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FORTY-FOURTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

Senate Office holders
President—Senator Hon. John Joseph Hogg
Deputy President and Chair of Committees—Senator Stephen Parry
Temporary Chairs of Committees—Senators Cory Bernardi, Thomas Mark Bishop, Suzanne Kay Boyce, Sean Edwards, David Julian Fawcett, Mark Lionel Furner, Alexander McEachian Gallacher, Scott Ludlam, Gavin Mark Marshall, Anne Sowerby Ruston, Dean Anthony Smith, Ursula Mary Stephens, Glenn Sterle and Peter Stuart Whish-Wilson
Leader of the Government in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator the 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. Eric Abetz
Deputy Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
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 Australian Labor Party—Senator the Hon Penny Wong
Deputy Leader of the Australian Labor Party—Senator the Hon Stephen Conroy
Leader of the Australian Greens—Senator Christine Anne Milne
Chief Government Whip—Senator Helen Kroger
Deputy Government Whips—Senators Christopher John Back and David Christopher Bushby
Chief Opposition Whip—Senator Anne McEwen
Deputy Opposition Whips—Senators Catryna 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>
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<td>Abetz, Hon. Eric</td>
<td>TAS</td>
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<tr>
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<td>Birmingham, Simon John</td>
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<td>Boyce, Suzanne Kay</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>Senator</th>
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(1) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice H. Coonan, resigned 22.8.11), pursuant to section 15 of the Constitution.

(2) Chosen by the Parliament of Western Australia to fill a casual vacancy (vice J. Adams, died in office 31.3.12), pursuant to section 15 of the Constitution.

(3) Chosen by the Parliament of Tasmania to fill a casual vacancy (vice Hon. N. Sherry, resigned 1.6.12), pursuant to section 15 of the Constitution.

(4) Chosen by the Parliament of Tasmania to fill a casual vacancy (vice Hon. B. Brown, resigned 15.6.12), pursuant to section 15 of the Constitution.

(5) Chosen by the Parliament of South Australia to fill a casual vacancy (vice M. J. Fisher, resigned 15.8.12), pursuant to section 15 of the Constitution.

(6) Chosen by the Parliament of Western Australia to fill a casual vacancy (vice C. Evans, resigned 12.4.13), pursuant to section 15 of the Constitution.

(7) Chosen by the Parliament of Queensland to fill a casual vacancy (vice B. Joyce, resigned 8.8.13), pursuant to section 15 of the Constitution.

(8) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice M. Thistlethwaite, resigned 9.8.13), pursuant to section 15 of the Constitution.

(9) Chosen by the Parliament of Victoria to fill a casual vacancy (vice D. Feeney, resigned 12.8.13), pursuant to section 15 of the Constitution.

(10) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice R. Carr, resigned 24.10.13), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**

Heads of Parliamentary Departments

Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—C Mills
Parliamentary Budget Officer—P Bowen
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<tr>
<td>Prime Minister</td>
<td>The Hon Tony Abbott MP</td>
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<tr>
<td>Minister for Indigenous Affairs</td>
<td>Senator the Hon Nigel Scullion</td>
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<tr>
<td>Minister Assistant the Prime Minister for the Public Service</td>
<td>Senator the Hon Eric Abetz</td>
</tr>
<tr>
<td>Minister Assistant the Prime Minister for Women</td>
<td>Senator the Hon Michaelia Cash</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon Josh Frydenberg MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon Alan Tudge MP</td>
</tr>
<tr>
<td>Minister for Infrastructure and Regional Development (Deputy Prime Minister)</td>
<td>The Hon Warren Truss MP</td>
</tr>
<tr>
<td>Assistant Minister for Infrastructure and Regional Development</td>
<td>The Hon Jamie Briggs MP</td>
</tr>
<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon Julie Bishop MP</td>
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<tr>
<td>Minister for Trade and Investment</td>
<td>The Hon Andrew Robb AO MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Foreign Affairs</td>
<td>Senator the Hon Brett Mason</td>
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<tr>
<td>Minister for Employment (Leader of the Government in the Senate)</td>
<td>Senator the Hon Eric Abetz</td>
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<tr>
<td>Assistant Minister for Employment (Deputy Leader of the House)</td>
<td>The Hon Luke Hartsuyker MP</td>
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<tr>
<td>Attorney-General</td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>Minister for the Arts (Vice-President of the Executive Council)</td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>(Deputy Leader of the Government in the Senate) Minister for Justice</td>
<td>The Hon Michael Keenan MP</td>
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<tr>
<td>Treasurer</td>
<td>The Hon Joe Hockey MP</td>
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<tr>
<td>Minister for Small Business</td>
<td>The Hon Bruce Billson MP</td>
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<tr>
<td>Acting Assistant Treasurer</td>
<td>Senator the Hon Mathias Cormann</td>
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<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon Steven Ciobo MP</td>
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<tr>
<td>Minister for Agriculture</td>
<td>The Hon Barnaby Joyce MP</td>
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<tr>
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<td>Parliamentary Secretary to the Minister for Education</td>
<td>Senator the Hon Scott Ryan</td>
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<td>Parliamentary Secretary to the Minister for Industry</td>
<td>The Hon Bob Baldwin MP</td>
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<td>Minister for Social Services Assistant Minister for Social Services (Manager of Government Business in the Senate)</td>
<td>The Hon Kevin Andrews MP</td>
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<td>Senator the Hon Mitch Fifield</td>
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<td>Senator the Hon Marise Payne</td>
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<td>Senator the Hon Concetta Fieravanti-Wells</td>
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<td>Minister for Communications</td>
<td>The Hon Malcolm Turnbull MP</td>
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<tr>
<td>Minister for Health</td>
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<td><strong>Minister for Defence</strong></td>
<td>Senator the Hon David Johnston</td>
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<tr>
<td>Minister for Veterans’ Affairs</td>
<td>Senator the Hon Michael Ronaldson</td>
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<tr>
<td>Minister Assisting the Prime Minister for the Centenary of ANZAC</td>
<td>Senator the Hon Michael Ronaldson</td>
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<td><strong>Parliamentary Secretary to the Minister for Defence</strong></td>
<td>The Hon Darren Chester MP</td>
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<tr>
<td><strong>Minister for the Environment</strong></td>
<td>The Hon Greg Hunt MP</td>
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<tr>
<td><strong>Parliamentary Secretary to the Minister for the Environment</strong></td>
<td>Senator the Hon Simon Birmingham</td>
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<td><strong>Parliamentary Secretary to the Minister for Finance</strong></td>
<td>The Hon Michael McCormack MP</td>
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Each box represents a portfolio. **Cabinet Ministers are shown in bold type.** As a general rule, there is one department in each portfolio. However, there is a Department of Human Services in the Social Services portfolio and a Department of Veterans’ Affairs in the Defence portfolio. The title of a department does not necessarily reflect the title of a minister in all cases.
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Monday, 16 June 2014

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

GOVERNOR-GENERAL’S SPEECH

Address-in-Reply

The PRESIDENT (10:01): I remind honourable senators that pursuant to the order of the Senate agreed to on 15 May 2014, the address-in-reply will be presented to the Governor-General at Government House today at 4.00 pm. For this purpose, the sitting of the Senate will be suspended at 3.30pm. Cars will leave the Senate entrance at 3.45 pm to take senators to Government House.

COMMITTEES

Aboriginal and Torres Strait Islander Affairs Committee

Meeting

Senator KROGER (Victoria—Chief Government Whip) (10:01): by leave—I move:

That the Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples be authorised to hold a private meeting otherwise and in accordance with standing order 33 (1) during the sitting of the Senate today from 10.05am.

Question agreed to.

BILLS

Social Security Legislation Amendment (Increased Employment Participation) Bill 2014

In Committee

Debate resumed.

The CHAIRMAN (10:02): The Senate is considering the Social Security Legislation Amendment (Increased Employment Participation) Bill 2014.

Senator JACINTA COLLINS (Victoria) (10:02): by leave—I move opposition amendments (1) and (2) together:

(1) Schedule 2, item 1, page 11 (lines 5 and 6), to be opposed.

(2) Schedule 2, item 4, page 11 (lines 16 to 21), to be opposed.

Schedule 2 of the bill seeks to amend section 42S of the Social Security (Administration) Act 1999, by increasing from 12 weeks to 26 weeks the unemployment non-payment period during which a participation payment is not payable in circumstances where a person who has been paid relocation assistance becomes unemployed as a result of a voluntary act of the person or as a result of the person's misconduct as an employee.

The opposition amendment has the effect of retaining the unemployment non-payment period at 12 weeks, which is the status quo. The opposition is obviously concerned about the extreme nature of extending this to 26 weeks and we will seek support to have the status quo provision prevail.
Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (10:03): If I can briefly respond on behalf of the government. The government took a policy position to the last election. The government is serious about its social security legislation to increase employment participation. However, we are aware of the numbers in this place and if this matter were to go to a vote what would occur. On seeking advice from my department in relation to relocation assistance scheme breaches—the situation we are talking about of changing the non-payment period from 12 weeks to 26 weeks—I understand that, under the existing program, 333 such relocation payments have been made and there have been only three breaches. This means we are dealing, at this stage, with less than one per cent. Given those circumstances, the government is minded to raise the white flag and accept the Labor opposition's amendment on this. We will monitor the situation to see whether or not the breaches blow out beyond the current rate, as indicated by the department, of one per cent. In these circumstances the government will not be opposing the amendment.

Senator SIEWERT (Western Australia—Australian Greens Whip) (10:05): I indicated in my second reading contribution on this bill that the Greens would be supporting the ALP's amendments. These are half of the changes we seek to move, as I foreshadowed in my second reading contribution. We will be supporting the ALP's changes to this bill.

The CHAIRMAN (10:06): The question is that items 1 and 4 of schedule 2 stand as printed.

Question negatived.

Senator SIEWERT (Western Australia—Australian Greens Whip) (10:06): The Greens oppose schedule 2 in the following terms:

(1) Schedule 2, page 11 (lines 1 to 21), to be opposed.

We seek to oppose the whole of schedule 2, which contains not only issues around the number of weeks in the non-payment period but also deals with the language of this bill. As I expressed in my second reading contribution, we are concerned about the nuances the changes bring. We are concerned—and I am sure we will be debating the issue this afternoon—about the way that the social security system in this country is changing and taking a much more punitive approach. We believe that parts of this bill contribute to that approach—it seeks to demonise and take a more punitive approach when the evidence shows we need to be taking a much more supportive and incentive based approach. Having said that, the changes that were just rejected by the Senate—thank goodness!—deal with the part of the bill we had the most substantive concerns with.

Senator JACINTA COLLINS (Victoria) (10:07): The opposition will not be supporting these further changes. We appreciate that the Greens have joined us on the most substantive components of this bill; however, the changes Senator Siewert is referring to, as I understand it, rather than dealing with her concerns—which, regarding the language and punitive nature of the current approach, we agree with—are technical changes to paragraphs 42S(3)(b) and 42S(3B)(a) to cover circumstances where the relocation assistance may have been paid to another person for the benefit of the person eligible to receive relocation assistance. On that basis, as technical changes, we see these as reasonable and will not be supporting the Greens' changes.
Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (10:08): I thank the Labor Party for its position in relation to this change. The government also opposes the Greens' change, largely for the reasons outlined by the opposition spokesman, Senator Collins.

With relocation assistance it is the Australian taxpayer, not the government, that makes the money available—up to $6,000 worth—and it is therefore appropriate that there be some robust vetting to ensure this money is used for a good and proper purpose, namely to help people relocate to where a particular job is. So to have some penalty if somebody were to breach that generous provision of money obtained from their fellow Australian taxpayers I think is appropriate; therefore, it stands to reason that it is inappropriate to talk about demonising or punitive measures. I will leave my contribution at that, understanding that the Greens will not be seeking to divide on this issue.

The CHAIRMAN: The question is that schedule 2, as amended, stand as printed.
Question agreed to.
Bill, as amended, agreed to.
Bill reported with amendments; report adopted.

Third Reading

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (10:11): I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

COMMITTEES

Economics Legislation Committee
Report

Senator KROGER (Victoria—Chief Government Whip) (10:11): At the request of Senator Bushby, I present the report of the Senate Economics Legislation Committee on the provisions of the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills, together with submissions.
Ordered that the report be printed.
BILLS

Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014
Income Tax Rates Amendment (Temporary Budget Repair Levy) Bill 2014
Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Bill 2014
Fringe Benefits Tax Amendment (Temporary Budget Repair Levy) Bill 2014
Income Tax (Bearer Debentures) Amendment (Temporary Budget Repair Levy) Bill 2014
Income Tax (First Home Saver Accounts Misuse Tax) Amendment (Temporary Budget Repair Levy) Bill 2014
Income Tax (TFN Withholding Tax (ESS)) Amendment (Temporary Budget Repair Levy) Bill 2014
Superannuation (Departing Australia Superannuation Payments Tax) Amendment (Temporary Budget Repair Levy) Bill 2014
Superannuation (Excess Non-concessional Contributions Tax) Amendment (Temporary Budget Repair Levy) Bill 2014
Superannuation (Excess Untaxed Roll-over Amounts Tax) Amendment (Temporary Budget Repair Levy) Bill 2014
Taxation (Trustee Beneficiary Non-disclosure Tax) (No. 1) Amendment (Temporary Budget Repair Levy) Bill 2014
Taxation (Trustee Beneficiary Non-disclosure Tax) (No. 2) Amendment (Temporary Budget Repair Levy) Bill 2014
Tax Laws Amendment (Interest on Non-Resident Trust Distributions) (Temporary Budget Repair Levy) Bill 2014
Tax Laws Amendment (Untainting Tax) (Temporary Budget Repair Levy) Bill 2014
Trust Recoupment Tax Amendment (Temporary Budget Repair Levy) Bill 2014

First Reading

Bills received from the House of Representatives.

Senator CORMANN (Western Australia—Minister for Finance) (10:12): 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 CORMANN (Western Australia—Minister for Finance) (10:14): 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—

TAX LAWS AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The government has introduced a budget that will redirect taxpayers’ dollars from unaffordable consumption today to productive investment for tomorrow. It will do this while supporting the most vulnerable, and taking significant steps towards ensuring that government can live within its means. It will move Australia towards greater equality of opportunity.

The underlying cash deficit is projected to be $60 billion over the four years to 2017-18, compared to $123 billion over the four years to 2016-17 at the 2013-14 Mid Year Economic and Fiscal Outlook. Instead of the $667 billion of debt by 2023-24, we will now have debt of $389 billion.

This substantial improvement is built off a significant reduction in payments growth. At the 2013-14 Mid Year Economic and Fiscal Outlook, average real growth in payments over the four years to 2016-17 was 2.6 per cent. The average over the four years to 2017-18 is now 0.8 per cent.

The 2014-15 budget is the first step in our action plan to return the budget to a more sustainable footing.

We will invest in a stronger economy by redirecting government spending to measures that will boost productivity and workforce participation. This includes the Infrastructure Growth Package—the Asset Recycling Initiative and other new investments in infrastructure—to which we have committed nearly $11.6 billion in this budget. It includes building a new Medical Research Future Fund—the largest of its kind in the world—within the next six years, with a guaranteed stream of support. And in education, we will provide direct financial support to all students studying higher education diplomas, advanced diplomas and associate degree courses, as well as those studying bachelor degrees, at all approved higher education institutions.

Through the measures announced in the 2014-15 budget, we are also eliminating waste and targeting government assistance to those who need it most.

This accords with our plan to reduce the government’s share of the economy over time, which in turn will free up resources for private investment. It will see payments as a percentage of GDP fall over time. And it will allow us to pay down public debt. Every generation before us has helped to build the quality of life that we enjoy, and we can do no less for future generations.

We have taken structural reforms to improve the sustainability of the budget in the longer term.

We are making the Age Pension system more sustainable into the future and targeted to those who need it most with some long-term changes. We are also tightening the eligibility criteria for unemployment benefits, so that people under the age of 30 are encouraged to earn, or learn or work for the dole.

In the health sphere, we’re introducing new patient contributions and increasing medicine co-payments. We are also bringing the excessive growth of public hospitals funding under control while ensuring real funding increases every year.

Alone, these measures are not enough. They will take time to generate the necessary savings over the longer term. That is why we are also introducing a range of temporary savings measures to help with the immediate task of budget repair. We will pause the indexation of certain government payment eligibility thresholds, and will also be keeping the fortnightly payment rates of family tax benefit at current levels for two years.

For the Age Pension, we’re pausing means test thresholds and resetting the deeming thresholds in 2017-18, to ensure our pension system can handle an ageing population. We’re asking self-funded retirees to do their bit by ceasing payment of the seniors supplement and including untaxed superannuation in the means test for the Commonwealth Seniors Health Card.
These measures are part of a sensible way forward that balances the need for budget repair with an economic recovery that is still in its early stages—asking those on low and middle incomes to bear the full burden of the consolidation would be unfair and bad for the economy.

All Australians—from households to businesses and the public sector—will contribute to getting the budget back on track.

It is in this context, the context of the immediate task of budget repair, that we are introducing the Temporary Budget Repair Levy.

The Temporary Budget Repair Levy will start from 1 July 2014, and remain in place until 30 June 2017.

It is progressive and will apply at a rate of 2 per cent on individuals’ annual personal taxable income above $180,000.

This measure will raise $3.1 billion over the forward estimates period.

It will help to ensure that all Australians—households, businesses and those in the public sector—will contribute to getting the budget back on track.

All of us have to contribute to the heavy lifting required to repair the budget in one form or another, because in the longer term, everyone will benefit from the effort we all put in now.

In the broader scheme of the budget, this is not a large tax increase. It is not a permanent tax increase. And it is not an unprecedented tax increase—governments of both sides have in the past introduced or increased levies as a way of responsibly funding particular public needs. For example, we have had temporary levies in the past to pay for the gun buyback in the late 1990s, and for flood and cyclone reconstruction.

Recently, and also commencing from 1 July 2014, the former government legislated an increase to the Medicare levy to go towards funding DisabilityCare Australia.

The Temporary Budget Repair Levy has been designed so that it will not impact directly on the average worker.

In 2014-15, around 400,000 taxpayers—less than 4 per cent of taxpayers—will directly incur the Temporary Budget Repair Levy on their personal taxable income.

This includes members of Parliament.

Importantly, the threshold of $180,000 has been chosen so that almost none of the people affected by expenditure cuts to direct assistance, such as pensions and family payments, directly incur the Temporary Budget Repair Levy.

It is a simple and reasonable measure that will help to ensure that those on the highest incomes contribute to the budget repair task based on their ability to pay.

Without the Temporary Budget Repair Levy, the cost of repairing the budget in the medium term would be borne by low and middle income households alone.

The expenditure savings that we have announced in this budget need to be supported by longer term, structural reforms to the tax system. This is the only way to ensure that the government’s call on resources is sustainable.

We are committed to the longer term task of tax reform. We have committed to produce a comprehensive White Paper on tax reform which will identify those longer-term structural tax reforms that can improve sustainability and reduce the costs to the economy. And we will take any proposals from the White Paper to the Australian people.

In the medium term, the Temporary Budget Repair Levy is a reasonable and responsible measure that will help to ensure the task of budget repair is shared by all Australians.
The Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014, which is part of a package including fourteen additional supporting Bills, will introduce a Temporary Budget Repair Levy from 1 July 2014 until 30 June 2017.

As I have said, the Temporary Budget Repair Levy will apply at a marginal rate of 2 per cent on individuals’ annual taxable income in excess of $180,000.

In addition to the introduction of the levy itself, the package of supporting Bills contains important consequential amendments that will maintain the integrity and fairness of the tax system, and minimise the opportunities for taxpayers to avoid the levy during the three years that it is in place.

These consequential amendments will, among other things, amend the rate of fringe benefits tax. Over the same period, we will increase the caps that apply to certain not-for-profit organisations, as well as increasing the fringe benefits rebate rate. This will maintain the cash value of benefits under the cap to employees of those not-for-profit organisations while the higher fringe benefit tax rate is in place.

This package of Bills will also make consequential amendments to rates in a number of other Acts, to ensure that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

For example, the top marginal tax rate is currently applied as a flat rate to no tax file number withholding, and the taxation of the unearned income of minors, certain trustees and certain non complying retirement funds. These rates will be increased to reflect the introduction of the Temporary Budget Repair Levy.

In addition, a number of other rates in the tax system are also set by reference to the top personal marginal tax rate, or by calculations comprising that rate. These rates are in place to encourage compliance and to limit opportunities for tax minimisation.

These rates will also be amended to reflect the introduction of the Temporary Budget Repair Levy. They are rates for family trust distribution tax, income tax (bearer debentures), first home saver accounts misuse tax, no tax file number withholding tax for employee share schemes, departing Australia superannuation payments tax, excess non-concessional contributions tax, excess untaxed rollover amounts tax, trustee beneficiary non-disclosure tax, interest on non-resident trust distributions, corporate untainting tax, and trust recoupment tax.

I will speak to these consequential amendments when I come to introducing the rest of the Bills contained in this package.

For now, I turn to the detail of the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014.

Schedule 1 to this Bill will amend the Income Tax (Transitional Provisions) Act 1997 to introduce the Temporary Budget Repair Levy on individuals with a personal taxable income exceeding $180,000.

This Schedule defines the ‘Temporary Budget Repair Levy years’ as being the 2014-15, 2015-16 and 2016-17 financial years.

This Schedule also sets out the method for determining an individual’s Temporary Budget Repair Levy liability.

It clarifies that the amount of Temporary Budget Repair Levy that a person must pay cannot be reduced by their eligibility for non refundable personal income tax offsets, with the exception of the foreign income tax offset.

Schedule 2 to this Bill will define the ‘Temporary Budget Repair Levy years’, in relation to the consequential amendments to the fringe benefits tax concessions, as the 2015-16 and 2016-17 FBT years. To minimise the administrative burden on employers, these amendments were aligned with the FBT tax year, which starts on 1 April.
Schedule 2 will further amend the Fringe Benefits Tax Assessment Act 1986 to align the fringe benefits rebate rate to the fringe benefits tax rate from 1 April 2015 onward.

Schedule 2 to this Bill will further amend the Fringe Benefits Tax Assessment Act 1986 to maintain the cash value of benefits under the cap that can be provided to employees of not-for-profit organisations while the higher fringe benefits tax rate is in place. This is done by increasing the annual caps.

