2014-15. [Received 2 November 2015]

Bundanon Trust Limited—Report for 2014-15. [Received 30 October 2015]

Bureau of Meteorology—Report for 2014-15. [Received 30 October 2015]

Cancer Australia—Report for 2014-15. [Received 28 October 2015]


Classification Board and Classification Review Board—Reports for 2014-15. [Received 30 October 2015]

Clean Energy Finance Corporation (CEFC)—Report for 2014-15. [Received 30 October 2015]
Clean Energy Regulator—Report for 2014-15. [Received 30 October 2015]
Comcare and Safety, Rehabilitation and Compensation Commission—Reports for 2014-15. [Received 29 October 2015]
Commonwealth Director of Public Prosecutions (CDPP)—Report for 2014-15. [Received 26 October 2015]
Commonwealth Ombudsman—Report for 2014-15. [Received 27 October 2015]
Commonwealth Scientific and Industrial Research Organisation (CSIRO)—Report for 2014-15, including report of the Science and Industry Endowment Fund. [Received 23 October 2015]
Commonwealth Superannuation Corporation (CSC)—Report for 2014-15, including financial statements for the Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme, Military Superannuation and Benefits Fund and Public Sector Superannuation Accumulation Plan.
Companies Auditors and Liquidators Disciplinary Board (CALDB)—Report for 2014-15. [Received 29 October 2015]
ComSuper—Report for 2014-15. [Received 2 November 2015]
Crimes Act 1914—Reports for 2014-15—
  Australian Commission for Law Enforcement Integrity—
    Authorisations for the acquisition and use of assumed identities.
    Witness identity protection certificates.
    Controlled operations. [Received 2 November 2015]
CrimTrac Agency—Report for 2014-15. [Received 29 October 2015]
Defence Housing Australia (DHA)—Report for 2014-15. [Received 2 November 2015]
Department of Defence—Report for 2014-15 (2 volumes), including report of the Defence Materiel Organisation. [Received 30 October 2015]
Department of Education and Training—Report for 2014-15, including reports of the Student Identifiers Office, Trade Support Loans and Tuition Protection Service. [Received 28 October 2015]
Department of Finance—Report for 2014-15. [Received 16 October 2015]
Department of Human Services—Report for 2014-15. [Received 28 October 2015]
Department of Immigration and Border Protection—Report for 2014-15. [Received 28 October 2015]
Department of Infrastructure and Regional Development—Report for 2014-15. [Received 30 October 2015]
Department of the Environment—Report for 2014-15, including reports on the Water for the Environment Special Account, the operation of Acts administered by the department, and financial statements for the National Heritage Trust of Australia. [Received 30 October 2015]
Department of the Prime Minister and Cabinet—Report for 2014-15, including reports of the Aboriginals Benefit Account, Aboriginal and Torres Strait Islander Land Account and the Office of the Registrar of Indigenous Corporations.

Department of the Treasury—Report for 2014-15. [Received 30 October 2015]

Departmental and agency appointments and vacancies—Budget (Supplementary) estimates—Letters of advice pursuant to the order of the Senate of 24 June 2008—

Attorney-General's portfolio. [Received 16 October 2015]

Health portfolio. [Received 16 October 2015]

Indigenous Affairs. [Received 16 October 2015]

Departmental and agency grants—Budget (Supplementary) estimates—Letters of advice pursuant to the order of the Senate of 24 June 2008—

Attorney-General's portfolio. [Received 16 October 2015]

Cancer Australia. [Received 16 October 2015]

Department of Health. [Received 16 October 2015]

Indigenous Affairs. [Received 16 October 2015]

Industry, Innovation and Science portfolio. [Received 20 October 2015]

National Health and Medical Research Council. [Received 19 October 2015]

Organ and Tissue Authority. [Received 6 November 2015]

Director of National Parks—Report for 2014-15. [Received 30 October 2015]

Environment—

Climate Change Authority—Letter to the President of the Senate from the Minister for the Environment (Mr Hunt), dated 13 October 2015, responding to the resolution of the Senate of 10 September 2015.

Marine protection—Letter to the President of the Senate from the Minister for the Environment (Mr Hunt), dated 20 October 2015, responding to the resolution of the Senate of 12 October 2015.

South Australia—Renewable energy in Port Augusta—Letter to the President of the Senate from the Minister for the Environment (Mr Hunt), dated 16 October 2015, responding to the resolution of the Senate of 16 June 2015.

Estimates hearings—Unanswered questions on notice—Budget estimates 2014-15—Statements pursuant to the order of the Senate of 25 June 2014—

Health portfolio. [Received 21 October 2015]

Office of National Assessments. [Received 23 October 2015]


Fair Work Commission—Report for 2014-15. [Received 28 October 2015]


Family Court of Australia—Report for 2014-15, including financial statements for the Federal Circuit Court.


Federal Circuit Court of Australia—Report for 2014-15, including financial statements for the Family Court. [Received 26 October 2015]
Federal Court of Australia—Report for 2014-15, including report of the National Native Title Tribunal.
Future Fund Board of Guardians and Future Fund Management Agency (Future Fund)—Report for 2014-15. [Received 29 October 2015]
Gene Technology Regulator—Quarterly report for the period 1 April to 30 June 2015. [Received 6 November 2015]
Great Barrier Reef Marine Park Authority—Report for 2014-15. [Received 30 October 2015]
Independent Hospital Pricing Authority (IHPA)—Report for 2014-15, including report of the Clinical Advisory Committee. [Received 26 October 2015]
Infrastructure Australia—Report for the period 1 September 2014 to 30 June 2015. [Received 2 November 2015]
Inspector-General of Taxation—Report for 2014-15. [Received 23 October 2015]
Migration Act 1958—Section 486O—Assessment of detention arrangements—Personal identifiers 1001969, 1002005, 1002006, 1002038, 1002076, 1002077, 1002116, 1002119, 1002122, 1002146, 1002198, 1002245, 1002247, 1002276, 1002277, 1002296, 1002316, 1002344, 1002352, 1002361, 1002373, 1002399, 1002510, 1002577, 1002586, 1002612, 1002629, 1002692, 1002700, 1002706, 1002708, 1002709, 1002711, 1002713, 1002714, 1002716, 1002717, 1002718, 1002720, 1002721, 1002722, 1002729, 1002736, 1002739, 1002740, 1002741, 1002767, 1002778, 1002797, 1002798, 1002799, 1002800, 1002833, 1002840, 1002848, 1002852, 1002855, 1002870, 1002892, 1002926, 1002937, 1002973, 1003007, 1003011, 1003014, 1003026, 1003091, 1003155 and 1003333—Commonwealth Ombudsman’s reports, dated 21 October 2015.
Government response to Ombudsman’s reports, dated 16 October 2015.
Migration Review Tribunal and Refugee Review Tribunal—Report for 2014-15 [Final report]. [Received 26 October 2015]
Moorebank Intermodal Company Limited—Report for 2014-15. [Received 27 October 2015]
National Australia Day Council Limited—Report for 2014-15. [Received 27 October 2015]
National Competition Council—Report for 2014-15. [Received 30 October 2015]
National Gallery of Australia—Report for 2014-15. [Received 23 October 2015]
National Health and Medical Research Council (NHMRC)—Report for 2014-15. [Received 27 October 2015]
National Health Funding Body—Report for 2014-15. [Received 28 October 2015]
National Health Funding Pool—Report for 2014-15, including financial statements for state and territory State Pool Accounts. [Received 28 October 2015]
National Health Performance Authority (NHPA)—Report for 2014-15. [Received 28 October 2015]
National Heavy Vehicle Regulator (NHVR)—Report for 2014-15. [Received 2 November 2015]
National Library of Australia—Report for 2014-15. [Received 28 October 2015]
National Museum of Australia—Report for 2014-15. [Received 30 October 2015]
National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)—Report for 2014-15. [Received 30 October 2015]
National Portrait Gallery of Australia—Report for 2014-15. [Received 28 October 2015]
National Rural Advisory Council (NRAC)—Report for 2014-15 [Final report]. [Received 23 October 2015]
National Transport Commission (NTC Australia)—Report for 2014-15. [Received 26 October 2015]
Office of the Official Secretary to the Governor-General—Report for 2014-15. [Received 26 October 2015]
Parliamentary Service Commissioner—Report for 2014-15, including report of the Parliamentary Service Merit Protection Commissioner. [Received 29 October 2015]
Private Health Insurance Administration Council—Report for 2014-15 [Final report]. [Received 30 October 2015]