Finally, Schedule 3 to this Bill will amend the Taxation Administration Regulations 1976 to allow the Commissioner of Taxation to increase the highest withholding rate for certain payments where no TFN or ABN has been quoted by 2 percentage points. This will reflect the introduction of the Temporary Budget Repair Levy from 1 July 2014.

Together with the other measures announced in our Budget, the Temporary Budget Repair Levy will begin the task of repairing the fiscal circumstances that we have inherited. Further, it will help to ensure that everybody shares some of the burden of the repair task, and that those on the highest incomes contribute based on their ability to pay.

Without these actions the budget would have been in deficit for at least the next decade—a total of 16 consecutive years of deficits.

This would have left Australia in a vulnerable position, ill equipped to cope with an ageing population, and increasingly reliant on future generations to pay off our debt. Instead, the totality of measures contained in the Budget the Treasurer has announced tonight will reduce the forecast gross debt to $389 billion over the next decade, rather than nearly two thirds of a trillion dollars in 2023-24 as projected at last Mid YEAR Economic and Fiscal Outlook.

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

INCOME TAX RATES AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Income Tax Rates Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of the package of measures that will introduce the Temporary Budget Repair Levy.

This Bill will amend the Income Tax Rates Act 1986 to introduce a new schedule of income tax rates and thresholds that will comprise the Temporary Budget Repair Levy.

The Temporary Budget Repair Levy will be set at a rate of 2 per cent on individuals’ annual taxable income in excess of $180,000. The Temporary Budget Repair Levy will be in place during the ‘Temporary Budget Repair Levy years’, which are the 2014-15, 2015-16 and 2016-17 financial years.

This Bill will also amend certain other income tax rates in the Income Tax Rates Act 1986 that are set by reference to the top personal marginal tax rate, or by calculations comprising that rate.

These amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

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

The Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Family Trust Distribution Tax (Primary Liability) Act 1998.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.
The Fringe Benefits Tax Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Fringe Benefits Tax Act 1986.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Income Tax (Bearer Debentures) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (Bearer Debentures) Act 1971.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Income Tax (First Home Saver Accounts Misuse Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (First Home Saver Accounts Misuse Tax) Act 2008.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Income Tax (TFN Withholding Tax (ESS)) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (TFN Withholding Tax (ESS)) Act 2009.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Superannuation (Departing Australia Superannuation Payments Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Departing Australia Superannuation Payments Tax) Act 2007.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Superannuation (Excess Non-concessional Contributions Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the
top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of
the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Excess Non-concessional

These consequential amendments will maintain the integrity and fairness of the tax system, and
minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Superannuation (Excess Untaxed Roll-over Amounts Tax) Amendment (Temporary Budget
Repair Levy) Bill 2014 is part of a package of Bills that ensures that tax rates set by reference to the top
marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary
Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Excess Untaxed Roll-over

These consequential amendments will maintain the integrity and fairness of the tax system, and
minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Taxation (Trustee Beneficiary Non-Disclosure Tax) (No. 1) Amendment (Temporary Budget
Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the
top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of
the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Taxation (Trustee Beneficiary Non-Disclosure
Tax) Act (No. 1) 2007.

These consequential amendments will maintain the integrity and fairness of the tax system, and
minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Taxation (Trustee Beneficiary Non-Disclosure Tax) (No. 2) Amendment (Temporary Budget
Repair Levy) Act (No. 2) 2007 as a result of the introduction of the Temporary Budget Repair Levy.

These consequential amendments will maintain the integrity and fairness of the tax system, and
minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Tax Laws Amendment (Interest on Non-resident Trust Distributions) ( Temporary Budget Repair
Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top
personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the
Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax Assessment Act 1936.

These consequential amendments will maintain the integrity and fairness of the tax system, and
minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Tax Laws Amendment (Untainting Tax) (Temporary Budget Repair Levy) Bill 2014 forms part
of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or
by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.
This Bill contains consequential amendments to the Income Tax Assessment Act 1997. These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

The Trust Recoupment Tax Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Trust Recoupment Tax Act 1985. These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum already tabled.

FAMILY TRUST DISTRIBUTION TAX (PRIMARY LIABILITY) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Family Trust Distribution Tax (Primary Liability) Act 1998. These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

FRINGE BENEFITS TAX AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Fringe Benefits Tax Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Fringe Benefits Tax Act 1986. These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

INCOME TAX (BEARER DEBENTURES) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Income Tax (Bearer Debentures) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (Bearer Debentures) Act 1971. These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.
INCOME TAX (FIRST HOME SAVER ACCOUNTS MISUSE TAX) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Income Tax (First Home Saver Accounts Misuse Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (First Home Saver Accounts Misuse Tax) Act 2008.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

INCOME TAX (TFN WITHHOLDING TAX (ESS)) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Income Tax (TFN Withholding Tax (ESS)) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax (TFN Withholding Tax (ESS)) Act 2009.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

SUPERANNUATION (DEPARTING AUSTRALIA SUPERANNUATION PAYMENTS TAX) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Superannuation (Departing Australia Superannuation Payments Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Departing Australia Superannuation Payments Tax) Act 2007.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

SUPERANNUATION (EXCESS NON-CONCESSIONAL CONTRIBUTIONS TAX) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Superannuation (Excess Non-concessional Contributions Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Excess Non-concessional Contributions Tax) Act 2007.
These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

SUPERANNUATION (EXCESS UNTAXED ROLL-OVER AMOUNTS TAX) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Superannuation (Excess Untaxed Roll-over Amounts Tax) Amendment (Temporary Budget Repair Levy) Bill 2014 is part of a package of Bills that ensures that tax rates set by reference to the top marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Superannuation (Excess Untaxed Roll-over Amounts Tax) Act 2007.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

TAXATION (TRUSTEE BENEFICIARY NON-DISCLOSURE TAX) (No. 1) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Taxation (Trustee Beneficiary Non-Disclosure Tax) (No. 1) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Taxation (Trustee Beneficiary Non-Disclosure Tax) Act (No. 1) 2007.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

TAXATION (TRUSTEE BENEFICIARY NON-DISCLOSURE TAX) (No. 2) AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Taxation (Trustee Beneficiary Non-Disclosure Tax) (No. 2) Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that top personal rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Taxation (Trustee Beneficiary Non-Disclosure Tax) Act (No. 2) 2007 as a result of the introduction of the Temporary Budget Repair Levy.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

TAX LAWS AMENDMENT (INTEREST ON NON-RESIDENT TRUST DISTRIBUTIONS) (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Tax Laws Amendment (Interest on Non-resident Trust Distributions) (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top
personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax Assessment Act 1936.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

TAX LAWS AMENDMENT (UNTAINING TAX) (TEMPORARY BUDGET REPAIR LEVY)
BILL 2014

The Tax Laws Amendment (Untainting Tax) (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Income Tax Assessment Act 1997.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

TRUST RECOUPMENT TAX AMENDMENT (TEMPORARY BUDGET REPAIR LEVY) BILL 2014

The Trust Recoupment Tax Amendment (Temporary Budget Repair Levy) Bill 2014 forms part of a package of Bills that ensures that tax rates set by reference to the top personal marginal tax rate, or by calculations comprising that rate, also reflect the introduction of the Temporary Budget Repair Levy.

This Bill contains consequential amendments to the Trust Recoupment Tax Act 1985.

These consequential amendments will maintain the integrity and fairness of the tax system, and minimise the opportunities for avoiding the levy.

Further details of the Bill are set out in the explanatory memorandum.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (10:14): I rise in this second reading debate on the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills to indicate the Labor opposition's position. Labor will not be opposing these bills, but we want to place on record a number of issues. The first is our concern about the implementation risks inherent in the design of the levy. We also wish to discuss the double standards on tax from this Prime Minister. We also wish to talk about economic management and the lies which we have been told by many in the government about Labor's record of strong economic management.

This government has confected a budget emergency which I think Australians are increasingly understanding is a guise for a vicious attack on Middle Australia. This budget will hurt those who work hard, those who do it tough, those who are sick, those who seek a better life for their children and those who are studying to improve their skills and to strengthen the nation's future. This budget will hit Australians every time they get into their cars, when they take their kids to the doctor, when they need a prescription. It will hit local hospitals and local schools. I look forward to hearing from the senators from Tasmania, South Australia, the Territory and the other states and territories which will be so badly hit by this
budget, not to mention the billions which will be taken out of the budgets for hospitals in the larger states.

As I said, this is a budget which will hit local schools and local hospitals. It will cost our children more to go to university and it will hit Australia's pensioners. Perhaps worst of all, these are all the things that this Prime Minister said he would not do prior to the election. Mr Abbott famously promised 'no new taxes, no cuts to hospitals and no cuts to schools' before the election, but this budget increases the cost of living, increases taxes, cuts funding to hospitals and cuts funding to schools. These very bills are the evidence that Mr Abbott says one thing before the election and does a very different thing thereafter.

This budget cuts pensions and family payments. It cuts $80 billion from Australia's hospitals and schools. It shows not only that Mr Abbott does not appear to know how to tell the truth before the election but also that he does not understand the cost of living pressures facing Australian families. But I tell you one thing he is pressing ahead with, one election promise he is determined to keep, and that is a paid parental leave scheme for millionaires. This is a budget which fatally undermines fairness in our nation.

I want to talk briefly about the distribution impact of the budget, because the Minister for Finance and the Treasurer tell us that one of the reasons they had to have this levy is that it is a means of sharing the burden of this budget. I can almost guarantee that what occurred is they went through all of their budget measures and suddenly Treasury said to them: 'Oh my goodness! Actually, people who are on high incomes are almost not contributing at all to this budget. We'd better do something so we look at least a bit fair.' So the ERC decided to have a temporary levy in order to try and avoid the argument that those who do the heaviest lifting in relation to this budget are those who can least afford it.

As Dr Leigh, the shadow Assistant Treasurer, told the other place when he spoke on this legislation and on other budget matters, the distributional effects of this budget are clear when one looks at the National Centre for Social and Economic Modelling's report—NATSEM's report—which shows who will be hit and who is paying. This is the modelling the government refuses to release. Treasury is quite capable and generally does produce the distributional impact of the budget, but magically they do not want to tell Australians who is being hit in this budget. All of a sudden the government somehow now wants to tell people: 'We just don't want to talk about who is actually paying. We don't want to show you which income groups, which family types, are going to bear the heaviest burden in this budget.'

This NATSEM research tells the story the government does not want Australians to hear—that the burden in this budget is not fairly shared. It confirms the fears that Australians already have about this government and about this budget. For example, this research shows that couples with children in the lowest income quintile will see a 6.6 per cent fall in their disposable income, while couples with children in the highest income quintile will see a 0.3 per cent increase in disposable income. To take out the economic jargon, it means poor people get poorer and rich people get richer. That is what it means. You get less disposable income if you are on a lower income and more if you are on a higher income.

Particularly worryingly, it shows that a single parent in the bottom income quintile will see a 10.8 per cent decrease in his or her disposable income. Right across the distribution, those in the bottom quintile are seeing a 2.2 per cent fall in their disposable income, while those in the top income quintile are seeing a small increase of 0.2 per cent. A single parent in the bottom
income quintile—that is, the poorer single parents in Australia—will see a 10.8 per cent, nearly 11 per cent, decrease in their disposable income.

Of course, the backdrop to this budget is a global trend in advanced economies which has seen inequality rising. Notwithstanding the best efforts of Labor governments to look at the distributional impact, because when we were in government we actually looked at the distributional impact of our budget measures and sought to put in budget measures which benefited those who worked and those who were on lower incomes, we have seen a very substantial acceleration in the earnings of those in the higher earnings bracket, compared to those in the lower earnings bracket. Therefore, the measure before the chamber against that backdrop is atypical for this budget. It is an attempt to try to go some way to marginally redressing the balance that is contained at the heart of this budget.

I want to briefly talk about the National Party and its hypocrisy in falling into line with this government's measures. I wonder how many of the National Party are going to speak on this debate. I remember being here when Senator Joyce was Leader of The Nationals in the Senate. I remember when he first came in, huffing and puffing about the sale of Telstra, saying that he was never going to agree to it. Of course, he went soft. In the end, he rolled over and had his tummy tickled. That is what the National Party do. They talk tough, but then they just roll over and have their tummy tickled by the Liberals. And you play them.

Credit where credit is due and respect where respect is due, the National Party in fact do represent many of Australia's lower paid families and lower income communities. A great many people who are on incomes lower than the average are located not just in metropolitan cities, particularly in outer suburbs, but in rural and regional areas. The measures in this budget will negatively affect and will hit low-income Australians in rural and regional areas. This is a budget which will hit many of the people whom the National Party purport to represent. Where are the icons of the bush, the defenders of people on the land, the defenders of our regional cities and towns? The silence in regional Australia has been deafening.

Senator Ian Macdonald interjecting—

Senator WONG: I hear Senator Macdonald. One thing that I will say for Senator Macdonald—and welcome to the debate—is that at least he comes in here and talks about his constituents. I do respect that and I give credit where credit is due. Where is the National Party? Where is the National Party talking about rural and regional Australia and the people in rural and regional Australia who will be hit by this budget? They are very quiet. We get a few Liberals who are prepared to speak out, but I do not hear the National Party coming in here to talk about how this budget is hitting the people they purport to represent.

In many National Party electorates, constituents and families do not have access to public transport. We have geographically diverse communities, geographically distant communities and of course they will be hit by the fuel excise change. These families will also be hit by the GP tax and by the withdrawal of benefits that will occur through this budget. We will certainly have more to say about this in the days and weeks to come.

Even dyed-in-the-wool National Party voters must be wondering where their voice in Canberra has gone and why it is so silent. I am unsurprised that the end of the chamber, where the National Party sit, is empty when it comes to this budget. They cannot defend it and they should have done better in standing up for the people they represent.
I raised at the outset some implementation issues with the debt levy. We have raised some concerns, as have a number of experts, about the way in which this budget measure is being implemented. The rushed implementation of the measure appears to have exposed a number of significant flaws in its design and we are sceptical about the level of revenue the measure is forecast to raise. One of the most significant implementation issues relates to the interaction between FBT, fringe benefits tax, and this income tax increase. As was canvassed in Senate estimates, there is a mismatch between the introduction of the income tax increase and the commensurate increase in FBT. This mismatch creates a significant tax arbitrage and tax avoidance opportunity. In both the first and the third years of this measure, there are opportunities for taxpayers to shift income out of salary and into fringe benefits to avoid the tax. This is because, as the chamber would be aware, the income tax increase commences on 1 July 2014 but the FBT increase will not occur until April 2015, the following year. In the third year, the FBT increase will cease on 31 March 2017. In total, this provides around nine months in the first year of the measure and three months in the final year where the FBT rate is not aligned with the top marginal tax rate. This creates the risk that the revenue-raising measure may not raise the revenue it is designed to raise.

This was made clear at Senate estimates. In fact, I sought to explore what was the amount of revenue forgone as a result of the mismatch. Certainly, in the 2014-15 and 2015-16 years you are looking at revenue of $600 million in the first of those two years and $1.15 million in the second, so that is over half a billion dollars difference. Treasury officials made it clear that the vast bulk of that lower revenue in the first year was as a result of the fringe benefits tax rate being lower than the relevant income tax rate.

The concerns that the opposition have raised have been echoed in the submissions to the Senate Economics Legislation Committee inquiry into this bill. Prominent economist Saul Eslake stated that this levy will likely be avoided by:

… greater use of the myriad provisions in the income tax system which offer preferential or concessional treatment for particular types of income, forms of business organization or categories of investment vehicles.

Taxpayers Australia also raised concerns about how easily this tax will be avoided using the FBT loophole and other tax minimisation strategies. They said:

Treasury estimates are therefore likely to be overstated because considerable amounts of relatively straightforward tax planning is likely to take place which have the effect of reducing taxable income, often to beneath the $180,000 threshold.

Taxpayers Australia went on to say:

We note that most of this planning is relatively straightforward and is already being actively marketed by many tax advisers. In short, it is clear that in practice only the wealthy but poorly advised will be paying the Debt Tax.

This loophole has already been picked up on by tax advisers, and media reports have quoted advisers asserting that this loophole will be exploited. For example, Prosperity Advisers tax director Mr Stephen Cribb said,

Taxpayers will take advantage of it simply because it is so easy to do.

In addition, there may be taxpayers who earn less than the $180,000 who will be impacted by the increase in fringe benefits tax. This concern was raised by the Tax Institute in their submission:
The increase in the FBT rate corresponding to the increase in the Levy, applies in respect of all employees, not only those employees earning taxable income over $180,000.

This may create the perverse circumstance whereby the wealthiest avoid this tax by using aggressive tax planning and those earning less than $180,000 end up making up some of the shortfall. It raises the question of just how serious the government really is about sharing the burden of this budget or resolving its so-called budget emergency. If the government was really serious it would have closed loopholes in its new tax measure with the same zeal that it is showing as it cuts services, raise taxes on the poor, the sick and the young, and hits Australia's pensioners.

I now turn to the economic record of the previous government, something that this government seeks to denigrate. In fact, it so confected a budget emergency that what we did see was a real hit on consumer confidence in the wake of the Treasurer, the Prime Minister and the finance minister really trash talking the Australian economy. It seems to have eluded some of the senior economic ministers in this government that they are in government now, and markets actually listen to what they say. We certainly saw consumer confidence at one point in the post-budget period hitting levels that were not as bad but almost as bad, and certainly the worse, since the consumer confidence measures during the global financial crisis, which of course was a very different period in terms of where the economy was at.

What we know, though, is that the government is so focused on making the political case for a budget which hits middle-income Australia, which hits low-income Australians, that they forget that they are in government and their words are listened to by the market and by consumers. They are so focused on partisan politics that they forget the national interest. One thing you can say about a coalition led by Mr Tony Abbott is that they will always put their partisanship ahead of the national interest.

I want to put on record again some of the economic success that Australia has had, including over the last six years. Over the period Labor was in government, the Australian economy grew by some 14 per cent. Nearly a million jobs were created, and Australia came through the global recession in far better shape than most of our peers. This was a standout performance amongst our global peers. We took almost a million people out of the income tax system by tripling the tax-free threshold. We gave 3.6 million workers a tax break and boosted the retirement income savings of over eight million Australians. We took decisions to improve the structural position of the budget, many of which those opposite opposed, even though those decisions created room to fund important investments for the long-term health and economic prosperity of our nation. These included investments like the National Disability Insurance Scheme and the Better Schools Plan, otherwise known as the Gonski plan.

In terms of the global financial crisis, as I mentioned earlier, Australia under the Labor government came through the global recession in far better shape than virtually any other advanced economy. We did this while both preserving fairness and preserving jobs. As the Nobel prize-winning economist Joseph Stiglitz said, in Australia the stimulus helped avoid a recession and save up to 200,000 jobs. Without fiscal stimulus, which has been so denigrated by those opposite, Australia would have gone into recession. Hundreds of thousands of people would have lost their jobs. Tens of thousands of small businesses would have gone to the wall.
and Australia would have suffered a permanent hit to productivity, a permanent hit on our GDP.

Today Mr Abbott is happy to trash talk the Australian economy even on the world stage. By contrast, Labor used its time in office to protect jobs and to grow our economy. Perhaps there are many measures to which you could look as to the strong economic management of the previous government, but perhaps one which is particularly useful is the GDP rankings. Under the Labor government, Australia's GDP rose from 15th to 12th in the world, and we also increased on a GDP per person basis.

Labor will not walk away from our record in government that saw Australia through the global financial crisis, that staved off a recession and saved hundreds of thousands of jobs in small business. We will not walk away from our strong commitment to economic growth with fairness. We see, through the loophole in the design of this levy, legitimate questions raised about how serious the government is when it pays lip-service to sharing the burden or solving its budget challenges. I say again that if the government were serious about these challenges it would have closed loopholes in the new tax measure with the same zeal that it is cutting services and raising taxes which are hitting the poor, the sick, the young and the elderly.

Senator WHISH-WILSON (Tasmania) (10:34): Just give me one moment please. I might have to pass over to another senator as I have a nosebleed. This has come at a very bad time. Please go to the next speaker.

Senator IAN MACDONALD (Queensland) (10:34): I commence my contribution to this debate on the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills by indicating that I totally support the government's drive to address Labor's debt crisis—the $650-odd billion of debt that Labor has left us. Whilst I support the measure in this bill that introduces a levy on income earners on above $180,000, I have trouble in supporting the bill, not because I do not agree with that aspect of it but because I do not believe it goes far enough.

I indicate to the chamber that I want this bill to be debated in the Committee of the Whole so that I can seek answers from the government minister in charge of the bill, Senator Cormann. I have indicated to Senator Cormann, as I have to others in my party, my concerns around why, when Australia needs additional money, the government is introducing a levy on individual taxpayers but not on corporate taxpayers. I have to say that this is not a new position for me. I spoke against Labor's flood levy. I was criticised by Labor for not wanting to impose a levy to help the flood victims in my state of Queensland, but, as with most things the Labor Party do, that was complete rubbish. Of course I wanted to help the flood victims in Queensland, but I wanted to know then, as I want to know now, why we are taxing individual income earners additionally but not companies that earn a certain amount in profits.

Nobody likes paying additional tax, and I certainly do not want to gain a reputation of calling for increased taxes. You might recall that not long ago I was seeking to broaden the GST. The Labor Party and populists got on the bandwagon and said, 'There's Macdonald wanting to increase the tax poor people pay on their food.' What I said in response to that is that, when the Howard government was elected, it actually went to an election on a GST proposal and was supported by the Australian public. The proposal was that it be a broad-based GST on everything, with commensurate compensation for low-income earners, who would be unduly impacted by the broadening of the GST.
In this day and age, the states are being asked to do more and more in health and education—and I agree they should; I agree that, as far as possible, the Commonwealth should get out of it. But the states need money to do that. They cannot just do it on a wing and a prayer. As a senator supposedly looking after the interests of my state, I take notice of what the Queensland government said in that regard. I thought one way to address that was to expand the GST back to what was endorsed by the Australian public at the 1998 election—nothing more, just going back to what we were elected on at that time: a broad based GST that did not require small business to fiddle with what is taxable and what is not, and that did have appropriate compensation for lower income earners. So I am not calling for an increased tax; I am just calling for the introduction of what we originally proposed, because the states need the money if they are going to do more in health and education, as I believe they should.

In relation to this particular levy bill, I support entirely the increase of tax on those earning more than $180,000. Nobody likes paying increased taxes, and I am like everyone else. To people who complain to me about a tough budget, I say to them, 'Don't complain to me, brother. Here's the address of the local Labor Party politician'—I do not say 'local', because there are none up our way these days. I say, 'Here is the address of the few Labor senators that are left in Queensland. Speak to them about their government's financial mismanagement that has led Australia from something like $60 billion in credit to approaching $650 billion in debt.' There is a debt crisis and I accept the word of Mr Hockey when he says there is a debt crisis. That is why I am surprised when this government, our government, my government, wants to address the debt crisis, but it leaves off the recovery regime a significant set of taxpayers who could contribute to paying off Labor's debt. I have asked for an explanation, as I did with Labor's debt levy. Why do we tax individuals but not companies? In talking about the Labor flood levy, I said, 'You're taxing the butcher and the baker but not their biggest opponents in Woolworths and Coles who compete with them but do not have to pay the tax.' It is okay for the butcher and the baker but not for Coles and Woolworths. I have sought answers. I have not got them, and I am hoping Senator Cormann will be able to answer these questions in the committee of the whole. I have asked why companies do not have to pay it.

I point out that many of the companies earning profits of more than $180,000 in Australia are companies who have shareholders who are not Australians. When I raised the question, the only reasonably sensible answer I got was from a new colleague of mine, who had been a chartered accountant, and he explained to me, 'If you tax companies, it means that the dividend that they pay to their shareholders will be a little bit less.' I can follow that. He then pointed out that many of those who received the dividends were superannuation funds. Many of them were the mums and dads who are perhaps on $40,000 a year and rely on the income from Xstrata, Wesfarmers, Coles and Woolworths for their living. That is probably right. That would mean that, if the companies had to pay a little bit extra tax, their dividends would be a little bit less and people on lower incomes would have that much less money.

I look at the company tax system and I am told that it would be good for Australian investment if we did not have any company tax at all, and I agree with that. It would mean a lot of investment in Australia, a lot more jobs and a much brighter economy. But of course we have a company tax. It is probably higher than many in the world, but we have it. This government, in its wisdom—and I was part of this—agreed prior to the election that we would reduce company tax as a step towards making investment in Australian companies more
attractive. I thought that was a pretty good idea. It was only a 1½ per cent reduction, but that is a start. Then, lo and behold, we have a Paid Parental Leave scheme, which is not going to cost anyone anything, except the top 3,000 companies. So the company tax reduction we are taking from one place is added back on. There are all the arguments which I am sure Senator Cormann will raise with me on why we want to reduce company tax, and I agree—they are valid and good arguments; I do not object to them—but why are we putting back a 1½ per cent levy on these companies? It just means that the argument for reducing company tax is blown out of the water. I understand that a decent paid parental leave scheme is a good idea, but I have heard the word of our leaders that we are in a debt crisis, and I think we are. You cannot go from $60 billion in credit to $650 billion in debt and not call that a credit crisis.

I heard the Leader of the Opposition in the Senate, Senator Wong, saying she was going to list the economic achievements of the previous government. Fortunately she did that when she had only two minutes left in her speech, because it would not take more than two minutes to list the achievements of the previous government in the economic area. It is easy to give away money if it is not your money and someone else has to pay for it in the years to come. I will not even waste time arguing the case about Labor's economic mismanagement. Except for the few people who are members of the Labor Party and some of the 10 per cent or so of workers who are members of the unions who now support the Labor Party, nobody else in Australia would, I think, accept it as relevant or reasonable that the Labor government was anything but an awful financial manager. So I will not address that anymore.

There is a crisis, and we have to address it. So, what is the best way to address it? Impose an additional tax on high-income earners—I agree entirely. But why aren't we imposing that same tax on companies? There will be arguments on why we do not want to tax companies, but then why doesn't the same argument apply to paid parental leave? Paid parental leave is a good thing to strive towards when the country can afford it. You only have to go as far as the Commission of Audit for an indication that the country cannot really afford the proposed Paid Parental Leave scheme—at this time; there will be a time in the future. Give this government one or two or three terms, and you can be assured that, as we did in the Howard days, the books will be back in order, the Treasury, if not overflowing with cash, will have enough cash to pay its way. And then we should look at a proper paid parental leave scheme.

I have my concerns about the Paid Parental Leave scheme. I am seeking more information. I am wanting to see how it impacts on people in the constituency I represent, which is basically regional Queensland and Northern Australia. And I want to see how it impacts on stay-at-home mums. My inclination is to vote against the measure, but I am waiting for the arguments. I want to see the fine print of the legislation to see what is actually proposed. And if there is a proposal for stay-at-home mums, if there is a proposal that really makes sure that this rather generous scheme does not apply only to the capital cities, then I would go along with it—except that I am not sure that this is the economic scenario that we should be following. Yes, we have to do it, but not at a time when we are in a debt crisis. I accept that we are in a debt crisis. Why are we bringing that forward now?

So, I desperately seek, as I have sought in the past, answers to why the Labor Party had a debt levy scheme that did not involve corporations and now my party is having a debt levy scheme that does not involve corporations. I repeat: many of the shareholders of these large companies that make more than $180,000 a year are foreign-owned companies. They have
Australian shareholders but foreign shareholders too. And I might say, they are companies that to a certain degree also benefited from Labor's lavish waste of money. Why shouldn't all those who make an income out of Australia contribute to the debt crisis? That is what I am desperately trying to understand. And I answer my own questions, but the answers are nonsensical, because if we do not want to tax companies to pay off Labor's debt then why are we taxing them for a paid parental leave scheme that is perhaps a little before its time?

I have grave concerns about this. If I had the wit, I would have moved an amendment to include companies, but I must confess that like Mr Palmer I do not have the staff to do that. And, unlike Mr Palmer, I do not have the private wealth to engage my own accountants to prepare a scheme for me. In any case, I am not sure that we can amend financial bills in the Senate.

But, short of that, I oppose the bill, not because—and I want to make this very clear—I oppose the tax on those earning $180,000 or more, but because I do not think it goes far enough. I think it should also be imposed on large companies who are earning more than $180,000. To those who would say, 'Small business would have to pay,' I say that, unfortunately, after six years of Labor, I do not think there are too many small-business companies earning $180,000 or more, so I do not think it really would attack them. I know from my long-gone practice as a lawyer that most small businesses have corporate veils but in fact really work under some sort of family trust, in which case the corporate veil does not pay the tax.

So here is an opportunity. I do not want to be nasty to these people; I love Coles, Woolworths, Xstrata, BHP, Wesfarmers and all the people who make a real contribution to Australia. Good on them. I am pleased that they do well, but, because they are doing well, why aren't they contributing to Labor's debt crisis? That is the issue I raise.

My crossing the floor might be relevant on some occasion over the next year or so. It would not be today because Labor are actually supporting this. They introduced the flood levy—against my opposition at the time to the levy aspect, not to raising money to assist people affected by floods. Labor are, of course, supporting this new levy but without, I think, giving it the right sort of support. I am not sure where the Greens are coming from, but, with Labor and my own party agreeing, my vote is going to be fairly irrelevant. That is why I wanted to take time today to explain my position—and not just explain my position but say to governments in the future, be they Labor or Liberal: if you are going to need extra money, have the courage to add a little more on top of the general taxation rate for high-income earners. Do not use this levy pretence. Is it a tax or is it a levy? Who cares? I do not care; I think most Australians do not care either. Why do we go for levies when we should just do the right thing? If we need money—if we have a debt crisis; and, thanks to Labor, we do have a debt crisis—then I think all Australians should contribute. Why aren't those people who make their money out of Australia, the foreign shareholders of big, wealthy, multinational companies, contributing as well?

It is a pretty simple argument and I am a pretty simple person, but I have been asking this since Labor's flood levy. I think there were levies in times gone by that I did not quite understand, but I did ask at the time of Labor's flood levy and I have asked at the time of this debt crisis levy. I am still yet to receive any reasonable explanation, bearing in mind that we are going to increase company tax in one particular area for another measure that has been
proposed. I look forward to the opportunity to have this discussion with the minister in the Committee of the Whole so that, hopefully, the minister can explain to me why it is that we tax only individuals and not companies.

**Senator WHISH-WILSON** (Tasmania) (10:54): I had to pop into the bathroom to quickly fix a nosebleed, and I came out and noticed that Senator Macdonald had pretty much delivered my speech, which would be a first. Although there are some fundamental things we disagree on, I am very heartened to hear Senator Macdonald say that we are not doing enough to take money off those entities that can afford to pay rather than taking money off the poor, the needy and the disadvantaged in this country. I was very heartened to hear that and I certainly look forward to joining with Senator Macdonald in asking similar questions about why we are not taking a structural approach to increasing taxation in this country.

Actually, I wanted to start with a biblical parable, and it is just coincidence that Senator Bernardi is in the chamber with me today. It tells us that when reflecting on our future—and you will be very familiar with this, Senator Bernardi—we should build our house on stone and not on sand. Figuratively, the house can be our lives, our societies, our communities, our governments. This Tony Abbott budget is looking like it will soon disappear into quicksand because the foundation it is built on is dishonesty and deception and it is proving unpalatable and unacceptable to many Australians—and I am sure that everyone in this chamber has received that feedback themselves in recent weeks no matter what political colour they are.

This so-called budget emergency, the debt crisis, the key justification for these cruel and unnecessary cuts to our country's most disadvantaged, is the biggest deception of all. The idea that Australia is in a debt crisis has been debunked by both the International Monetary Fund, and last week by the Parliamentary Budget Office who, whilst acknowledging that they wanted to see our levels of debt retired, said that it was nonsense to say that we were in some sort of crisis. This is the type of language and emotive messaging that we use in times of warfare or at other times of national crisis, and most Australians are smart enough to know when they are being conned. They know when it is time to pull in their belts and do their bit for their country. This is not a crisis or an emergency that requires the types of draconian, cruel and unnecessary cuts that we have seen, for example, to young unemployed Australians under 30 or to pensioners, either elderly pensioners or disability pensioners.

The myths this budget dishonesty are built on were recently analysed by the Australian Institute in its report, *Auditing the auditors*, which I have a copy of here. They showed that Australia's present debt levels are historically low and that by international standards the Australian government net debt levels and current budget deficit are amongst the lowest in the developed world in the OECD. Contrary to this government's propaganda, Australia's current debt levels are the result of tax cuts under the Howard years rather than from recent supposed runaway government spending on things such as welfare, health and pensions. We are the fourth lowest taxing country in the OECD and our levels of government spending, rather than being out of control, are in line with Australia's average spending over the past 30 years.

The Greens, like every other political party in this chamber, support sensible measures to raise revenue and manage budgets but, like Senator Macdonald, we want to target those who can afford to pay rather than punishing the battlers in this country. This includes keeping the current tax on mining super profits and going back to the original Henry review and fixing that tax; a price on carbon pollution; a new deposit guarantee levy on big bank profits relating
directly to the deposit guarantee they received during the GFC and the benefits that has brought the big banks, which should be paid back to the Australian taxpayer; and the removal of billions of dollars in corporate welfare such as mining diesel subsidies. None of these are considered in this budget. The most common thing I say when I talk to people about the budget is, yes, the coalition did have very clear policies going into the election that they would axe the taxes—getting rid of a mining super profits tax and a price on carbon. But what they did not say was where they would find the revenue necessary to retire debt and run this country. When they were asked repeatedly whether there would be cuts to science, to CSIRO or the Antarctic Division, whether there would be cuts to the ABC, whether there would be cuts to pensioners, to the unemployed or to universities, they consistently said no. There were at least seven direct broken promises, at least seven. This is coming from a Prime Minister, Tony Abbott, who campaigned for four years—longer than four years but especially the four years before he came to government—on the supposed lie that Julia Gillard had told, something which I have heard Senator Macdonald, for example, mention at least 2,000 times in my two years in the Senate. One lie by a Prime Minister, one broken promise, but six lies that I have counted so far, one for each month the government has been in power in the country.

And it is not just the fact that we have this deception—and it is obvious to nearly every Australian who is true-blue and knows when he is being conned—it is a matter of trust, and that trust is going to take so long to restore not just for this government but for all of us as members of parliament. Personally, I think the feedback that I have received indicates that we could not possibly be at a lower ebb as parliamentary representatives than we are now because of these broken promises, and the cynicism day in day out of talking about Prime Minister Julia Gillard being a liar and breaking a promise on a carbon tax, yet suddenly it is okay for that same Prime Minister to do exactly the same thing. Six months in power, and how many more broken promises are there going to be? Clearly, promises mean nothing. Integrity and honesty mean nothing in this country, and that is something we all have to fix and we have to fix it soon.

We have already voiced our opposition to the poorly constructed ideological budget initiatives such as the debt crisis levy. Not only is it bad policy, it is a smokescreen, the political gimmick that this government is using to somehow sell its cruel and dishonest budget. But looking at it and pinpointing the details around this policy, it is also bad policy. Let us consider it more detail.

According to the numbers I got from Senator Cormann in estimates last week, this budget repair levy—and I have also heard it called a 'budget crisis levy' and a 'debt crisis levy' and every week the messaging and the language around this seems to change—will raise around $3 billion. Looking at our projected forward debt, $667 billion—and Senator Cormann reminded me last week that if we had some other add-ons it would be $748 billion—on my calculations $748 billion divided by $3 billion, is 0.02 something per cent. So much for repairing the debt crisis in this country! And if it was a budget repair levy—if you want to use that messaging—it works out to about two to three per cent based on the forward estimates for budgets. How is that sharing the heavy lifting, when high-income earners in this country are contributing less than half a per cent to retiring this nation's debt? Clearly, it is not.
I was also intrigued as to when is a deficit repaired, when is debt repaired, when is a budget repaired. I could not get any answers from Senator Cormann last week on what actually would be classified as 'repaired' and whether this levy would stay in place if the budget was not repaired or the debt and deficit not repaired. We all know that the forecasts for the next three years and beyond rely very heavily on receipts and increase in economic activity. None of us have crystal balls. We do not know whether that is going to eventuate and, if it does not, then it is likely that we are going to have significant trouble paying down our debt. Yet, under this legislation, high-income earners still get let off the hook.

On the other hand, we have permanent changes to pensions and permanent changes for the young who, potentially, if they are not from a loving family, get thrown out on the street if they lose their job. Imagine a young person now facing the prospect of much higher fees at university but committing himself to going down that road—and this is only just one sample—and committing himself to those payments and getting though the degree and getting a job. It is a kick in the teeth for any young person—or any young person for that matter—who loses their job. How much more stress will they face now knowing that they have got six months with no income, six months where they are going to have to find, scrap, beg and borrow? As an economist, I think that through. If I were a young person and I had that uncertainty in my life, I would save my money. Maybe it will be good from a national savings point of view, but that is not going to be good for consumption or for investment. Why is it that consumer confidence has crashed in the last month? It is for exactly for the same reason.

We live in a society, in communities, that are full of anxiety. It is a dog-eat-dog world we live in. Now we are only making it harder and harder particularly for young people after the commitment they are going to make to training and to bettering themselves. We are going to raise the levels of anxiety and ultimately, in my opinion, the levels of stress and mental illness, all things that afflict our society, because we implement stupid policies like the ones we have seen in this budget. They are cruel and unnecessary, designed by people who are totally out of touch.

At a forum in Glenorchy last week, I met 60 or 70 disability support pensioners. At the end of the forum, there was a question put to me that I was not prepared for. An elderly gentleman, sitting with four of his friends, got up and said, 'My friends have discussed this and we believe that this government has set this budget up to fail. Can you tell me what possible reason they would have in setting this budget up to fail?' I said that I could not think of a reason and that I did not think that was the case. He said, 'Well, how can they be so stupid? How could they do this? How could they be so draconian, without consultation and without going to an election saying that they are going to increase the age of retirement or change the indexation of pensions? How could they do this? It does not make sense to us.' And I said, 'The only thing I can come to terms with, sir, is that they are totally out of touch.' Totally out of touch with average Australians; with people who have a right to live with dignity. And I challenge the government senators, if I have not done it already, to go down to Centrelink and meet these people. A lot of them are very good people who are desperately trying to get out of their circumstances. They are not people who are laying back on their pillow of entitlement. Sure, maybe there are some; I have no doubt there are some, but the majority are not. You cannot take a cookie-cutter approach to people, to human beings. What we need in this house in the next few weeks is some compassion and also some courage to
stand up and say, 'This is stupid.' A lot of these measures need to be blocked, and the Greens will certainly do that.

In relation to this particular levy that we have in front of us, as I mentioned earlier, how can it be a repair levy if it is only repairing 0.02 something per cent of our national debt? I asked Senator Cormann that as well, and he said: 'It's like a boulder—it's going to get the ball rolling. High income earners are going to put their hands in their pockets and contribute.' I then said: 'Are you planning to cut taxes in this country going into the next election? And Senator Cormann said, 'Because of bracket creep, it's a natural thing for governments to cut taxes.' I said, 'All right then; can you guarantee you will only cut taxes in line with bracket creep?' And the government could not do that. Once again, I hate to be cynical, but it seems to me that that is exactly what this government is doing. They are building a war chest to go pork-barrelling and to provide tax relief and tax cuts across the income streams in this country going into the next election. So much for high-income earners doing their bit.

The Greens would like to see, in line with what Senator MacDonald said, structural changes to this tax so that it is permanent. How is it fair that the poor in this country suffer permanent cuts but the rich only get a temporary levy for two to three years? And—I will not go into it, because I think Senator Wong has already covered it—up to half a billion dollars of it could be avoided in the first 12 months due to loopholes. Also, a number of small businesses—and I know this from my own experience—could also avoid paying the levy by simply reshuffling their own dividends and incomes that they pay themselves within their businesses. So it is very unlikely to even raise anywhere near the $3 billion, let alone repairing the levy.

There are things we can do in this country to raise revenue when we need to. We can take on tax cheats; particularly offshore. It was estimated—and I went through this in estimates last week as well—that there is half a billion—$500 million—in at-risk revenues that this government could chase. We could also have the courage and conviction to take on big business and to see through the structural reforms that the Henry tax review recommended. This reminds me of a quote from one of my favourite Australian authors, Gregory Roberts, who wrote the book *Shantaram*. He said, 'There is only one thing more ruthless and cynical than the business of big politics, and that is the politics of big business.' This is a big business budget, and when the two come together—when the self-interest of this government and the self-interest of the large multinational corporations that make so much money in this country come together—we get the perfect storm. That is what we have in this budget, where a treasurer is happy to get up and say in his budget speech that he is redefining the role of government in people's lives. And I haven't the exact words, but I noted he made a comment the other day that it was not a government's role to tackle inequality. That is not why I am here. I am here because I think it is the government's role to do what is necessary to tackle inequality, and that is why my colleagues and I will stand up against these cruel, harsh and unnecessary budget measures we are going to see come to this house in the coming months.

I encourage all senators in here to go out and hear people's real stories and to have the compassion and the foresight necessary to not only help build our communities but also address why it is that we have these problems in our communities. Do not just address the symptoms; address the causes. Saying people are lazy and somehow feeling like they are entitled is not the answer. We need to be prepared, as Senator MacDonald said, to put in place
permanent higher taxes. The Greens have a policy—a longstanding policy—on progressive taxation, particularly to millionaires. We also have a policy of taxing bags and taxing pollution. To give you a very quick idea, removing the carbon price is going to lose us around $12.5 billion. But reducing tax avoidance by taxing discretionary trusts would provide $3.3 billion; applying a millionaires' tax—50 per cent over a million—that is $907 million; and implementing the original super profits tax—$35.58 billion dollars. That is the exact amount of expenditure cuts—almost the exact amount that this government is taking in its budget that could be recouped from our mineral wealth and shared by all Australians if we had the guts and the courage to do it. Placing a $2.00 per ton levy on thermal coal would provide another billion dollars; and a public insurance levy to pay back taxpayers for providing deposit guarantees—$11 billion. There you go—and that does not even include some of the easy other low-hanging fruit that we need to tackle in this country.

The Greens will be opposing this measure, as we will other measures in the budget.

Senator BERNARDI (South Australia) (11:14): May I thank Senator Thorpe for providing the slot for me to speak in this debate. I would also like to thank Senator Whish-Wilson for outlining the Greens manifesto, which basically reduces us all to economic slaves, where everything will be going up in price and taxes will be levied upon anything that moves or prospers or provides any sort of incentive for the country. It is a dreadful state of affairs, the result of which can be seen right around the world, where people are rejecting big government and saying, 'We've had enough of toiling so that you can waste our money in an inappropriate manner.' That is what the Greens want to establish for all Australians.

It is probably pretty clear that I am coming to this debate from a different angle. Overall, the government has probably got the balance of the budget right. Let us remember that Labor's legacy was one of a dysfunctional and incompetent government. It was about debt and deficit, the likes of which we have never seen in this country before. Once again, it is up to the conservative parties, the Liberal-National coalition, to pick up the pieces left behind by the Labor Party and its alliance partners, the Greens, on behalf of the Australian people.

There is nothing more pressing on my mind than to reduce the level of debt that the government has in this country. Debt cripples governments. It has been responsible for the fall of every empire in the history of the world. When they cannot pay their bills they start chasing the people for more money—and the people get sick of it, eventually. You can go through history and find it is this sort of economic collapse that is the problem with society.

Australia is nowhere near that, so I do not want to be alarmist, but massive debts begin somewhere. Let us remind ourselves that it was only six or seven years ago when Australia had no net debt. We had money in the bank. How quickly that was turned around with $50-billion annual deficits. The government was spending $50 billion more every year than it was taking in, in revenue.

The answer to that for the Labor Party—and for the Greens and others—is: 'Well, rather than cut our spending, let's put taxes up!' I have a fundamentally different view on that. I said at the outset the government has probably got the balance of this budget right, overall. However, there are elements of the budget and plan that has been put forward that I have a principled disagreement with. This new tax bill is one of those measures I find myself unable to support.
The result of the passage of this bill will see Australia's top marginal tax rate hit 49c in the dollar, when you incorporate other levies and responsibilities. It will kick in at around three times the average wage. The first part of that—the tax rate of 49c in the dollar—in my view, is simply too high. The second part of that equation, the fact that it kicks in at around three times the average wage, says to me it is too low. The end result will be that Australia will have a top marginal income-tax rate that is one of the highest in the developed world. It is a marginal income-tax rate that will kick in at a much lower level than many comparable nations.