Private Health Insurance Ombudsman—Report for 2014-15 [Final report]. [Received 27 October 2015]
Productivity Commission—Report for 2014-15. [Received 23 October 2015]
Professional Services Review—Report for 2014-15. [Received 2 November 2015]
Public Lending Right Committee—Report for 2014-15. [Received 30 October 2015]
Regional Telecommunications Independent Review Committee—Regional telecommunications review 2015—Unlocking the potential in regional Australia.
Repatriation Commission, Military Rehabilitation and Compensation Commission and the Department of Veterans’ Affairs—Reports for 2014-15, including financial statements of the Defence Service Homes Insurance Scheme. [Received 30 October 2015]
Repatriation Medical Authority—Report for 2014-15. [Received 29 October 2015]
Reserve Bank of Australia—Reports for 2014-15—
Annual report.
Equity and diversity.
Payments System Board.
Royal Australian Mint—Report for 2014-15. [Received 26 October 2015]
Royal Australian Navy Central Canteens Board (Navy Canteens)—Report for 2014-15. [Received 30 October 2015]
Safe Work Australia—Report for 2014-15. [Received 27 October 2015]
Screen Australia—Report for 2014-15. [Received 29 October 2015]
Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority)—Report for 2014-15. [Received 29 October 2015]
Services Trust Funds—Royal Australian Navy Relief Trust Fund, Australian Military Forces Relief Trust Fund and Royal Australian Air Force Welfare Trust Fund—Reports for 2014-15. [Received 30 October 2015]
Social Security Appeals Tribunal—Report for 2014-15 [Final report]. [Received 26 October 2015]
Special Broadcasting Service Corporation (SBS)—Report for 2014-15. [Received 23 October 2015]
Sydney Harbour Federation Trust—Report for 2014-15. [Received 2 November 2015]
Takeovers Panel—Report for 2014-15. [Received 29 October 2015]
Tax Practitioners Board—Report for 2014-15. [Received 28 October 2015]
Tourism Australia—Report for 2014-15. [Received 30 October 2015]
Transport—New South Wales—Newcastle Heavy Rail Line—Letter to the President of the Senate from the New South Wales Minister for Transport and Infrastructure (Mr Constance), dated 16 October 2015, responding to the resolution of the Senate of 15 September 2015.
Veterans' Review Board—Report for 2014-15. [Received 30 October 2015]
Women—
Domestic violence—Letter to the President of the Senate from the Premier of Tasmania (Mr Hodgman), dated 26 October 2015, responding to the resolution of the Senate of 15 September 2015.
Parramatta Female Factory Precinct—Letter to the President of the Senate from the Minister for the Environment (Mr Hunt), dated 22 October 2015, responding to the resolution of the Senate of 16 September 2015.

**Order for the Production of Documents**

The following documents received on the dates indicated were tabled:

Education—Nous Group contract—Letter to the President of the Senate from the Minister for Education and Training (Senator Birmingham), dated 21 October 2015, responding to the order of the Senate of 15 October 2015, and attachments. [Received 21 October 2015]
Health—Food Standards Australia New Zealand—Letter to the President of the Senate from the Minister for Rural Health (Senator Nash), dated 22 October 2015, responding to the order of the Senate of 15 October 2015, and attachments. [Received 22 October 2015]

COMMITTEES

Report

The following reports were presented and authorised for publication on the dates indicated pursuant to standing order 38(7)(a):

Environment and Communications Legislation Committee—Motor Vehicle Standards (Cheaper Transport) Bill 2014—Interim report, dated 23 October 2015. [Received 23 October 2015]

Foreign Affairs, Defence and Trade Legislation Committee—Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 [provisions] and Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 [provisions]—Report, dated November 2015, additional information and submissions. [Received 6 November 2015]

Foreign Affairs, Defence and Trade References Committee—China-Australia Free Trade Agreement—Report, dated November 2015, additional information and submissions. [Received 6 November 2015]