I would like to reference a few of those tax rates. When you incorporate national and state taxes, in places like Toronto in Canada, for example, the top total tax rate is 38.2 per cent. It kicks in at an income level, in Australian-dollar equivalent, of $503,912. In New Zealand the top tax rate is 33 per cent. In the United Kingdom it is 45 per cent. In Los Angeles—the highest-taxing state, I understand, in the US when you look at federal taxes plus state taxes—it comes in at around 50 per cent. But that top marginal tax rate only kicks in at US$1 million, which is A$1,068,000. Texas is probably the most prosperous state in the union of the United States, at the moment, because it has a small government philosophy and a low-taxing philosophy. Texas, has a top tax rate of 39 per cent, which is entirely comprised of federal taxes. That takes places after $434,000 worth of Australian-dollar income. In Japan it is 40 per cent, kicking in at around $188,000. In Singapore it is 20 per cent of $273,000. In places like Switzerland, in Zurich, it is 24½ per cent once you earn over $900,000 per annum.

I am highlighting this because I want to demonstrate that Australia's tax regime is not keeping pace with the rest of the world. We should be looking to lower taxes in this country, particularly for personal-income taxes, so there is less incentive for people to get into tax-avoidance measures to engage in unprofitable or unproductive measures, some of which could be addressed in further speeches. But there is also a substantial body of academic literature which shows that high rates of taxation have a negative impact on economic growth and investment.

These studies use different data and sources, but they are quite compelling. In 2012 a review of the literature completed for the Tax Foundation by Mr William McBride looked at 26 peer reviewed studies going back to 1983. All but three of these studies confirmed that increased taxes have a negative impact on the economic growth, and none of those three dissenting reports had been completed in the last 15 years. The most recent an influential studies confirm this.

In 2009 Alesina and Ardagna completed a study looking at episodes of fiscal consolidation from 1970 to 2006. They found that fiscal stimuli based upon tax cuts are more likely to increase growth than those based on spending increases. They also found that fiscal consolidations based upon spending cuts and no tax increases are more likely to succeed at reducing deficits and debt, and less likely to create recessions, compared to fiscal consolidations based upon tax increases. The evidence is overwhelming; the studies support it, even in places like the UK. British Chancellor George Osborne recently commissioned the Treasury to publish a series of papers that indicate that lower taxes would, at least in part, pay for themselves through higher revenue. In December of last year Mr Osborne published analysis that showed that his decision to cut corporation tax from 28 per cent in 2010 to 20 per cent by 2015 would increase gross domestic product by 0.8 per cent.
These ideas—the notion that if you cut taxes, the government will receive more in revenue—are a product of the work of economist Arthur Laffer, who developed the Laffer curve. It was a theory that was pivotal in inspiring the tax cuts instituted by Ronald Reagan. In the 1981 Economic Recovery Tax Act, President Reagan slashed marginal income tax rates by 25 per cent across the board over a three-year period. Prior to those cuts the American economy was choking on high inflation, high interest rates and high unemployment. Between 1978 and 1982 the economy grew at an 0.9 per cent annual rate in real terms. Following the tax cuts, between 1983 and 1986, annual growth increased to 4.8 per cent. In 1996, the Kemp commission in America produced a report. I want to quote from it:

America has experienced three periods of very strong economic growth in this century: the 1920s, the 1960s, and the 1980s. Each of these growth spurts coincided with a period of reductions in marginal tax rates. In the eight years following the Harding-Coolidge tax cuts, the American economy grew by more than five per cent per year. Following the Kennedy tax cuts in the early 1960s, the economy grew by nearly 5 per cent per year.

And, as I have mentioned, in the seven years following the 1981 Reagan tax cuts the economy grew substantially as well.

The evidence is absolutely clear: tax cuts stimulate the economy. I believe—it is my considered view—that we should be looking to cut taxes in this country. I salute Senator Cormann and the government if their intention is to cut taxes in the years to come, but I do not believe the economy can afford a tax increase now. I may stand corrected on that: they have more access to much better data than I do; they have the departmental heads. There is a principled approach to this that we would be wise to be mindful of: the Australian people are not just economic slaves to government. They are entitled to keep the vast majority of what they earn. If people are earning $180,000 in this country, I want to see more of them earning $180,000. I want to see more of them earning top rates of income because that means we have a prosperous, a successful and an aspirational society. When we put taxes up to nearly 50c in the dollar—49c in the dollar—it means the government thinks it is entitled to half of what you earn over that amount. I think the empirical evidence shows that is absolutely wrong.

I would like to point out that, when it comes to tax is paid in this country, higher-earning people pay a substantial amount of the current tax. Individuals who earn over $80,000 per annum account for nearly 63½ per cent of total income tax take so two-thirds of tax is paid by those who earn over $80,000 per annum. When you ask about the top marginal tax rate of $180,000, those individuals who earn over $180,000 pay 26.2 per cent of the tax in this country—they are paying over a quarter of personal income tax in this country. That says to me that those people who are working hard—who are in good jobs in good professions and who are earning substantial amounts of money—are already doing their bit. They are the people who are paying the bills that, I regret, have been necessary to support previous governments that have squandered the strong financial legacy we had from the Howard-Costello years.

It is always difficult when you are at odds with your own party. I regret that this is my first opportunity to have a conversation about these tax rates with members of my own party. But, on principle, I am simply unable to support this bill. Like Senator Macdonald, I know the numbers are there. I know that the Labor Party and the coalition will be supporting this bill. I do not intend to cross the floor on it but I do want my objection to higher taxes in this country.
to be registered. The country cannot afford them. It is in the interest of every politician—whether in the Senate or the lower house—just as it is in the interest of every Australian to reduce taxes because that is the thing that will kick-start our economy. It will grow our economy and allow us to manage our debt and deficit in this country. I hope we never have to go through another period like the six or seven years when we had such a spendthrift government that we racked up what is effectively a debt that will mortgage our children's future. To get out of that debt we have to grow our economy; the best way we can do that is to cut taxes.

Senator THORP (Tasmania) (11:28): There are many opportunities for the contrast between the different political parties represented in this place to be demonstrated; that most recent contribution by Senator Bernardi probably illustrates it more clearly than most times I have heard it. The big difference between the Labor Party and the Liberal-National coalition—more particularly the Liberal Party—seems very much to be one around individualism as opposed to the common wealth. The Labor Party is always going to take the position whereby the wealth of this country is distributed equally so that every man, woman and child—every person with disability and every person who reaches a ripe old age—can be assured of decent housing, good education, access to public health and a safe future—not to live with the dregs of what is left over when the rich people have got a bit to spare. That is the chronic difference between these two groups.

Labor is going to be supporting this particular budget measure basically because it is going to be raising revenue from high-earning taxpayers, which is fundamentally acceptable to the Labor Party. But it must be said that the Labor Party, as the opposition, does have serious problems with its implementation and criticisms of its design. Fundamentally, they are around the time frame, specific design flaws, capacity for tax minimisation, misalignment with the fringe benefits tax and effects on superannuation. These problems with this particular piece of legislation have been canvassed quite widely through relevant groups and also in the committee that looked into it. Those concerns were also around the short time frame, the temporary nature, the adding of potential complexity to the tax system and the failure to address broader inequities in the tax system.

Around the time frame, the Taxpayers Australia group considered the levy's implementation period was too short to make a real contribution to 'budget repair'. The submission it gave to the relevant committee contended that the levy will end right at the time that government spending measures will be particularly high and need some support. In the submission that they gave they said:

Estimates released by Treasury show public debt accelerating rapidly over the period 2018-2023 but we note that the Debt Tax is scheduled to end in 2017. The $3.1bn which Treasury estimates the tax will raise contributes little to the repair of the budget and contributes nothing in the period when action is most required …

Also the Grattan Institute noted that the levy fails on one of the most important criteria for effective budget repair in that it has no impact on the long-term structural position of the budget as it will cease in 2017-18. Other important institutions noted real difficulties with the levy's design. The Tax Institute expressed the view that the levy would create unnecessary complexity in the Australian tax system, which would create a burden of compliance for taxpayers while not substantially increasing tax returns for government. The Tax Institute also
suggested that the bills would introduce unnecessary complexity to the Income Tax Assessment Act 1997 by the addition of three steps to calculate a taxpayer's basic income tax liability.

Then there are also issues around tax minimisation and arbitrage opportunities. Many critics of this particular piece of legislation argue that the design contains opportunities for high-income earners to minimise their tax liabilities. For instance, Mr Saul Eslake has suggested that the levy could be avoided by most high-income earners through:

... greater use of the myriad of provisions in the income tax system which offer preferential or concessional treatment for particular types of income, forms of business organisation or categories of investment vehicles ...

Taxpayers Australia have made similar comments. They have been known to say that 'only the wealthy but poorly advised' will be paying the debt tax, and I repeat that: only the wealthy but poorly advised will be paying the debt tax. Taxpayers Australia contend that the Treasury's projection for raising $3.1 billion over three years may well be overstated as:

... considerable amounts of relatively straightforward tax planning is likely to take place which have the effect of reducing taxable income, often to beneath the $180,000 threshold.

Taxpayers Australia contend that tax agents are already out there advising the wealthy how to avoid this tax anyway. They are telling people to accelerate tax receipts or tax deductible expenditures into years where the tax relief is available or the levy is not active. They are also advising their clients on deferring tax into those years as well and also exploiting the misalignment between the financial and fringe benefit tax years through salary packaging programs. The people who are supposedly going to be hit by this levy are also the ones who have access to the kind of information they need to avoid paying it in the first place. That is how the rich get richer. That is how they do it. They are also increasing contributions to superannuation funds, which will continue to be taxed at 15 per cent, and so are reducing their taxable income below the level at which the levy will kick in.

We have got a measure here that is ostensibly there to demonstrate to the broader Australian public that the rich are going to take a hit, they are going to share the pain. But Australians are not thick. They know that wealthy Australians got there, in many cases, through the hard work of their ancestors, not necessarily themselves. But they got there and they know how to hold on to it. They hold on to it by having accountants and financial advisers advising them how to avoid paying tax that the average Joe Blow has no access to. How many Australians have family trusts to split and stream incomes? It is not a generally acceptable thing for an average family to have. These are tools of the trade for the wealthy to protect their wealth. When it is as obvious as this, look at the potential for rorting that the paid parental leave scheme is going to bring in. It is as clear as a bell what is going to happen there. So, on one hand we have a levy that is trying to demonstrate to the broader Australian public that the rich are going to take a hit, and we already know that they are out there making their appointments now, paying their accountants to say, 'How can we avoid paying this?'

Then there is the issue of the misalignment with the fringe benefits tax. Many critics of this scheme have noted that there are many opportunities for high income earners to exploit the levy's misalignment with the FBT system through the use of salary packaging and fringe benefits schemes. These both reduce the taxable incomes of high income earners and impose
a lower rate of tax on money that they put into these schemes. This is another problem with the system.

There is quite specific detail I could go into here, but suffice it to say that there are problems with the time frame of this legislation and the levy. There are serious design flaws in it. There are massive opportunities for tax minimisation and misalignment with the fringe benefits tax. And most of the companies in Australia who deal with superannuation have said that there are problems in the way that this will impact on superannuation.

Anybody here who has not had a chance to look at the red for today only has to look at the list of legislation that is required. There are something like 20 bills that are required to make these changes. There is legislation relating to family trust distribution, fringe benefits tax distribution, first home savings accounts misuse, TFN withholding tax, departing Australia superannuation payments, excessive non-concessional contributions tax, excessive untaxed roll-over amounts and trustee beneficiary non-disclosure tax. All of these bills are necessary because even those who wrote this poor piece of legislation have realised what problems there are with it.

But the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 is fundamentally about raising money from those who can afford to pay it, not from those who cannot afford to pay it. So, from that point of view, this legislation does get the support of the opposition. But, like Senator Whish-Wilson, I believe that there are many alternative ways we can go if we wish to raise more revenue in this country.

Why wouldn't we remove tax concessions around negative gearing, which some people—like Mr Saul Eslake—consider would save about $4 billion per annum in the short term? What about reform of the superannuation tax concessions to tax earnings of those over 60 at the 15 per cent tax rate? People have already got to the age of 60, they have saved up their superannuation, they have earnings on that superannuation and they are still getting concessional tax on it. Mr Eslake notes that that reform alone would save about $3 billion per year.

And what about reducing superannuation contribution tax concessions such that only $10,000 can be contributed at the reduced 15 per cent tax rate—currently it is at $25,000—which would save $6 billion a year? If you add those figures up you will find that the sum is quite considerable. Those matters are spread widely over the community and, to some extent, they take away what this government seems to believe is the necessity to put the bite on the most vulnerable people in our community.

We have a levy, which is a bit of a con because we all know—Australians know—that those with a lot of money also know how to keep hold of it. It is a con in that respect but there are better ways to raise revenue. There are better ways to make sure that the wealth of this country is distributed more broadly.

I received, as I am sure a lot of people did today, a letter from the Clerk of Canberra Quaker Meeting. It is quite scathing in its comments about this particular budget. Amongst the points it makes, the letter talks about the exaggerated emphasis on debt and deficit, which are modest by international standards, as a justification for severe reduction in government outlays. The letter talks about the budget's unfairness, with the greatest impact falling on the poor and disadvantaged, the cut in foreign aid and the quarantining of Defence expenditure.
from constraints at a time when diplomacy is severely limited by funding cuts. The letter talks about the move away from universal health care, the wholesale cutting of environmental programs, the cutting of welfare, community services, the reduced funding for Australian Aboriginals, and the continued allocation of much greater resources for off-shore detention of asylum seekers whilst denying extra funding support to agencies such as the Refugee Council. It refers to the adverse impact on young people in the decisions to change rules for unemployment benefits, training and education.

The Quaker letter concludes by saying: 'Our overall assessment is that the budget undermines collaboration in front of competition, reinforces individualism at the expense of cooperation, and imposes the greatest burdens on those with the least capacity to carry to them. It adds to inequity, breaks promises and places too little stress on the willingness of all of us, as citizens, to create a harmonious community within Australia and to contribute to peace beyond our shores.'

I can only conclude my remarks by saying that I think they have got it pretty right.

Senator SIEWERT (Western Australia—Australian Greens Whip) (11:43): The so-called budget emergency which underpins this measure is the government's key justification for its cruel and unnecessary cuts to our country's most disadvantaged. We have had a number of people, including my colleague Senator Whish-Wilson, highlighting what a bunk the so-called budget emergency is. In the same way as we have a confected budget emergency or budget crisis, we also have a confected welfare crisis, which is used to justify these cruel measures. I think we should note that while the measure contained in the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014—if it was properly implemented and people were not using the loopholes, which I will come to in a minute—would potentially make $3 billion, this budget takes $12 billion from the most vulnerable members of our community. This levy is simply to hide the fact that this government is driving an ideological agenda to take that money off Australia's most vulnerable people and fundamentally change our community—that is what this budget is about, that is what these measures do—and you make a little token, with a whole lot of little loopholes built in, to make it look as if you are also hitting your mates. You are not. You are hitting the most vulnerable.

Mr Hockey's claim about the end of the age of entitlement was all about driving his ideological change to cut income support, social security, and things like universal health care. That is what this is about, let us make no mistake. And, let me tell you, you are not fooling Australians. They hate it. They know what you are up to. This emergency has been debunked by the International Monetary Fund and again this week by the independent Parliamentary Budget Office. This confected budget emergency further entrenches inequality in this country. If that is what the aim was—and it seems like it is—that is what you are doing.

Allowing inequality to continue to grow will put significant pressure on our community; in fact, it fundamentally changes our community. We know that inequality in itself has negative health impacts. The government's agenda hits single parents, pensioners, carers, people with disabilities and our young people, our next generation. We know that these groups are already living in poverty and suffering the effects of that poverty. We know what impact poverty has in entrenching disadvantage and intergenerational consequences. We already know that our current income support system is inadequate. Try living on Newstart—I have—for only a
week: you cannot do it! We know that people on Newstart are living in poverty. We know that single parents are living in poverty. We know that 30 per cent of people over the age of 65 are already living in poverty.

This budget comes with a big price: driving the most vulnerable members of our community into poverty and increasing inequality. It is because of the inherent inequality of this budget, and the apparent acceptance by this government that growing inequality in general is okay, that we want to see these budget measures defeated. We do not want to see a levy in place; we actually want to see progressive tax reform. We believe that this levy needs to be a permanent tax change. We have never hidden the fact that we think we need tax reform. But this levy, as I said, is simply designed to make it look as if the mates, the big end of town, are paying just a little bit.

We know it is actually the most vulnerable in our community that are going to be paying the price, not just because they will be living in poverty but also in terms of the long-term consequences. The cuts of $12 billion to payments and programs for those on low incomes are permanent changes for those community members and our community. The agenda here is not the confected budget crisis, not the confected welfare crisis, but the fact that this government wants to change our society. This temporary deficit levy will raise $3 billion—if you do not manage to find a loophole. Senator Wong articulated some of those loopholes, as did my colleague Senator Whish-Wilson. Of course, the race will be on to find those loopholes, so we will never see the $3 billion from this levy. Avoiding the real conversation and relying on trickle-down economics is clearly what this government are at. They clearly want to create a mean and cruel society in Australia—and these cuts are particularly mean and cruel to the most vulnerable members of our community.

This government has not gone for revenue measures which would genuinely raise a significant amount of money for our budget. There is new evidence internationally that more than $21 trillion of assets are hidden offshore due to tax loopholes. If the Australian component of this was taxed properly, it would certainly generate more income for Australia. And it would also change the conversation about our national wealth. Instead we have a community where the gap in Australia between those who have the assets and the money and those who do not is growing. The wealthiest one per cent of Australians have more than 60 per cent of the country's wealth—and the way these changes will impact on the most vulnerable people means they will keep it and it will grow. The nine richest people in Australia have a fortune that equates to the bottom 20 per cent of our country—that is, 4.5 million people.

There has been a concerted effort to make out that income support is putting enormous pressure on our budget. But the HILDA report today—bad timing for the government—shows that there has been a gradual decline in welfare reliance by all working aged people over the last two decades. In 2001, 23 per cent of people aged 16 to 64 received welfare payments each week. In 2011, that figure had fallen to 18.5 per cent. The proportion of households receiving any welfare fell from 41.3 per cent to 34.7 per cent. The HILDA survey reports today have put paid to Treasurer Joe Hockey's claims that there is a welfare mentality in Australia and the government needs to cut the social security budget. The Treasurer says welfare is costing each Australian $6,000. Let us have a think about what that is for. It is to support seniors. It is for the age pension and to support people in aged care. It pays for family
tax benefits. It helps people with disability. It not only pays for the DSP and other disability supports but also funds the NDIS. It also funds and helps support those people who cannot find work.

It pays unemployment payments, it pays sick payments, it pays veterans and it pays carers. Of course, the government is going for them too. It supports other programs that provide help to people with disabilities. It provides childcare, income support payments and child support payments, and it helps to pay states for people with disabilities. In other words, it provides those fundamental supports that a caring and generous society provides to its citizens and which underpinned our social security system when it came into being at the beginning of the last century. The feedback I am getting from the community is that community members still want those supports and still believe we should be providing those supports to members of our community.

Let us look at the Oxfam report released today, where we learn that 64 per cent of those surveyed said that inequality was making Australia a worse place to live. The government seem to be in denial about what inequality looks like. Not only are they making the situation worse for many members of our community who bear the brunt of these budget cuts, but they also have the gall to suggest that Australians have equality of opportunity under this government. They obviously do not understand what equality of opportunity means. If you entrench disadvantage and poverty, you increase inequality. They clearly need to go back and gain an understanding of what equality of opportunity means.

Equality of opportunity means access to education, yet funding for Gonski has been dropped and tertiary education will become much more expensive, particularly for women. Equality of opportunity means access to housing, yet we have seen funding for social housing cut. Equality of opportunity means access to work, yet this government is putting in place policies that make it harder for people to find work. The perverse incentives that are being built into these measures for young people will entrench poverty and make it harder for people to find work. Equality of opportunity means access to health care, yet this government is fundamentally undermining universal health care at a time when we are not, for example, closing the gap adequately for Aboriginal and Torres Strait Islander people in this country.

This debt crisis is a confected crisis, and the debt crisis levy is a poorly constructed, ideological budget initiative that simply highlights that the government is being dishonest with the Australian community. There is no budget crisis and there is no welfare crisis. There are ideologically driven attacks on the Australian community that are confected to try and justify the horrendous cuts that the most vulnerable in our community face, such as dropping young people into poverty for six months.

If you are born with a silver spoon in your mouth, you will never know what it is like to be unemployed and have no income for six months. Maybe you think you can go home to mum and dad. For a start, in estimates—and I asked in a number of estimates committees—no-one could tell me how many of the young people they expect to be caught up in this measure are living at home: 'I can't tell you, Senator.' 'How many have children?' 'I can't tell you, Senator.' 'Will a couple that are both unemployed and have children be subject to this measure?' 'Yes, one of them will.' So we will have families living on one Newstart allowance. We heard in the media over the weekend—and we did not hear this in estimates—that if you are pregnant you will be subject to this measure as well. The cute thing about that measure is that you are still
on Newstart—nil start, nil payment. It is an abomination to treat the income support system in this manner.

The Greens support sensible measures to raise revenue and manage the budget by targeting those who can afford to pay. This includes keeping the current tax on mining superprofits and keeping a price on carbon pollution. We proposed a new deposit guarantee levy on the big banks' profits and the removal of billions of dollars in corporate welfare—such as the mining diesel subsidies—but none of these were considered in the budget.

You could say there is a welfare crisis in this country. The welfare crisis is the fact that this government refuses to look at where you can get real revenue and remove the welfare for big business. This government is refusing to consider measures such as removing the mining diesel subsidies, which provide billions of dollars to the big end of town. We need to assess why we are prepared to abandon a caring society and let this idea of a budget emergency stand when it will only further entrench inequality and make things much worse for many people in our community. How can this government continue to say that there is a budget emergency when there clearly is not, and how can it continue to try to take $12 billion off the most vulnerable in our community?

Inequality has a significant impact on people's sense of belonging and makes them feel excluded. It has real impacts on people's health. Poverty has long-lasting psychological impacts, as well as the most obvious impacts of not being able to eat, pay for housing, pay for clothes or afford your kids' schoolbooks. Anglicare released a report last year that showed the impact of not having enough money to buy food and what that means for our most vulnerable families. It talked about the shame that children experience when they go to school with no lunch or when they cannot bring their friends home after school. It talks about the lifelong disadvantage that is experienced by people entrenched in poverty and how those early experiences make people feel long-lasting shame.

Housing stress is reaching a critical peak, particularly in my home state of Western Australia. We have families living in one room, or worse, in tents and in their cars—families with young children living in cars. How can you go to work, go to school or expect to perform in job interviews when you have not got a home and you have not been able to eat, when you are stressed because you cannot feed your family?

The Salvation Army's Economic and Social Impact Survey has also highlighted the serious challenges facing many people across Australia, including homelessness and housing insecurity, a lack of food and heating, no access to money in emergencies, and social isolation. The report also highlighted the serious consequences of the GP co-payment and the challenges to the PBS, with a quarter of people surveyed already unable to afford medical treatment and 34 per cent of people going without medication. Poor health, insecure housing, going without meals and being unable to at least heat a room in the house during winter are events and situations that trap people in long-term disadvantage, and they are real, they are live, they are happening now.

It is time to stop pretending that this is a level playing field and that everybody has the same access to opportunity, when clearly they do not, and this budget makes it worse. We need to start talking seriously about how we resource the kind of community we want to live in, the kind of community that provides those things that I outlined that our social security pays for. This is something that the Treasurer, Joe Hockey, seems to think the Australian
community do not care about. Well, I can tell you they do care about it. They do care that we have a caring society. This government has lost touch with that society. We do not want a temporary debt levy to relieve a fake budget emergency. We want proper tax reform, not this temporary levy—and, let me guess, the government will say the need for the temporary levy will end, just by coincidence, by the end of 2015, beginning of 2016, when the next election comes around. That is why we have a temporary levy—to make it look as if something is happening. It is not. It is not going to collect the revenue that the government claims it is, because there are loopholes built into it.

The budget measures take $12 billion off the most vulnerable. This levy will disappear, but those changes will still be there. Those people that this budget affects will still be living in poverty. This builds inequality into our future economy. If that is what the government were planning to do, they have done it. The disparity between the very wealthy and the very poor is already a cause of economic and social problems. This will get worse. Already in 2014, at the Davros conference, the United States President, Barack Obama, and the Managing Director of the International Monetary Fund, Christine Lagarde, have identified inequality as a major risk to the pace and stability of future social and economic growth. That is what will happen in Australia as well. If this budget proceeds as the government planned, it will increase inequality. The Greens will not support that. We will not support these measures. We want permanent reform to our tax system, not a temporary levy that the government will conveniently take off before the next election and look like they have delivered something.

Senator BOYCE (Queensland) (12:03): As a member of the coalition government and as someone who will be affected by the temporary budget repair levy, I want to very briefly speak today in favour of this levy. It is part of our government asking everyone to pull their weight in repairing the mess, the $667 billion debt, that was left to us by the previous Labor government. It was common during Senate estimates, which was held recently, you will remember, Mr Acting Deputy President Bernardi, for opposition and Greens members of this Senate to roll their eyes and groan when the economic mess created by the previous government was mentioned, as though you could somehow wish it away, as though it were not a reality, as though it did not happen. It did happen, and I for one—and I know many others—will be pleased to have the opportunity to contribute towards fixing it.

This levy will raise $3 billion over the time that it is in place. It will affect about 400,000 taxpayers. I am somewhat bemused by the attitude of the Greens, who on the one hand want to have every promise of the government maintained but on the other hand suggest that this levy should be made permanent and think that that is somehow okay. They not only want it made permanent but want to ensure that there are no changes to the top income tax bracket. I would have thought, given their views on the subject, that they might even think that increasing it might not be a bad thing to do.

I continue to be distressed by the views around the top end of town, the big end of town, and the idea that somehow we can take every benefit away from every company in Australia, we can increase the taxes on every company in Australia and somehow, miraculously, they are still going to generate more jobs. I am sorry; that is just not how it works. What we need to do is to fix the economic mess that we have is to give companies, businesses, individuals, every opportunity to grow their businesses so that they can employ more people, so that they can take the chance on employing someone who has perhaps been unemployed for a couple of
years—because it is a chance and it requires extra support to employ someone in that situation. Labor should not suggest that somehow there is this endless pot of money in the big end of town, although I guess we should not be surprised about that, because Labor thought the same of Treasury—that it was just an endless pot of money. There is not an endless pot of money. It is by supporting the employers of Australia that we will repair our economy.

This is, in my view, a good, honest and worthwhile contribution that can be made by the top individual income earners of Australia towards repairing the damage that has been done. I commend this bill to the house.

Senator STEPHENS (New South Wales) (12:07): It is good to follow Senator Boyce in this debate. Senator Boyce and I are here for our last two weeks in the chamber so it is good that we are able to continue to work right to the end and beyond, as Senator Boyce has suggested.

Today we are debating a suite of bills including the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014, which has many names—the debt levy or the debt crisis levy—as we have heard from other speakers. But we are also debating the 14 other bills that are associated with this measure to enable the government to go on the most extraordinary search for funds to fund some of its most perverse projects and commitments in the budget.

Senator Siewert, in her contribution to this debate, addressed the inequity and the extent of the impact of this measure and it will be the poorest people in Australia who are going to carry its weight. Of course this is a temporary budget levy that is going to run out in 2017-18, whereas all of the impositions that are going on such as the Medicare co-payment, the changes to Newstart, the cuts to government expenditure for support services to refugees, those with mental illness and for community services will continue. The Youth Connections program is gone. These are the long-term structural impacts that are going to change Australia's society and economy forever.

This debt levy will last for three years and there are some debates about how much it will actually raise. The financial impact statement from the government in its legislation suggests: in the year 2014-15 it will raise $600 million; in 2015-16, $1,150 million; in 2016-17, $1,200 million; and in 2017-18, $150 million. But in fact we already know that those are very questionable figures. The Prime Minister went to this election with promises that there would be 'no more taxes', 'no new taxes' and the coalition reiterated that there would be 'no changes', 'no cuts to pensions' and that they would not do anything that was 'going to disturb the economic balance in our society'.

Yet the raft of things that have come in this budget have been really offensive to many people. People have been horribly shocked at the extent to which the government has just sliced and diced lower income earners in Australia. I know that Senator Moore really worked hard during the most recent Senate Estimates to try and extract some information. One of the really frustrating things was to ask officials from the Department of Social Services about what would be the impact of this six-months-on, six-months-off Newstart arrangement that was going to be put in place for people who were on unemployment benefits. It was like pulling teeth to actually get the department officials to acknowledge that the $320 million that the government had estimated they would be saving from this measure would be going to an emergency relief fund for people who could indicate that they could not survive on Newstart—and they could not survive on 'no start', which is the six months without any
payments—and so they would be able to go to a welfare provider and seek some emergency funds. That to me was probably the most insulting thing I heard throughout the whole estimates process.

We are setting up a process in Australia to create what this government considers to be the 'deserving' and the 'undeserving' poor—that is really what this measure amounts to. It is going to be that some volunteer in the Vinnie's shop down the road in Woop Woop is going to have to make a call about whether someone who is homeless, who is desperate, who cannot pay for their medication is going to be given some of those emergency funds. I think that is an insult to the way we think about people who are vulnerable in our communities. Thinking that we have 'deserving' and 'undeserving poor' is not the Australia I grew up in and it is certainly not the Australia that I want my children and grandchildren to grow up in.

Where are we at? Several speakers have already talked to some of the 14 pieces of legislation and talked about the impacts of the different parts of the legislation cascade. What we have seen from the budget first of all has been a sense of budget shock. We have seen a retraction of consumer spending and we have seen a reduction in consumer confidence because people just cannot get their heads around the cumulative impacts of these bills and what they are going to mean. The Treasurer has tried so desperately to propose the notion that we have to be a nation of lifters not leaners and that we all have to be carrying the burden. Well, it has been proven time and again and demonstrated even by the most recent reports that the burden is not going to be shared equally across the community.

NATSEM's report showed that families with children will be the most significantly impacted. Those in the most affluent fifth of the population will see less than half a per cent of reduction in their disposable income, while those in the poorest fifth will see a five per cent reduction in their disposable incomes. That is despite the fact that inequality has been on the rise for a generation. This is not a budget that is fair across the board; it redistributes income from the poor to the rich.

Today's report from Oxfam said, as Senator Siewert so rightly noted, that the notion that more than three-quarters of Australians think that the wealthy are not paying enough tax includes the fact that the nine richest Australians—including Gina Rinehart, Anthony Pratt and James Packer—have a net worth which exceeds that of the bottom 20 per cent of all Australians and that those nine individuals, who also include Andrew Forrest, Harry Triguboff and Frank Lowy, are estimated to have a combined net worth of about $58.6 billion. That is more than the shared fortunes of the country's poorest 4½ million people. Sixty-four per cent said that the widening gap between the rich and the poor was making Australia a worse place to live. I say, again, that that is not the Australia we all think about. It is not the Australia of the fair go. In fact, that is why the report is called Still the lucky country?

Having said that, going back to the specific bill: the Economics Legislation Committee considered the bill, as it does, and the 14 other bills and made some very important recommendations. But it also made observations around the impacts to the fringe benefits tax, which are really quite important. They go to show that the bill, drafted in haste, creates real disincentives and opportunities for rorting which need to be addressed because they represent significant flaws in the design of the bill. The role of the committee in its investigation is to
determine how best the bill could be improved to ensure that there are not unintended consequences.

The thing that concerns people about the fringe benefits tax has been raised with me in my office, and I know others have mentioned this too. It is that there is actually a mismatch between the introduction of the income tax increase and the commensurate increase in the FBT, which creates a significant tax arbitrage and tax avoidance opportunity. That has been reported quite widely in the media, including the idea that the fact that changes to the fringe benefits tax do not come in until next April means that people are able to rearrange their affairs, as several people have discussed this morning. They are able to rearrange their affairs so that they can continue to minimise their tax.

In both the first and the third years of this measure, taxpayers are able to shift income out of their salary and into their fringe benefits to avoid tax. The income tax increases commence on 1 July, as it is proposed. The FBT increase does not occur until 1 April next year. Then, in the third year, the fringe benefits tax increase will cease on 31 March 2017. So there are nine months in the first year to reorganise your arrangements and three months in the final year where the fringe benefits tax will not be aligned with the top marginal tax rate. That means that the tax increase will only apply in full for one year.

Again, this goes to the integrity of the estimates of what this measure will actually raise. Treasury officials identified and acknowledged that fringe benefits loophole during Senate estimates and suggested that it will reduce the revenue of the tax levy by hundreds of millions of dollars. In fact, a Treasury official answered Senator Wong by suggesting that it is the difference between taking $600 million and $1.15 billion.

As I said, the Senate Economics Legislation Committee, when examining the bill, had submissions to this effect. Significantly, I think the prominent economist Saul Eslake stated that this levy will be likely to be avoided by:

… making greater use of the myriad provisions in the income tax system which offer preferential or concessional treatment for particular types of income, forms of business organization or categories of investment vehicles.

Taxpayers Australia—I think Senator Thorp may have mentioned their evidence—also demonstrated that the tax can easily be avoided by using a combination of the fringe benefits tax loophole and other tax minimisation strategies.

Many admitted to the fact that they are advising their clients to do exactly that. But, more importantly—I think we can acknowledge that tax advisers and accountants will help people to minimise their tax legally if they can—there are unintended consequences here where taxpayers who earn less than $180,000 can be impacted by the increase in the FBT. The Tax Institute actually raised that concern when they said:

The increase in the FBT rate corresponding to the increase in the Levy, applies in respect of all employees, not only those employees earning taxable income over $180,000.

That can create quite a perverse circumstance where the wealthiest avoid the tax by using some aggressive tax planning and those who are just in the PAYE system and perhaps are salary sacrificing—but earning less than $180,000—end up making up some of the shortfall.

These are the conundrums that we have. The debt levy, of course, goes to the issues in what the government is saying about the shameless, parlous state of the nation's economic
situation. We have had that refuted across the board. Many people have spoken about that already and many more will continue to speak about it.

I just want to raise the problems that we are seeing emerging out of the government's huge cuts. First of all, there are the job losses. This weekend, the Australian Local Government Association—ALGA—released its report on the state of the regions. They highlighted the impact of the mining boom, the end of the GFC and the changing shape of Australia's economy on our regions, recognising that Western Australia had a 30 per cent increase in its gross state income, but to the detriment of states like Victoria and South Australia who have lost their manufacturing bases.

As well as that, the ALGA, which is meeting this week in Canberra, is confronted by one of the measures in this bill, a $930 million freeze to the financial assistance grants to local government. This is devastating to rural and regional councils, which by this one measure are going to be put into financial straits which may mean some of them will have to look at forced amalgamations or winding up a council. I think the focus on this is quite extraordinary.

We have also seen $1.7 billion worth of cuts to Commonwealth home support programs for the most vulnerable in our community—things like Meals on Wheels and home care support. These cuts to programs are going to represent for regional Australia that persistence of an unfunded mandate to local governments and local community organisations—to try to pick up the slack to deal with the most vulnerable in our communities. It is the cumulative effects of what this debt levy is seeking to do and the impacts it is having across the board. The impacts of this budget are really quite horrific, particularly for regional Australia.

I want to raise my concerns today. We are supporting the debt levy because the level at which it cuts in—$180,000—is income. Labor recognises people who are in the fortunate position of being able to organise their affairs. Less than 50 per cent of people in Australia are PAYE taxpayers. It is those people who are doing the right thing, paying their taxes, paying their fair share—that are going to carry the burden of this budget repair levy legislation that is before us today.

I think this is a shameless piece of grandstanding and fudging by the government. I think that what we have here is a convoluted budget that is all about ideology; there was never any kind of systematic tax reform. Several speakers have talked today about how, if we had pursued some of the measures that were in the Henry review of taxation reform, we would be in a far better place; instead of attacking the Australian way of life and the Australian economy with this piecemeal, haphazard, patchwork effort that has gone on in this budget, as part of what is being seen as responsible fiscal economic reform. It is nothing like that at all. It is very easy to avoid this debt levy. It is a shameless piece of political nonsense. While we are supporting it, we have many reservations about how haphazardly it has been brought about.

Senator DASTYARI (New South Wales) (12:26): I rise today to join my colleagues in the Labor Party in offering our tentative support for the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills. But I also want to take this opportunity in the time that is allocated to me to put on the record that I think this is an example of poor policy that has been poorly considered and is being poorly executed. These bills have been cobbled together.
We are sceptical of the revenue that the government proposes will be raised as part of these measures. We note that this temporary tax will have no impact on the long-term structure of Commonwealth revenues. So let's be honest and call it what it is: a quick political fix which is merely a wind-up for wealthy Australians. It is really a measure designed to cover up the reality of how much the budget attacked lower- and middle-income earners.

It has been widely reported that those with the means to do so will inevitably have their tax planners come around—and they will use their creative ways and their fixes—and find ways of avoiding and minimising this tax payment. That being said, any measure that is about increasing the burden of responsibility on those higher income earners deserves to be considered. Again, although the Labor Party has made it very clear that this is perhaps not a measure we would have introduced, we are happy to give the government our tentative support; but we have argued in this place and in other forums that there are better ways of doing it.

The Treasurer, the honourable member for North Sydney, Joe Hockey, offered this bizarre semantic response when quizzed about whether the temporary budget repair levy was a levy or a tax. He said: ‘You want to call it a tax? You can call it anything you want. You can call it a rabbit.’ This was of course a squirming response to the bizarre semantics of the Prime Minister who had promised voters ‘no new taxes’ on the eve of the election.

The temporary budget repair levy is of course a tax. A tax is a tax is a tax. There is no doubt about it. The pundits have dubbed this measure ‘the debt tax’. This is no rabbit. There is nothing sleek about it. This is a lame duck. It is an elephant or a gorilla. It is an old dog. It is a silly goat.

Tony Abbott spent his years in opposition crying about the Labor government's Keynesian measures to ride out the global financial crisis. As opposition leader, the Prime Minister promised time and time again not to introduce this tax increase, and in fact in his own words, he said:

A coalition government will keep current income tax thresholds…

He also said:

What you will get under us are tax cuts without new taxes.

And

… there should be no new tax collection without an election.

Then what do we get straight after the election? Straight after the election on this measure, as with so many other measures, we have a broken promise. We had one thing said to us before the election and the reality of what came after the election.

After the election, the Prime Minister cobbled together a few friends from the Business Council. They went through a Commission of Audit process to argue on one side the proposition that Australia must make structural adjustments to the mechanism it uses to raise and spend taxes. I think he would be surprised to find that there is actually no argument from anyone in either house of this parliament that structural adjustments must always be considered, and these structural adjustments to our tax system need to be debated in both chambers of parliament. Again, structural adjustments to our tax system need the consultation of our tax experts, our tax academics and, most importantly, we need to take these decisions to our taxpayers large and small.
The Australian Labor Party has a proud record of making structural adjustments to our taxation system. That is not what this is. This is a temporary measure. It has no effect on the structure of the taxation system. It is petty politics as practised by some ideologues on the other side of this chamber much to the disgust of other sensible voices in the government's backbenches—many of whom have been prepared to speak out privately and anonymously at times. It is simply a measure that has been designed to cover up the reality of how much this budget and the budget measures are really targeting lower- and middle-income Australians. It is a political manoeuvre, and I dub it an expensive cheap shot.

I repeat: the temporary budget repair levy will have no effect on the structure of our taxation system, and I think that is one of the major faults with this piece of legislation. But that is not the only problem I have with this bill: the temporary budget measure is poorly considered in terms of its actual implementation and the avoidance opportunities it is going to provide so many Australians. The major design flaws in the tax lie in the fact that it will allow many wealthy Australians to avoid paying this tax and will likely drive even more into the already thriving tax minimisation industry to avoid the top rate of income. That is what we always have to be careful of when we are looking at these kinds of measures.

As I said earlier, it is not that there is a fundamental issue or problem—I am in fact sympathetic towards the case that says those on higher incomes should be paying more—but let's also understand that, when you start increasing this on higher income Australians, you are also growing a tax minimisation industry. We know that, of the almost 300,000 individuals earning more than $180,000, almost 20,000 of them use tax minimisation techniques to reduce their taxable income below $180,000. That is just under 10 per cent of Australians who would otherwise be captured by this.

It should also be noted that these figures include the 75 people in this country who earned in excess of $1 million and paid zero income tax in Australia last year. Let's just think about this for a minute: there are 75 Australians who earn over $1 million of income who did not pay a single dollar of taxation in this country.

The government has announced the time frame in which it intends to impose the levy, allowing those with the means to shift the balance of their incomes to the most convenient years of the forward estimates. Again, by announcing from the outset that it is going to be a temporary measure and only going to be for this period of time, they have given the tax minimisers a dream opportunity to restructure their payments to make sure they are minimised. Taxpayers who would ordinarily have a taxable income of more than $180,000 will look for ways to avoid paying the levy for certain income years.

During the recent budget estimates, Treasury officials conceded this measure could end up costing hundreds of millions of dollars in lost revenue, because those with the resources do so, those on the highest incomes, will use their power and leverage, certainly within their organisations, to structure their payments in such a way that they are forced outside of this period.

Another significant concern we have with this proposal is the way the income tax increase is actually going to impact the fringe benefits taxes, the taxes paid by employers for non-cash benefits. There is a major mismatch between the introduction of the income tax increase and the commensurate increase in the FBT which creates a significant opportunity to negotiate various forms of tax avoidance and tax structures.
What does this mean? In both the first and third years of these measures, there are opportunities for taxpayers to shift income out of salary and into fringe benefits to avoid the tax. The income tax increase is going to begin on 1 July 2014; however, the fringe benefits tax increases will not occur until 1 April 2015. Let's be clear: the tax increases happen on 1 July 2014; the FBT increases do not occur until 1 April the following year. That is a nine-month window where the FBT rate will not be aligned with the top marginal tax rate. This is a tax minimiser's dream scenario which will allow them to start shifting income into fringe benefits.

Again, in the third year, the FBT increase will end on 31 March 2017, providing a further three months where the FBT rate will not be aligned with the top marginal tax rate. In effect, this will mean that this tax increase will apply in full for only one complete year. During budget estimates, Treasury officials themselves revealed this FBT loophole and said that it is going to reduce anticipated revenue by hundreds of millions of dollars.

I said this idea is a duck or a dog or a goat, but what is so amazing is how poorly it has been introduced through this legislation. Given the astonishing lack of public consultation by government and the astonishment that rippled through the good people in Liberal electorates like Warringah, North Sydney, Wentworth, McKellar, Kooyong, Higgins, and Curtin, we can expect that the next few years will be good ones for the tax planners catering to Australia's millionaires, and we are right to be concerned about just how much revenue will be raised by this measure.

Concerns about the fringe benefit tax loophole have been repeated in submissions to the Senate legislative committee inquiry into this temporary budget repair levy. Certainly a lot of experts in this field and others have shared the real concern that what we are doing is creating a tax minimisation avenue. Economist Saul Eslake stated in his submission that it will likely be avoided by 'greater use of the myriad provisions in the income tax system which offer preferential or concessional treatment for particular types of income, forms of business organisation or categories of investment vehicles.' What does this mean? It means that the debate we should be having, and the debate that should have happened as part of this, is: how do we close down loopholes? How do we close down these opportunities that are giving a few Australians an incredible opportunity to avoid paying the rate of taxation that they should be paying? But that is not the debate that we have had and it is not what this legislation proposes to tackle.

Taxpayers Australia, a non-profit who state they are focused on improving fairness and transparency in the tax system, also raised concerns about how easily this tax will be avoided using this FBT loophole and other tax minimisation strategies. They say in their submission: Treasury estimates are therefore likely to be overstated because considerable amounts of relatively straightforward tax planning is likely to take place which have the effect of reducing taxable income, often to beneath the $180,000 threshold.

We note that most of this planning is relatively straightforward and is already being actively marketed by many tax advisers. In short, it is clear that in practice only the wealthy but poorly advised will be paying the Debt Tax.

This loophole raises the obvious question of just how serious the government are about 'sharing the burden' of structural adjustments to our tax system. If they were serious, they
would have closed loopholes in their new tax measure with the same zeal with which they are cutting services and raising taxes on the poor, the sick and the young.

As I said before, largely what we have here is a measure that has been used as a political fix to disguise some of the horrendous elements of the most recent budget. I am talking here about the cuts, for example, that have happened in the university sector. Young Australians looking at going to university, with the 30 per cent cut to university funding that has already been proposed and, in addition to that, the deregulation of fees, are going to be put under a kind of debt burden they have never experienced before. That is what we should be talking about. We should be looking at taxation measures to make sure that those kinds of things do not happen.

At the moment we are looking at a taxation system and certain measures that have been proposed in this budget that I and others on this chamber will be opposing in coming weeks, like the fuel excise tax and the Medicare levy. The fuel excise tax is going to be a tax on every single Australian every time they get into a car. The Medicare levy is about making sure that the cost of seeing a doctor is going to increase for all Australians and that the idea of a universal healthcare system is something that will be coming to an end. They are the measures that this budget was about introducing. They are the measures that the government wanted to introduce.

They wanted to sugar coat it, they wanted to cover it, and they wanted to show that they were somehow sharing the burden by saying, 'We are also going to be increasing taxation on the wealthiest Australians.' Will we be supporting this measure? Yes. But, if the government were serious about actually sharing the burden on the most wealthy Australians, we would certainly be having a debate about tax loopholes and negative gearing. They are not the debates that we are having. Rather, what we have before us is a measure which is going to be avoided. The tax planners of Australia would not be able to dream of an easier piece to get around. It is a measure that is not going to raise anywhere near the revenue that is proposed.

After getting to the end of the budget and realising that, with what they were doing with Medicare, with the university cuts, with the fuel excise tax, with the cuts to programs across the board—for example, the $500 million of cuts to Indigenous program—and with the cuts to the SBS and the ABC, they were damaging and attacking a lot of things that mean a lot to middle-income earners, they needed some fig leaf that they could point to and say, 'We are also attacking the wealthiest Australians as well.' That is simply what this measure is.

I reiterate that this temporary budget repair levy is an example of poor policy. It is poorly considered and it is being very poorly executed. Frankly, the government could have done a better job at sharing this burden.

**Senator BUSHBY** (Tasmania—Deputy Government Whip in the Senate) (12:43): I rise to talk on the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and the associated bills. In full confidence that Minister Cormann would, when he stood up to speak on this legislation, cover the relevant points, I had no intention of actually taking up the opportunity to speak today. But, having listened to some of the earlier contributions from those on the other side, I do want to make a brief contribution just to set a few things straight.

I start off by noting that it is a bit rich of Senator Wong and others on that side to talk about the fringe benefits tax. In last year's election campaign, Labor promised to slug low- and
middle-income earners with increased FBT through the hike on the FBT on leased cars. During the campaign, we said that there was no way that we would introduce this change. At the time, the industry pointed out that 28 per cent of salary packaged leased motor vehicles are with charity and public health workers and nurses and 21 per cent with police and teachers. Let's not forget that Labor would have hit the Salvation Army with a $4 million increase in FBT, which was equivalent to nearly half the money raised by the Red Shield Appeal doorknockers each year. The Victorian health minister, Mr David Davis, said that the impact on the not-for-profit, charities and health sectors could be $200 million to $300 million each year across Australia. Senator Wong and Labor are using hollow words. They should be judged on their record.

Stakeholders point out that salary packaging arrangements are generally established around the specific FBT year. This means that the arrangements have already been negotiated and structured for the 2014-15 FBT year for many thousands of employees. FBT compliance is a complex area. To align the FBT and income tax rates to these existing arrangements would again produce significant administrative financial burden. There are compliance costs that will be borne by businesses and their employees when making changes to employment agreements midway through an employment agreement.

Stakeholders point out that temporarily aligning the changes in the top marginal tax rates and the FBT rate from 1 July 2014 would require employers to produce two separate FBT returns for each relevant employee—namely, an initial FBT return under the old rates from 1 April 2014 to 30 June 2014 and a second return with the new rates from 1 July 2014 to 31 March 2015. Again, this would impose a significant administrative and financial burden on employers. In Senate estimates earlier this month, Treasury Executive Director Rob Heferen said:

If the question is whether the FBT increase should have occurred on 1 July 2014 to align with the increase in the personal tax, the compliance costs for employers and dividing the FBT year like that we would take to be pretty onerous.

Further, he said:

... it is a pretty straightforward proposition that a fringe benefits tax increase should align with the fringe benefits tax year.

In readiness for the FBT year commencing 1 April 2014, employers have only recently been required to make adjustments to remuneration arrangements for their employees to account for the 0.5 per cent increase in the Medicare levy required to fund the National Disability Insurance Scheme. To require employers to make additional changes for the temporary deficit levy at this time would pose a financial burden on employers across Australia. The administrative effort required by organisations to facilitate short-term changes to remuneration packaging arrangements provides a significant barrier and disincentive to engage in such short-term measures.

As chair of the committee inquiring into these bills, I also had a little to do with its report, which was tabled today. For the benefit of this debate, I quote some excerpts from the conclusion of that report. It said:

The committee understands that in order ‘to repair the budget and deliver important structural reforms’ that would ‘facilitate future growth in living standards’, the government was asking all Australians, including high-income earners, to contribute to achieving a healthy budget.
Further, it said:
The committee considers the Levy will not encourage undue tax minimisation or avoidance behaviours by Australian taxpayers, as the Levy's design intentionally adjusts a number of tax rates to reflect the introduction of the Levy. These adjustments have been proposed to reduce potential opportunities for taxpayers to avoid their tax liabilities.

Further:
The Levy will ensure high income earners will make a contribution to the government's Budget Repair Strategy, which was announced in the 2014-15 Budget.

And:
… it is entirely appropriate for the government to ask all Australians to make a contribution to Budget repair when they can afford to do so.

Further:
The committee notes the threshold of $180,000 was chosen so almost none of the Australians affected by expenditure cuts to direct assistance in the 2014-15 Budget, such as family payments and pensions, would be liable to pay the Levy.

Finally, the committee's sole recommendation was:
The committee recommends that the Senate pass the bills.

**Senator Farrell** (South Australia) (12:48): I rise to speak on the legislation before us, the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills, and to try to deal with it in a slightly broader context, perhaps, than some of the previous speakers on either side. However, I noted Senator Dastyari's contribution, and I thought that dealt very adequately with some of the more specific issues that related to the legislation. I would like to talk about the legislation in its broader political context and, in particular, the way it interweaves with all of the other changes that this government has sought to introduce as part of its budget for this year. I particularly want to draw your attention, Acting Deputy President, to what I think are some issues that have not been adequately explained to the Australian people about this legislation.

We are having this legislation—which the opposition will support—because it raises the tax levy on high-income earners to pay for what the government says is its budget crisis, a budget emergency. I do not think that you have convinced the opposition or, more importantly, the Australian public that we have a budget emergency that requires these sorts of changes. I just do not think the Australian population believe you when you say you have a budget crisis.

**Senator Fawcett:** Why do you say that?

**Senator Farrell:** Why do I say that? One very obvious reason is that the rating agencies which tend to downgrade governments that have a genuine budget crisis continue to give the Australian government a AAA rating. If we were in a budget crisis, Acting Deputy President, I know that you would know that our rating would be downgraded. When you compare our deficit situation compared to GDP with any of the other countries which ordinarily you would make comparisons with, we are just not in the same league. We do not have a debt crisis the way some of these other countries do. I know that you know that. I suspect the rest of the government knows that. But you have made up this manufactured story in order to put through what I think are ideological changes.
As you know, for the next couple of weeks my job is to represent veterans in my shadow capacity as spokesperson for veterans' affairs and the Centenary of Anzac. As part of those duties, I have been running around the countryside talking to veterans. I went down to Launceston with the RSL. I went up to Coffs Harbour with the RSL. I have been over to Ingleburn with the Vietnam veterans. At every one of these meetings, do you know what these veterans, these people who have risked their lives for this country, have said to me? I will tell you. I can see you. The camera cannot record that you shook your head, but you said no. I will tell you what they are saying to me. They say, 'We're not opposed to this two per cent temporary levy on high-income earners. It doesn't affect any of our people so we're not opposed to it. But do you know what the government is proposing to do to us and in particular to our veterans pension? From 1 September 2017 they're proposing to remove the concept of fair indexation.' What is the concept of fair indexation?

In the past, pensions were indexed based on CPI and it was generally believed, certainly by the former government, that that did not necessarily reflect the costs associated with the basket of goods that pensioners would buy. So in government the Labor Party broadened the measure by which pensions would be indexed. We looked at three potential measures or guides to determine it. CPI was obviously one of them, average male weekly earnings was another and a separate basket of goods which more closely reflected the sorts of things pensioners buy was the third. The structure we put in place in government was that we said that in the twice-yearly indexation of pensions we would look at those measures and pensioners would then get the highest of those. As an aside, you might be interested to know that the CPI would only be the highest of those three measures once in 10 times. The rest of the time, the other two measures would be higher. So pensioners would get the benefit of that higher rating. So over a five-year period with two increases each year there would be only once when the CPI would be the measure. From 1 September 2017 that is all that pensioners and in particular people who are recipients of veterans pensions are going to receive by way of the increase.

How many people are we talking about? I notice you are shaking your head again, Deputy President Bernardi. I asked this question of Mr Lewis, the secretary, at the estimates two weeks ago. The answer is this. There are roughly 330,000 veterans pensions paid to 280,000 veterans—a very significant number of Australians who have put their lives on the line to defend their country. I noticed on the weekend that Mr Abbott is talking about going back into Iraq.

Senator Mason: He did not say that.

Senator FARRELL: I need to respond to that because a question mark has been raised about whether or not we will be going back into Iraq and I think it would be handy if we got some clarification of this issue. Potentially that means there will be more of our soldiers going overseas and ultimately more people in receipt of veterans pensions. As I go around the countryside to Launceston, to Coffs Harbour, to Ingleburn, veterans say to me, 'The government is increasing this levy on high-income earners. It is a temporary change. It is for a couple of years while they raise a certain amount of money. You say it is going to be $3.1 billion. There are some question marks about that and it might not even be that much. But the changes you are going to make to veterans, to the people who have put their lives on the line,
are not going to be temporary. Those changes are a permanent reduction in the increases they will receive in their pensions.’

At estimates I asked Mr Lewis how much this is going to be in the first eight or nine months and it is $46 million. So $46 million is going to be taken out of the pockets of Australian veterans, money which should have gone to them by way of the fair indexation system. Veterans say to me, ‘You're raising the money on high-income earners on a temporary basis, but the changes you're making to our pensions to pay for your so-called 'budget crisis' are permanent. You're going to permanently reduce the way in which pensions in this country will be received. Explain that to us. Why are the rich making only a temporary contribution to the so-called budget crisis and pensioners, who have gone off to war to fight for this country, are making a permanent change?’

I do not think there is a satisfactory answer to that. I could not think of one. The minister, who has been at most of these functions with me, certainly did not come up with one and I have not seen anything from Mr Abbott or Mr Hockey or from any of the other people who are defending this budget to provide a satisfactory explanation as to why veteran pensioners are carrying the can for these changes. If there were a real budget crisis, why are the rich not making an ongoing contribution to the cost of solving the crisis? Why do they get off scot free after a couple of years? Of course, Senator Dastyari and Senator Stephens talked about the potential for avoidance of this levy.

Let me tell you what the veterans of this country are saying. They are saying: ‘There's no way we're going to be avoiding this reduction in the increase of our pension. That'll be coming right off the top; there'll be no way we'll be avoiding that.’ As I said, in nine out of 10 cases that will be a lower increase than they otherwise would have expected.

I notice Senator Bushby coming back into the chamber. He certainly did not address this when he mentioned pensions in his contribution. There is no satisfactory answer to this, and I think it simply reflects the issue which people—and not just veterans and pensioners—are now talking about in this country. Broadly in the community they are saying: ‘This budget is not fair.’ As I say, I do not accept the proposition that we are in a budget crisis here, but, even if you do accept that proposition, the fair way to solve that is not to make life more difficult for the people who need the most help in this country. And I categorise veterans and veterans on pensions as people who do need help in this community. We should be looking after them because of the service that they have given us, and we are not. We are not looking after these people, and there has been no satisfactory explanation as to why we are not.

Let us be quite frank about this. I cannot be sure what the position is that the opposition will take on this issue after I leave in a couple of weeks' time.

Senator Mason: We'll miss you, Don; we'll miss you!

Senator FARRELL: I'll miss you, too, Senator! But what I think I know is that we will be sticking up for those veterans, and we will be saying to them: ‘We don't think you should have a reduction in your pension in the way in which Mr Hockey is proposing. Fair indexation was a fair system; it was a good system. We should continue with that.’ So the veterans of Australia will have a choice at the next election: do they vote themselves a reduction in the increase, or do they stick with what I think is a fair system—the current one? Right across the community, Australians are talking about the co-payments, or the cuts to Newstart or
whatever. And Australians reject them, just as they did—and you might remember this, Acting Deputy President Bernardi—Work Choices. Do you remember that concept? You are shaking your head. Well, let me tell you about it. It was a scheme that the former Prime Minister, Mr Howard, dreamed up to cut the wages of working Australians. He managed to do it because, for a very brief period of time, the government had a majority in its own right in the Senate. I do not think the Australian people will make that mistake again—certainly not with a Liberal government. Australians rejected that concept because they instinctively knew that it was not fair. What you are doing with this piece of legislation is making exactly the same mistake.

It is not fair for the rich to make a temporary contribution to fixing your so-called debt crisis but for pensioners and other groups in the community to make a permanent contribution. When people think about this over the next two years, in the lead-up to the next election, they are going to say: 'No, you're right—this isn't fair; we are not being treated fairly in this country, and we don't accept the changes that are being made.'

The other thing that I am being told at these meetings I am attending is: 'We're concerned that if the federal government is going to take away the fair indexation principles that the Labor Party introduced when it was in government then what does this mean for the Defence Force superannuation scheme?' You might recall that a very strong campaign was run by veterans' groups in the lead-up to the last election. What was their argument? They said: 'You've provided fair indexation for veterans' pensions, but the beneficiaries of the Defence Force superannuation scheme are stuck with the CPI.' They ran a very successful campaign, and the current minister said, 'That is a good argument; we're going to introduce that.' And, sure enough, they did. As the minister points out, we had opposed it in government. I took the argument to shadow cabinet and we supported it.

What are these veterans' groups now saying? They are saying this: 'You've just given us this fair indexation on our Defence Force superannuation. You've done it on the basis that the rest of the pension community is in receipt of this system. You've now taken that away from veterans' pensions and pensions for the rest of the community.' But it is not just veterans you are taking it away from. You are also taking it away from TPI recipients. It does not take much of a leap of logic to say, 'If you have taken it away from all of these other groups, and this was the basis upon which you gave it to the Defence Force recipients, then it's not going to be very long before you take it away from us.' I see the Minister for Defence, Minister Johnston, coming into the chamber. I think he may wish to explain to veterans why it is that this government has introduced a temporary levy on high-income earners but a permanent change to the rate of increase for pensioners. I think those questions need to be answered. We have not had a satisfactory answer to them. We are prepared to support this legislation, but we need some answers about why this budget is so unfair to and so inequitable for the Australian people.

Senator MILNE (Tasmania—Leader of the Australian Greens) (13:07): I rise today to make it clear that the Greens will not be supporting this bill. We will in no shape or form give any credence or credibility to the government's lie that there is a budget emergency in Australia which requires a budget repair levy and which requires the biggest hit on the poor in Australia that we have seen in a very long time. It is a trick, it is a fig leaf, or, as a former Prime Minister has said, it is how do we dress it up to make it look good. That is what this
The debt repair levy does: it is a temporary measure, a wink wink, nudge nudge to the big end of town, to the extremely wealthy, saying, 'Don't worry about it. We are going to bring this in for a very short time and in the meantime we are going to permanently attack the level of welfare and support in Australia that we have provided.' It is an ideological attack and has zero to do with the budget, zero to do with a budget emergency and everything to do with a long-held, ruthless ideological attack set out by the Treasurer, Mr Hockey, when he made a speech in London in 2012. If you want to know where this was coming from or how it was coming, just go back and look at that. Just go back and look at what Rupert Murdoch has had to say. Look at what the Institute of Public Affairs have had to say. All of these initiatives in the budget that take away welfare, that extend the age of the pension, that attack the universality of Medicare—all of those were there long before any suggestion of a budget emergency.

To buy into a discussion of this levy and to give it any credence suggests you are buying into the frame and the discussion about how the burden should be shared. There is no burden to share, there is no budget emergency. What we need to address is the fundamental issue of income and wealth inequality in Australia. I am very pleased to say that my colleague Senator Siewert will be bringing forward a proposal for a Senate inquiry into just that, because that is one of the major issues the World Economic Forum has identified: that up there with climate change wealth inequality is something that is going to bring incredible disruption around the world and is already doing so. I was pleased to hear Senator Farrell say that this should be a permanent issue, a permanent change. That is what the Greens have said all along: if you are serious about redistribution of wealth then you need to get serious about permanent changes, not a permanent change for the least well-off and a temporary wink wink, nudge nudge change for the big end of town, especially in the light of the fact that the Prime Minister has hinted to make it palatable for the big end of town. Why do you think they are not screaming about it, Mr Acting Deputy President? I will tell you why: because they have been told privately and it has been alluded to publicly that from the 2016 election the government is going to bring in a permanent tax cut for the big end of town, with permanent attacks and undermining of support for our whole social fabric, for our whole social contract in Australia. That is what is going on here and that is why the Greens are not going to buy into this in any shape or form.

We are told that the sole purpose of the revenue raised is to pay off the debt. If that was true, why on earth are we buying joint strike fighters? Why did we put $9 billion into the Reserve Bank for a capital buffer that they did not ask for? Why did we do those things? It is a confected situation, a confected 'budget crisis'. There is none, and we still have never had a satisfactory explanation from the Treasurer as to why he put that $9 billion across to the Reserve Bank unasked for. The fact that it is called a budget repair levy proves what I am saying. In terms of the $180,000 threshold, already this weekend's Financial Review had a whole section on how you can salary package, how you can salary sacrifice, how can you use negative gearing, how you can use your superannuation concessions to get your income down below $180,000 so that you do not have to pay it. Already the loopholes in it mean that for a lot of people it is not even going to be for the length of time that has been suggested. On the one hand you are being told that but on the other hand out there in the wink wink, nod nod, we all know about it, and it is get your tax down, get your income sorted through these salary sacrificing and other provisions, and novated leases are the classic case. Why isn't the government out there explaining to people why they are going to keep on with this rort so that
the more expensive the car you buy the more you can bring your income down and get yourself into a lower tax bracket? Like all giveaways, this temporary budget repair levy, the so-called burden, is temporary and more than fully offset by the profits accruing, as I have just said, through superannuation concessions, company tax cuts, ongoing fossil fuel subsidies and the novated leases to minimise taxable income.

While the Greens support the need for good economic management and long-term structural reform, most of the submissions on this bill found that the temporary repair levy as proposed does nothing to address the long-term structural issues of the budget. The gap between those who have and those who have not continues to grow at a fast rate. As I indicated, the World Economic Forum took that view and they have said that a lost generation is looming that will face high unemployment and precarious economic futures, with the systemic risks likely leading to social unrest. That is from the disparity of wealth and income. So while there needs to be structural adjustment so that revenue streams match expenditures into the future, this temporary budget repair levy will do nothing to address that.

In a submission to the Senate inquiry into this bill the Grattan Institute argued that ‘the levy has no impact on the long-term structural position of the budget as it will cease to exist in 2017-18’. In another submission Saul Eslake raised the point that ‘it does not make any lasting contribution to fixing the budget in any structural sense’. So let’s just forget all this nonsense about a budget emergency, the levy does not make any lasting contribution to fixing the budget in a structural sense; the fact of the matter is that it is a bit of icing on the top to try and disguise a poisoned cake.

It is clear that shielding the rich from any lasting burden is absolutely on the minds of the Abbott government. It is why they have given an amnesty to people to bring home their billions of dollars from tax havens around the world. They are saying, ‘If you bring it home now, before there is a global push on tax evasion at the G20, we’ll give you an amnesty; you won’t be prosecuted, you won’t find yourself in jail.’ But go over to the Centrelink offices and you will soon find people who are persecuted if they make mistakes or infringe the rules. If you are a Newstart recipient and you cannot or do not turn up for your requirements, you get punished. But if you have got millions and billions of dollars stuck offshore, deliberately evading tax, you are told you can bring it home in an amnesty and nothing is going to happen to you. I think that gives a pretty good insight into where the Abbott government are coming from.

If you accept the need for a temporary levy, it buys you into the notion that you accept the budget emergency and therefore accept these vicious permanent cuts to the poor. We are not going down that path; we do not believe any of that is necessary; it is just a contrivance. What we do know is that there is a need for permanent structural change to ensure that the rich do pay a permanent new marginal tax rate. That is what the Greens will pursue—a permanent new tax rate—not a con job that sees a tax cut coming forward at a permanent level in 2016. I move:

At the end of the motion, add:

but the Senate calls on the government to:

(a) extend the provisions of the levy beyond the 2016-17 financial year, making the levy permanent; and
(b) guarantee that no tax cuts will be made, or promised, for the top income tax bracket, prior to the 2016 election.

In other words, no tax cut, or promise of one, is permitted before the 2016 election. That would test the mettle of this. If you are serious about a permanent change for those who earn more than $180,000, you would have no concerns at all about supporting this amendment. I call on both the government and the Labor Party to support this amendment. We are not going to let the government off the hook with their temporary levy. We are not going to stand by and watch what is going to happen—that is, everybody else suffers while the rich get ready to organise themselves to not pay it, to minimise their income, and get ready for the tax cut in 2016.

At a recent Senate hearing Senator Cormann said:

We are very conscious of the fact that high-income earners already do a lot of the heavy lifting when it comes to contributing to Commonwealth revenue. But in the context of this budget we decided and judged that it was necessary to ask everyone across the community to make a contribution, including asking high-income earners to make an additional effort on top of the significant effort that they are already making.

But the Grattan Institute made it clear that 'it does not share the pain very effectively as it will only have a short-term impact on high-income earners; and, by contrast, the spending cuts will have a disproportionately large effect on lower income earners and they are permanent'. And Saul Eslake made the point that 'it will encourage at least some higher income households to take more active steps to engage in tax minimisation or avoidance activities, including by making greater use of the myriad provisions in the income tax system which offer preferential or concessional treatment for particular types of income, forms of business organisation or categories of investment vehicles'. Exactly as I have said. If ever there was a con job on the Australian people, this is it. I am surprised that the Labor Party are falling into it. By buying into the idea that you need a temporary budget repair levy, they are buying into the idea that they somehow left the budget in a state where it needed to be repaired. I reject that absolutely.

But what I do accept is that we need to be able to raise the revenue to pay for the services that we want to deliver. That is exactly why the Greens have stood up throughout this whole budget process and said this is the way you could raise the money and, at the same time, address the issue of inequality when it comes to income and wealth. That is why we have said that, if we fix the mining tax and remove fossil fuel subsidies for the mining industry, the government would find itself an extra $48 billion in revenue over the forward estimates—fixing the mining tax and removing fossil fuel subsidies for the mining industry. Compare that to the $3.1 billion that this temporary budget repair levy is expected to raise over the forward estimates. So why wouldn't you end fossil fuel subsidies to the big miners and improve our response to global warming? Ask yourself the question: 'Why are established businesses that are making superprofits getting a corporate welfare handout?' Really, why is this occurring? They have been in business for a long time and they are making a lot of money. It makes no sense whatsoever to do that.

We also know that current spending is sitting in line with historical levels. We are one of the lowest taxing countries in the OECD. Our debt levels are manageable and they are far below the global averages. Economists are unanimous in their assessment of Australia's
economy as fundamentally healthy. However, many of them warn against large and unnecessary budget cuts due to the effect that this could have on the wider economy—and we are already seeing it with reduced consumer and business confidence. Go out there and look at the number of sales that are on earlier than expected. People are really concerned. The people who are going to be impacted most are saying, 'We simply can't afford to consider buying some of the things we might have considered previously.' They are taking a real review of their own personal situations. The Greens are certainly not going to support a measure that will be doing nothing to redistribute wealth or prevent tax evasion due to its temporary nature.

The cuts to the most vulnerable in our society will have long-lasting, permanent impacts, and that is why the Greens will fight against all of the measures that penalise those most in need. We will block the attacks on universal health care and vote against the $7 GP co-payment. We will block the cruel changes to the living and studying allowances for young people and students. We will block the unfair and regressive user-pays model proposed for our universities. We will do everything we can to stop the destruction of our clean energy package, which has delivered help to so many to reduce their energy bills and ecological footprint. And, of course, we will block everything that attacks those who are seeking a job—that is all they are trying to do—many of whom have already done training but live in areas where there are no jobs available.

I think it is cruel indeed for the government to talk to people in north-west Tasmania, for example, where there is a very high level of unemployment and the number of unskilled jobs has fallen, and say, 'You can just do temporary fruit picking somewhere, or you can move to the mainland.' How? On what? How do you move to the mainland? First of all you have to get there, and, when you get there, where are you going to live on no money at all? How are you going to be able to present yourself to secure a job? It shows that the government is completely out of touch with the day-to-day reality for people living in north-west Tasmania, north Adelaide or right around Australia.

People are looking at one another and saying, 'How will we cope?' If you have not got a family who can support you, you are in serious trouble. We are going to be looking at poverty and homelessness on a level that we have not yet seen. It is already bad enough, but it is going to get worse because of this budget. We are not going to buy into tricks that try to pretend that somehow there is an equitable burden shared. As John Hewson recently said:

The budget proposed in simple terms a cut of some 12% to 15% in the disposable income of the lower-income groups, single-income families, families with children, but only less than 1% cut in disposable incomes for those on higher incomes.

What a disgrace.

The Greens want to make sure that the big miners, the bankers and the polluters pay their fair share first. We can raise $79.2 billion in revenue and avoid all of these cruel budget measures and this ideological attack—because that is what it is. It is not about a budget measure; it is an ideological attack by a group of people who have the view that the current safety net needs to go. It is as simple as that. It is an attack on our social contract. That is the fundamental position that you are coming from, and we see you coming from that area very clearly. It is about having a dog-eat-dog world and a divided society. If anyone had any doubts about that, we heard the Treasurer say, 'People are having to pay tax and work for a
month in order to keep these people on welfare.' That was a divide-and-rule tactic, saying, 'Why should you have to look after them?'

I want to say that all of us could find ourselves sick, all of us could find ourselves disabled and any of us could find ourselves unemployed. The same applies to our entire families, to the people we know and to communities, and Australia has a sense that we do care about one another. We do understand that at some point any of us could find ourselves in that position, and, as a community, we want to think that we would look after each other. That is where we are coming from, and that is the exact opposite of where the government is coming from. That is why we have said: apply a public insurance levy on the four big banks that are too big to fail, which is $11 billion; impose the $2 levy on thermal coal exports, $929 million; go back to the proper mining tax, $35.58 billion; and so on.

I want to finish with a quote from American Senator Elizabeth Warren. She said: People have hearts, they have kids, they get jobs, they get sick, they cry, they dance. They live, they love, and they die. And that matters. That matters because we don't run this country for corporations, we run it for people.

The Greens say that we do run this country for people, and 'for people' means getting rid of inequality and stopping this legislation. (Time expired)

Senator XENOPHON (South Australia) (13:27): I indicate that I will be supporting the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills, and I would like to outline the reasons for that. I will make reference to some commentators in this debate that I think have added to the public discourse, some on the conservative side of politics, some on the other side of politics—the progressive side, or however you want to put it—and some in the middle, because I think it is important that we put this in context.

I do not believe that there is a budget emergency in the terms set out by the government, but I do believe that we have some serious structural issues in relation to the budget and in respect of our economy that must be dealt with. It is interesting to see what Jennifer Westacott, the CEO of the Business Council of Australia, said in last weekend's *The Australian*. She said:

Let's get some facts on the table. By 2050, there will be fewer than three people working to every retiree, compared with about five people today. This will place huge pressure on our tax base, huge pressure on services, and huge pressure on our competitiveness.

I agree with what Ms Westacott has said. This is something that we need to consider as a nation. If we do not consider it, we are in a fool's paradise. I also agree with Ms Westacott when she says:

If we look at our competitiveness, we are currently 21st on the World Economic Forum ranking, down six places in the past five years and the first time Australia has ever slipped out of the top 20.

Another commentator, who is known as a conservative commentator—and I do not say that in a pejorative way—is Maurice Newman, who has a role on the Prime Minister's taskforce on business and productivity. He has made the point to me that our level of individual household and corporate debt is very high. I do not have the figures in front of me, but we have household debt at 100 per cent of GDP, which is the highest level since 1988 and among the highest in the developed world. So we need to take into account corporate and personal household debt.
Professor Richard Blandy from the University of South Australia, someone whom I have known for many years and whose advice I have valued—I particularly valued his advice during the electricity privatisation debate in South Australia in the 1990s—made the point in an opinion piece in *The Australian* towards the end of 2012 that Australian productivity growth was the third lowest amongst a list of 10 countries he set out, just noshing Spain into second last spot. South Korea's rate of productivity has been about 3.5 times Australia's across the past 20 years. Finland and Sweden's rates of productivity growth have been about double Australia's, and that of the US is about 70 per cent faster than Australia's. So we do have some real structural issues in our economy in terms of productivity and economic growth. It is worth mentioning that, when Donald Horne wrote *The Lucky Country*—we usually just take the title of the book—what he actually said was:

Australia is a lucky country run mainly by second-rate people who share its luck.

So these are matters that we need to deal with.

Conservative commentator and economist Henry Ergas—it is a pity that Senator Cameron is not in the chamber, because any mention of Mr Ergas gets him going!—said in a recent opinion piece in *The Australian*:

The fiscal outlook speaks for itself: Labor left an unsustainable legacy. With spending growth primed to explode, gross debt was set to reach $700 billion by 2023-24, at which time more would be spent on interest payments than on aged care: and that optimistically assumed economic expansion would continue unchecked.

And he was critical of former Treasurers Swan and Bowen, who, he says:

...craftily shifted the steepest increases to just beyond the forward estimates, with spending projected to rise by 5.9 per cent in 2017-18 alone, a rate of growth only exceeded in the massive fiscal stimulus of 2008-09.

These are some of the issues that we must face as an economy.

The reason I support this measure is that I think it is important that we share the load reasonably and evenly. I do not think this budget does that. This is just one small part of it where I think it is fair that higher income earners—those that earn $180,000 a year or more—pay more in income tax. And I would not have a problem with this levy going beyond three years. I say that because, if you look at the context of this budget, there are some real issues of inequality. It is worth referring to a piece by Peter Hartcher, the political editor of *The Sydney Morning Herald*:

... as Britain's conservative prime minister, David Cameron, said in 2009: "Per capita GDP is much less significant for a country's life expectancy, crime levels, literacy and health than the size of the gap between the richest and poorest in the population."

I have a real concern that this budget will actually make the level of inequality in Australian society much greater, that it will widen the gap between the richest and poorest in this nation, and I do not think that is a good thing for the long-term societal and economic benefit of this nation.

The work that has been done by NATSEM at the University of Canberra is valuable if we need to put this into perspective. NATSEM provided modelling for the coalition government, at the time of the advent of the GST, about the impact of the GST. It was something that the coalition government back then relied on. NATSEM also costed election promises for the coalition back in 2010. I think the Prime Minister has said publicly that they are the best
modelling agency around. They are a credible body that do some very good work, and I am grateful for the contribution they make to the public discourse in this country. NATSEM are very concerned about the way the budget has targeted some of these welfare cuts. The evidence indicates that, while the cuts to welfare will be permanent, this levy is only temporary. It is worth also noting that the poorest fifth of families would contribute $1.1 billion more to the government's budget repair task than the richest fifth, according to NATSEM. That is not fair. If we are going to share the burden, we should do it in a way that is much more equitable than this. I believe that Australians have a strong, innate sense of what is fair, and I believe that there are many aspects of this budget that are not fair. But I acknowledge the government does have some real structural issues to deal with.

In terms of structural issues, Richard Dennis from the Australia Institute—categorised as a left-wing or left-of-centre think tank—has made a considered and valuable contribution to public debate, in the same way that people like Henry Ergas make important contributions to the public debate about how we deal with economic issues. Richard Dennis has made the point—and I have met with him in relation to this—that tax concessions for superannuation are projected by Treasury to grow at an average of 12 per cent over the next five years. He says that, if, like the Commission of Audit, we simply assume that things grow at their trend rates indefinitely, then, by 2050, tax concessions for superannuation will cost $2 trillion per year, which would be almost 100 per cent of Commonwealth revenue. Clearly that is not sustainable.

Peter Costello, in his first budget, imposed a tax on superannuation funds for high income earners and I think that is something we need to look at. We need to look at some structural reforms of super that are fair and are considered but that avoid what appears to be a rort in some circumstances for people who are particularly high-income earners and who have particularly large super funds. That is what is killing the budget and that is something we need to address as a matter of some urgency.

It is also worth noting that there are other budget measures that, I believe, will lead to greater inequality, lead to a much greater sense of unfairness and lead to greater levels of unemployment. I unashamedly support the automotive sector in my home state of South Australia. I note Senator Madigan's work in his home state of Victoria in this. The decision was made by Holden, Ford and Toyota to leave Australia as original car manufacturers. They will still be here as strong brands—and that is a good thing—but they will not be making cars here in Australia after the end of 2017. The automotive component sector makes up 33,000 jobs, the vast majority of jobs in the automotive sector. There are 140 businesses ranging from 50 employees to 500 or 600 employees that are involved in this sector.

Slashing the Automotive Transformation Scheme will mean that those companies will not be able to retool, reengineer, find new markets or find innovative new products to produce. The Automotive Transformation Scheme ought to be supported. By failing to support it, my fear is that we will see mass unemployment in this sector in the next two to three years and that there will be a so-called 'valley of death' next year when the funding is cut from $300 million to $100 million. We need to restructure the Automotive Transformation Scheme to take into account the realities of car manufacturers leaving this country and to support those small and medium businesses to be able to do something else.
We need to have a debate in this country, not an ideological debate but a debate about what works for us best in an Australian context. It is quite interesting what they are doing in Nordic countries. I agree with an editorial in the *Economist* of February last year which made the point that politicians from both left and right could learn from the Nordic countries, where they have all sorts of innovative programs, where they are not shy of having higher tax rate if there is a reason for it. The *Economist* makes the point:

The main lesson to learn from the Nordics is not ideological but practical. The state is popular not because it is big but because it works. A Swede pays tax more willingly than a Californian because he gets decent schools and free health care. The Nordics have pushed far-reaching reforms past unions and business lobbies. The proof is there. You can inject market mechanisms into the welfare state to sharpen its performance. You can put entitlement programmes on sound foundations to avoid beggaring future generations. But you need to be willing to root out corruption and vested interests. And you must be ready to abandon tired orthodoxies of the left and right and forage for good ideas across the political spectrum.

I believe that is the sort of approach we need. We need to go beyond ideology to see what would work here in an Australian context.

I want to finish off by making reference to Ella Wilcox's poem, which, I believe, might be the basis of the 'lifters and leaners' comments by the Treasurer during the budget speech. Ella Wilcox, a great American poet, who was born in 1850 in Wisconsin, wrote:

> There are two kinds of people on earth today,
> Just two kinds of people, no more, I say.
> Not the good and the bad, for 'tis well understood
> That the good are half-bad and the bad are half-good.
> No! The two kinds of people on earth I mean
> Are the people who lift and the people who lean
> There are two kinds of people on earth today

What I suggest to those who may be followers of Miss Wilcox's poetry is this: sometimes people need to lean because of injury, illness or other personal circumstances. By all of us giving them support then they in turn will no longer need to lean and they can, in turn, become lifters. If there are people in future who need our support, who are disadvantaged, who have fallen on hard times, who for whatever reason are struggling then we can, as a broader community, give them that support as lifters. This budget has too much emphasis on knocking those who lean and does not take into account the circumstances in which they have become leaners—for want of a better term. I think it is a pejorative term in the context that it was used. I support this budget measure because it means that those who can afford it can make their contribution for dealing with structural issues in the budget.

Senator CORMANN (Western Australia—Minister for Finance) (13:42): I thank all of the senators who have contributed to this debate on the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills. In closing the debate, let me make a number of observations as well as respond to some of the issues that have been raised during the debate.

Firstly, in response to Senator Milne's assertion that there is no budget emergency, let me remind Senator Milne and the Greens of the facts. After the previous government inherited a
strong economy, a strong budget with no government net debt, a $20-billion surplus, more than $50 billion in a net positive asset position and the government collecting—I stress 'collecting'—more than $1 billion a year in interest payments on the back of a positive net asset position, the previous government turned that situation negatively around very quickly through massive unsustainable and unaffordable increases in spending to the point where the previous government delivered $191 billion of accumulated deficits in its first five budgets. It left the last budget with another $123 billion in projected deficits. It left behind a situation where government debt was heading for $667 billion, and that was assuming that there would be absolutely no correction or adjustment at all for 'bracket creep', which means that middle income earners, progressively, would have been expected to fall into the highest income tax brackets. Once you take into account potential corrections of income tax rises to take into account bracket creep, the debt trajectory that we were on—as a result of decisions of the previous government—actually was taking us to $748 billion of debt and rising within the decade.

At various times, various people—I have heard the Greens say it, and I have heard Mr Palmer and others say it—have said: 'Don't worry. The debt position in Australia is not really that bad when you compare it to other parts of the world, like in Europe and the US.' The only reason we are not yet in a worse position is because of the strength of the budget back in 2007. The trajectory we are on is one of the fastest-growing spending trajectories in the world. We are on one of the fastest debt growth trajectories in the world. If we stay on the trajectory that we are on, the destination where we end up will be the same destination that others have already reached before us.

It is an emergency. When you have government spending on track to increase from $409 billion this year to $690 billion in 2023-24, or to 26.5 per cent as a share of GDP, up from 23.1 percent as a share of GDP in the last year of the Howard government, then you are in a crisis situation. You are in a situation where you are forcing government spending onto an unsustainable spending growth trajectory. Even in this budget, with all of the hard decisions we have had to make, we are still looking at $60 billion of projected deficits over the forward estimates.

When we talk about deficits, what are we actually talking about? We are talking about borrowing from our children and grandchildren in order to fund our lifestyle today. We are not talking about investment in productivity-enhancing infrastructure or social infrastructure, where it is appropriate for future generations to share in the cost of infrastructure that they will be able to share the benefits of.

What the previous government did over their six years in government—and the trajectory that they put Australia on—was to force the government to borrow in order to fund consumption and in order to underwrite consumption, in order to underwrite our lifestyle today at the expense of our children and grandchildren, who would have to pay back the cost of our lifestyle today with interest. We do not think that is right. We do not think that is fair. We think that today's generation should live within its means. We believe that government should live within its means and not impose those burdens on our children and grandchildren.

Senator Dastyari and Senator Milne also both said that the temporary budget repair levy will have no impact on structural tax problems. Quite transparently and quite honestly, we have never suggested that it will. The temporary budget repair levy will not have impact on
any structural issues with our tax system. The temporary budget repair levy is not designed to address the structural tax system. The temporary budget repair levy is designed to be in place for three years. It will raise $3.1 billion over the forward estimates period to assist with the task of repairing the budget.

I heard another Greens senator in the chamber assert that somehow I was not able to answer the question in Senate estimates about what repairing the budget means. Let me say it again very clearly. While some might not accept the answer and the explanation, our answer very clearly is that repairing the budget is getting us back into surplus. Over the forward estimates, repairing the budget is getting us back onto a believable path back to surplus, which is, of course, what we are doing.

The government has committed on the structural side to produce a comprehensive tax white paper to provide a longer term, considered approach to tax reform which is consistent with the government's core principles of fairness and simplicity. We have said very transparently that we would take any proposals for reform coming out of the tax white-paper process to the next election for approval by the Australian people.

Senator Siewert and Senator Stephens said that the temporary budget repair levy was inequitable and the levy should be permanent. The proposition was that all of the changes on the spending side are permanent, so why would we not make changes on the revenue-raising side permanent? The decisions that we have made are focused on ensuring that all Australians contribute to the task of repairing the budget.

An important point that I need to make here is that not all expenditure cuts are, in fact, permanent. There are a number of measures affecting transfer recipients for a limited time—for example, pausing indexation of income and assets test thresholds for three years. Non-pension payments and allowances will be paused from 1 July 2014. Pension thresholds and various other thresholds will be frozen from 1 July 2014. Indexation of family tax benefit A and family tax benefit B payment rates will be paused for two years from 1 July 2014. That is not permanent.

Senator Stephens suggested that taxpayers will seek to reorganise their arrangements. I point here to some very good and clear evidence that was provided by Treasury on this point during the inquiry by the Senate Economics Legislation Committee. I quote:

As the income tax system, in large part, taxes individuals based on the amounts they receive and spend, individuals are able to affect the amount of tax they pay by altering their income or expenses for an income year. Similarly, as the tax system provides different treatment for certain types of payment or certain types of entity, individuals are able to choose to receive payments in a certain way or through a certain entity with the result that they receive different tax outcomes.

While such flexibility does provide individuals with some scope to reduce their tax liabilities, especially where the rates of tax change, it is a necessary feature of a tax in which liability is tied to individual's actual income for a year. … denying choices where they might result in tax benefits would be complex and impose considerable compliance burdens.

Senator Siewert also suggested that the budget repair levy is not progressive. We do not agree with that assertion at all. The temporary budget repair levy does apply to individual taxpayers earning above $180,000—individual taxpayers, I might add, who are already making a significant contribution through the tax system to the revenue raised by government. It is progressive, and it will apply at a rate of two per cent on individuals' annual personal taxable income.
income. For example, an individual earning $200,000 will pay an additional $400 per annum; an individual with a taxable income of $300,000 will pay an additional $2,400 per annum on top of the tax that they are already paying.

Senator Wong suggested that there were tax arbitrage opportunities, given the misalignment between fringe benefits tax rates and top income tax rates due to different application years. Let me say here that, while the fringe benefits tax rate is aligned with the highest marginal income tax rate, plus the Medicare levy rate, income tax and fringe benefits tax have always applied over different periods. As these periods differ, to have any rate of play over the same period would require at least one tax to have a split period in which two different rates would apply. The compliance burden imposed on business by such an arrangement would be entirely disproportionate to the benefits of alignment. It has long been accepted by this parliament, with either side of parliament in government, that where the relevant rates are changed there will be a period or periods in which rates are not aligned. The small size and temporary nature of the levy will limit the likelihood of taxpayers taking action to avoid the levy. Converting salary and wages into fringe benefits comes at a cost to the taxpayer, and these costs often outweigh any benefit from differential tax rates. The flat levy design was based on a similar model; although not with the FBT rate change, because it only applied for one year.

My good friend and valued colleague Senator Macdonald made the point that he thought the bill did not go far enough and that the levy should be imposed not only on individuals but also on corporate taxpayers. He is of course right when he says that he has been consistent with that proposition all the way through. I well remember during the debate on the flood levy—I was the responsible shadow minister dealing with the legislation—Senator Macdonald made a similar point. Ultimately, we as a government have made a judgement. We want all Australians, all individuals, to contribute to the repair of the budget; and companies ultimately are made up of individuals, and individuals are liable for personal income tax on dividends from those companies. Raising the tax for corporate taxpayers would ultimately only lower the funds available for further corporate investment. So we have made a judgement that, in these circumstances, to increase company tax would not be appropriate. We want to continue to build a stronger, more prosperous and more resilient economy where more jobs can be created and where more Australians with well-paid jobs will pay more income tax to government.

There are of course a number of changes we put forward in the lead-up to the last election that are reflected in the budget—including: a company tax cut of 1.5 per cent, designed to help us build a stronger economy moving forward; and a 1.5 per cent temporary levy on a certain number of companies that are particularly profitable, to help introduce and pay for the fair dinkum Paid Parental Leave Scheme that we took to the last election. Again, that is an important part of our policy to build a stronger, more prosperous, economy and to create more jobs.

Specifically in relation to the Paid Parental Leave Scheme, one of the structural challenges we are facing as an economy with an ageing population is that we have falling levels of participation. In order to turn that situation around, we need to ensure two things. Firstly we need to ensure that older Australians stay in the workforce for longer. Secondly, we need to lift women's workforce participation. In order to do this, we need to ensure that we have a fair
dinkum Paid Parental Leave Scheme in place, which helps keep women in touch with their employment while they are having babies. Secondly, we need to ensure that we have appropriate childcare arrangements in place—and that is being pursued through the Productivity Commission review as we speak.

I understand that different people will have different views about the Paid Parental Leave Scheme. However, we have taken it to two elections; we think it is an important economic and social reform, and we will be implementing it in the not-too-distant future. In relation to the budget repair levy, I understand the concerns of colleagues who say that we should not be increasing taxes. I do not like increasing taxes. I believe that lower taxes lead to stronger growth and create more opportunity. However, given the budget mess that we have inherited from our predecessors, the only alternative to not proceeding with this temporary budget repair levy would be to impose 100 per cent of the burden to repair the budget on those who receive payments from government, and that is not what we think would be right. We think it is important to spread that effort fairly and equitably. But I am happy to answer further questions from Senator Macdonald, if he has them, in the committee stage.

I might just deal with a few other issues that have come up now. Senator Whish-Wilson asked why we were not taking a structural approach to tax reform and the tax system. As I have previously said: we are. We are doing that through the tax white paper review process, not through this particular measure. With those few words, I commend the bill to the Senate.

The President: The question is that the second reading amendment moved by Senator Milne be agreed to.

The Senate divided. [14:03]

(The President—Senator Hogg)

Ayes ......................10
Noes ......................58
Majority .................48

AYES
Di Natale, R
Ludlam, S
Rhiannon, L
Waters, LJ
Wright, PL

Hanson-Young, SC
Milne, C
Siewert, R (teller)
Whish-Wilson, PS
Xenophon, N

NOES
Abetz, E
Bilyk, CL
Bishop, TM
Brandis, GH
Bushby, DC
Cash, MC
Collins, JMA
Cormann, M
Edwards, S
Farrell, D
Fawcett, DJ
Fifield, MP

Back, CJ
Birmingham, SJ
Boyce, SK
Brown, CL
Carr, KJ
Colbeck, R
Conroy, SM
Dastyari, S
Eggleston, A
Faulkner, J
Fierravanti-Wells, C
Furner, ML
Question negatived.
Original question agreed to.
Bills read a second time.

**DISTINGUISHED VISITORS**

*The President* (14:08): I draw to the attention of honourable senators the presence in the chamber of a parliamentary delegation from Poland led by His Excellency Mr Bogdan Borusewicz, the Speaker of the Senate of Poland.

On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

With the concurrence of honourable senators, I would ask the Speaker to take a seat on the floor of the Senate.

**Honourable senators:** Hear, hear!

*His Excellency Mr Bogdan Borusewicz was then seated accordingly.*

**QUESTIONS WITHOUT NOTICE**

**Budget**

*Senator Wong* (South Australia—Leader of the Opposition in the Senate) (14:08): My question is to the Minister representing the Prime Minister, Senator Abetz. I refer to the government's budget levy bill and to Senator Bernardi's claim that today is his 'first opportunity to have a conversation about these tax rates with members of my own party'. Can the minister confirm that the Prime Minister did not consult his own backbench before introducing this levy?

*Senator Abetz* (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:09): The simple fact is that we would not need to have this budget levy bill but for the deficit and debt disaster left to us by the previous Labor and Green government. So let us make no mistake as to the genesis of this particular legislation.
As is the wont with budgets, they go through all the normal processes, as did this particular budget. I also make the point that we on this side of the parliament actually embrace a great diversity of points of view within our parliamentary party. Unlike all those shoehorned into the party courtesy of the trade union movement and the trade union hacks that live on the other side, we have people who are willing to express a differing point of view without any fear of expulsion.

*Opposition senators interjecting—*

**The PRESIDENT:** Senator Abetz, you might resume your seat. Senator Abetz is entitled to be heard in silence.

**Senator Moore:** Mr President, I rise on a point of order on relevance. We have heard the beginning of the discussion and are yet to hear an answer to the specific question about consultation with the backbench. I ask you to draw the minister's attention to the question.

**The PRESIDENT:** As I have said previously, I cannot tell the minister how to address the question. The minister has been going for one minute and two seconds and the minister still has 58 seconds in which to address the question. There is no point of order.

**Senator ABETZ:** Mr President, I can understand that Senator Moore did not hear my answer, because of the bellowing of Senator Kim Carr. But what I did say to the Senate very clearly was that the budget had gone through the normal processes that budgets always go through. That is my answer to that particular part of the question.

Having said that, can I remind those opposite that we actually do allow freedom on our side of the parliament. People can express a point of view without the fear of expulsion, which is one of the great faults of the Australian Labor Party. They claim to represent and embrace diversity, but never diversity of views within the caucus—because, if there is, you will be expelled. It is not so on this side. Having said that, the government is committed to the debt levy bill and we are pleased that it looks as though it will go through—*(Time expired)*

**Senator WONG** (South Australia—Leader of the Opposition in the Senate) *(14:12)*: Mr President, I have a supplementary question. I refer to the minister's response in relation to freedom and ask him this question: given that Senator Macdonald has today said that his inclination is to vote against the Prime Minister's Paid Parental Leave Scheme and Senators Smith, Bernardi, Boswell and Williams have also expressed grave reservations, does the Prime Minister's scheme in fact have the full support of the government party?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) *(14:12)*: The government and the party room fully support the Paid Parental Leave Scheme. Having said that, and as I said in answer to the previous question, the coalition does have room for diversity of opinions and diversity of views—something that the Labor Party simply will not countenance. They will not allow a differing point of view.

*Opposition senators interjecting—*

**The PRESIDENT:** Senator Abetz, you will resume your seat, so that I can restore order. You are entitled to be heard. Senator Abetz, continue.

**Senator ABETZ:** Thank you, Mr President. We on this side all know that, if the rules that are so manically enforced by Labor were to be relaxed, Senator Conroy would have got up
and spoken against the emissions trading scheme, wouldn't he? Yes, he would have done. We have the freedom to do that. We can be honest on this side of the chamber; whereas we know that there are those on the other side who are not given that freedom. *(Time expired)*

Honourable senators interjecting—

**The PRESIDENT:** The level of cooperation in the chamber is very good, but I do need silence. Senator Wong is entitled to be heard in silence.

**Senator WONG** (South Australia—Leader of the Opposition in the Senate) *(14:14)*: Mr President, I ask a further supplementary question. Given the open revolt on the floor of the Senate this morning, can the Leader of the Government in the Senate tell us why the Australian people should support a budget that even his own colleagues do not?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) *(14:15)*: The only revolting thing in this chamber is the Labor Party's opposition to our budget measures, their unwillingness to accept that the debt and deficit disaster that they have left us needs to be fixed up. It needs to be fixed up. We as a nation cannot continue to borrow—listen to this—$1,000 million per month just to pay the interest on the existing borrowings. If we had not stopped the debt trajectory of the Labor-Greens government, that would have gone from $1 billion per month to $3,000 million per month that we would have had to borrow from overseas just to service the interest on the existing loans. That is economically irresponsible and, might I add, unconscionable intergenerational theft, of which we on this side will not be part.

**Budget**

**Senator BACK** (Western Australia—Second Deputy Government Whip in the Senate) *(14:16)*: My question is to the Leader of the Government in the Senate and Minister for Employment, Senator Abetz. Can the minister advise the Senate why the legacy the government inherited from its predecessor makes it so important for the Senate to pass the government's budget measures?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) *(14:16)*: I thank Senator Back for his concern about the budgetary position that the Australian people face. The Australian people realise that they have inherited from Labor a debt and deficit disaster that, if left unaddressed, threatens the future prosperity of future generations of Australians and—as I just said before—would be both economically irresponsible and unconscionable intergenerational theft.

Let us just consider Labor's legacy: $667 billion worth of projected debt; $123 billion worth of deficits; the borrowing of $1,000 million in interest payments each and every month; and 200,000 more of our fellow Australians without a job. We all know that, unless remedial action is taken, government spending will blow out to nearly $700 billion within the decade, thanks to Labor's legacy. By 2024, a $24,500 millstone of Labor debt would be chained around every Australian's neck. That is every man, woman and child. This would mean for the average Australian household an additional debt burden of $63,700, courtesy of Senator Conroy and the Labor Party.
This is not a problem of the government's making, yet we are willing to address it. We would simply invite those opposite to help make a contribution in cleaning up the mess that they created—that they deliberately created in their bid to gain re-election in 2013. The responsibility now lies with this Senate to ensure that we get our fiscal parameters back into shape for the future wellbeing of all Australians.

Senator BACK (Western Australia—Second Deputy Government Whip in the Senate) (14:18): Mr President, I ask a supplementary question. Can the minister inform the Senate of any international support received for the government's budget measures to fix Labor's debt and deficit disaster?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:18): We will always do what is right by the Australian people for the Australian people, but it is nice to get endorsement from overseas, including last week from the Secretary-General of the OECD, who praised the government's budget as 'sustainable' and a 'durable solution' to fixing the debt and deficit disaster left by Labor. According to the Secretary-General:

We have seen with very great interest, and I think really with great expectations, that they—the Australian government—are dealing very directly and decisively with the budget deficit …

The OECD recognises that the government has inherited a debt and deficit disaster from Labor. Unlike Labor, the OECD recognises that direct and decisive action is required to get Australia's finances back on track. That is exactly the action the Australian people want us to take and we are taking. (Time expired)

Senator BACK (Western Australia—Second Deputy Government Whip in the Senate) (14:20): Mr President, I ask a further supplementary question. Can the minister advise the Senate of any impediments to the government's broader Economic Action Strategy to build a strong and prosperous economy with more jobs for more Australians?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:20): Every day that Labor refuses to support the government's Economic Action Strategy and refuses to pass our legislation, it continues to dwell in its deficit and debt denial. If Labor took responsibility for its fiscal vandalism and acted in the national interest, it would immediately pass the government's legislative reform package, currently before the Senate. This package alone would immediately save the Australian economy some $20,000 million. Nothing is stopping Labor from coming into the Senate this afternoon or any time and passing our legislation to abolish the carbon tax, to abolish the mining tax, to unshackle Qantas and to re-establish the Australian Building and Construction Commission. Labor needs to take responsibility for its mess and stop resenting the decision of the Australian people made on 7 September—(Time expired)

Budget

Senator STERLE (Western Australia) (14:21): My question is to the Minister representing the Treasurer, Senator Cormann. Can the minister confirm evidence from Senate estimates that Treasury was not asked for and did not provide any advice to the government on changes to the diesel fuel tax rebate?
Senator CORMANN (Western Australia—Minister for Finance) (14:21): I thank Senator Sterle for that question. I can confirm that the information provided by Treasury officials at Senate estimates was accurate.

Senator STERLE (Western Australia) (14:22): Mr President, I ask a supplementary question. Has the minister investigated which senior Liberals backgrounded the ABC about the government's prejudged threat to cut the diesel tax rebate to 'play the Nat's and push them into supporting the fuel excise indexation'?

Opposition senators interjecting—

The PRESIDENT: Order! When there is silence on both sides, we will proceed.

Senator CORMANN (Western Australia—Minister for Finance) (14:23): This government and I, as Minister for Finance, are focused on fixing the budget mess Labor left behind. If you are asking me whether I am running a leak inquiry, no, I am not running a leak inquiry but I would say that the report on the ABC on that particular day, which Senator Sterle refers to, was entirely inaccurate. It could not possibly be based on information from anyone who was in any way, shape or form involved in the budget process, as all the ministers on the Expenditure Review Committee were. Indeed, the work done by the Expenditure Review Committee was very positive, very collaborative, and involved, of course, a common purpose by Liberal and National party ministers to fix the budget mess we have inherited from Labor and includes a measure to reintroduce indexation of fuel excise arrangements to ensure that the fuel excise keeps pace with inflation. (Time expired)

Senator STERLE (Western Australia) (14:24): Mr President, I ask a further supplementary question. Is the minister aware of comments by the Minister for Agriculture, Barnaby Joyce, who said:

Ultimately in any relationship you work on trust because without trust you have nothing.

Can the minister advise Mr Joyce and the Nationals which senior Liberals they can trust not to play the Nat's next time around, or Minister, is that simply too much for me to ask?

Opposition senators interjecting—

The PRESIDENT: Order, on both sides! Senator Cormann is entitled to be heard in silence. When there is silence, we will proceed.

Senator CORMANN (Western Australia—Minister for Finance) (14:24): Our friend and former colleague here in the Senate is absolutely right: trust is fundamentally important and at the heart of any good government. In this government we are strong, we are united, and there is lots of trust as we are fixing the budget mess left behind by the Labor Party because in this government there is strong sense of resolve and unity of purpose in fixing the budget mess Labor left behind. We are making the necessary decisions in order to put Australia on a stronger trajectory for the future. We are making the necessary decisions in order to protect our living standards and to build better opportunities and better prosperity for the future. Of course the Liberal and National parties are working together and have a great track record when it comes to providing good government for Australia. That is what we will continue to do and not get side-tracked by these political games that the Labor Party is engaged in in order to distract from their terrible track record in government. (Time expired)
**Age Pension**

**Senator SESELJA** (Australian Capital Territory) (14:26): My question is to the Assistant Minister for Social Services, Senator Fifield. Can the minister confirm that the age pension will continue to increase every six months under this government?

*Opposition senators interjecting—*

**The PRESIDENT:** Those on my left are not helping the conduct of question time at all.

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:26): I am very happy to confirm for Senator Seselja and for all Senate colleagues that the age pension will continue to increase and the pension supplement will continue to be paid. Age pension payments are increasing and they will continue to increase twice each year to keep up with the cost of living. In March this year, the pension increased by a maximum of $15.70 a fortnight for single pensioners and $11.90 a fortnight for each member of a couple, and the pension will increase again in September. That is the reality.

Mr President, you could well be forgiven for having a different perspective, for having construed a different fact and that is because of the outrageous and really quite irresponsible scare campaign those opposite have run, which has caused needless concern for Australia's age pensioners. In fact, I recently came across a brochure authorised by a Senator D. Cameron which said, 'Age pensioners lose $876 per annum senior supplement.' That was a lie. Senator Cameron and the Australian Labor Party know full well that age pensioners do not receive the senior supplement; indeed, they never have. They did not receive it under Labor and they do not receive it now. What some pensioners do receive is the pension supplement. I am pleased to inform the Senate that pensioners will keep their pension supplement and that the supplement will again increase in September. I am an optimist. I beseech those opposite to cease their scare campaign, to not needlessly concern Australia's age pensioners. *(Time expired)*

**Senator SESELJA** (Australian Capital Territory) (14:29): Mr President, I ask a supplementary question. Can the minister explain the pension related measures in the budget and why they are necessary?

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:29): There will be changes to indexation arrangements and the eligibility threshold for the age pension in three years time. From July 2025, the qualifying age to receive the age pension will continue to increase from 67 years by six months every two years until it reaches 70 years. We are keeping our commitment to the Australian people and ensuring that changes will not come into effect until after the end of this parliamentary term.

It will come as no surprise, I know, to colleagues that Australia's population is ageing. We are living longer; we are living better. That is something to be celebrated. And it is incumbent upon all governments to ensure that we get the policy settings right to make sure that our safety net is sustainable, not just now but into the future. That is why we are doing this—because we want to reinforce and underpin that safety net.
Senator SESELJA (Australian Capital Territory) (14:30): Mr President, I ask a further supplementary question. What other measures is the government taking to reduce the cost of living for all Australians?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:30): We are concerned about cost of living on this side of the chamber. If those on the other side of the chamber were concerned about the cost of living, they would join with us and vote for the repeal of the carbon tax, because we know that the average Australian household will be $550 a year better off with the abolition of the carbon tax. But not only are we are seeking to abolish—with the help, I hope, of those others opposite, because I am an optimist—the carbon tax, but we are keeping the compensation that was put in place in order to offset the effects of the carbon tax. So: carbon tax—gone. But compensation—there. That is a serious cost-of-living measure; that is a serious effort by this government to do something practical and concrete for the cost of living of age pensioners and all Australians. I say I am an optimist; I will keep my fingers crossed that those opposite— (Time expired)

Environment

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:32): My question without notice is to the Minister representing the Minister for the Environment, Minister Cormann. Can the minister confirm Minister Hunt’s remarks that the Emissions Reduction Fund central to Direct Action will now be called the Carbon Farming Initiative amendment bill, and that $1.9 billion of the $2.5 billion will be allocated to soil carbon, new tree plantings and carbon-in-the-landscape projects? If so, can the minister tell us what price per tonne the government has calculated would be paid so that these projects would be viable?

Senator CORMANN (Western Australia—Minister for Finance) (14:32): What I can confirm is that we will be pursuing initiatives through the Emissions Reduction Fund, through our Direct Action policy, which will actually make a difference to emissions in Australia and in the world. We are pursuing a policy that will actually reduce emissions in Australia in a way that helps achieve a reduction in emissions in the world—unlike the alternative policy, the Labor-Greens carbon tax, which just shifts emissions to other parts of the world. Your policy, the carbon tax policy, makes overseas emitters more competitive than businesses here in Australia who, for the same level of economic output, would be able to deliver particular products and services in a way that is less emissions-intensive.

Our policy in relation to the Emissions Reduction Fund is there for all to see. It is very clear. It is a policy that is consistent with the approach taken by countries around the world. It is very mainstream, and it is outcomes focused—unlike the approach taken by the previous government, which just pushes up the cost of electricity, pushes up the cost of living, pushes up the cost of doing business, makes us less competitive internationally, puts jobs at risk and, of course, according to the previous government’s own modelling, was leading to reductions in real income growth as a direct result of the Labor-Greens carbon tax policy. Our policy is not going to do any of that. Our policy is going to help achieve genuine reductions in emissions in a way that is economically responsible and sustainable.

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:34): Mr President, I ask a supplementary question. I thank the minister for his answer and I ask: is Minister Hunt freelancing again? Is this the first you have heard of the fact that the Emissions Reduction

CHAMBER
Fund is now to be called the Carbon Farming Initiative amendment bill? And can you confirm that—if it is the case that $1.9 billion of the $2.5 billion is going on tree plantings et cetera—there will be no impact on greenhouse gas emissions from power stations and big polluters, and they will be able to permit for nothing?

Senator CORMANN (Western Australia—Minister for Finance) (14:35): There is so much wrong with the assertions underpinning the questions that have been put by Senator Milne that it is very hard to come up with a sensible answer. But let me attempt to provide a sensible answer to what is not a very sensible question, and that is: we are pursuing a policy which seeks to reduce emissions in a way that is economically responsible—that does not detract from economic growth opportunities in the future; that does not hurt the Australian economy for no purpose. We are seeking to reduce emissions by competitively tendering the lowest-cost opportunity to achieve the highest-impact emissions reduction through a proper, competitive, market based system. Unlike the previous government, which does not understand about markets, and unlike the previous Labor-Greens government, which thinks that introducing a new tax is somehow a market-based mechanism, on this side of the chamber we understand that you do not wilfully hurt your economy, you do not wilfully impose—(Time expired)

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:36): Mr President, I ask a further supplementary question. I will try for the third time: what is the price you have calculated you are going to pay for Carbon Farming Initiative permits? And, secondly, is the changing of the rule for permanently storing carbon in the land from 100 years down to 25 years designed to encourage managed investment schemes and plantation forestry, contrary to the existing scheme?

Senator CORMANN (Western Australia—Minister for Finance) (14:36): The quality of the question, sadly, has not improved, so I will continue to do my best to provide a sensible answer, but the fundamental problem with the question that has been asked is that the Greens clearly do not understand about markets. The price under our scheme that you are asking about is going to be set by the market through a competitive system.

Our system is the ultimate market based mechanism to reduce emissions through a proper competitive tendering process. Instead of imposing a big new tax on everyone, instead of imposing a tax that pushes up the cost of electricity, pushes up the cost of gas, pushes up the cost of living, pushes up the cost of doing business and makes it harder for Australian businesses to be successful and costs jobs—instead of all that, we are pursuing a policy that helps reduce emissions in a way that does not detract from economic growth, and we make no apologies for it.

**Indigenous Communities**

Senator EGGLESTON (Western Australia) (14:37): My question is to the Minister for Indigenous Affairs, Senator Scullion. Will the minister outline to the Senate the government's approach to meeting the Closing the Gap targets, including initiatives contained in the recent budget?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:38): I thank Senator Eggleston for his continued interest in this matter, particularly for his constituency in Western Australia. The coalition has targeted
funding into the priorities of getting kids to school, adults into work and community safety. But it is not about the dollars, it is about getting results. I was astounded by what I would consider to be the disingenuous remarks of the Leader of the Opposition in his piece in *The Australian* today stating that this government has betrayed Indigenous Australians. It appears to have been lost on the Leader of the Opposition that for all the billions invested and the chest beating and this is how much money we have spent so it must have been fixed, reducing disadvantage amongst Indigenous Australians, particularly in remote areas, over the past six years has simply escaped you. You have failed on any measure. The most recent Closing the Gap report says it all: unemployment targets, backwards; NAPLAN targets, backwards; school attendance over the five years, 15 per cent backwards. If I seem a bit galled it is very difficult to be lectured to by somebody who has failed so monumentally in this particular area.

We have reviewed the programs, we are streamlining the programs to reduce duplication without reducing our effort on the ground. Our budget measure does in fact include some new spending measures. We have announced a new target to close the gap on school attendance and I am delighted to say that in May COAG agreed to the new target and all jurisdictions, particularly the communities, are working fantastically together and with government to that end. The school attendance strategy, whilst on a different day we would have said, 'It costs a bit over $46 million,' we are not interested in saying that anymore. What I am interested in reporting to the chamber is that it has lifted school attendance in the Northern Territory this year compared with last year. *(Time expired)*

**Senator EGGLESTON** (Western Australia) (14:40): I have a supplementary question, Mr President. Is the minister aware of any alternative approaches to meeting the Closing the Gap targets?

**Senator SCULLION** (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:40): As I travel around communities the common refrain is, 'Can we just get out of these six-month programs that go nowhere?' They tell me they have got more pilots than Qantas and they have got quite enough of that. They want real investment in the future. So we need a new engagement with Indigenous people that does not mean counting the dollars, it is all about real outcomes on the ground. The funding benchmarks at present are mostly about process instead of results. We now have a Prime Minister that has made Aboriginal and Torres Strait Islander affairs front and centre of our national policy. His approach and his leadership of our approach is that it is a results based approach rather than telling everyone how much money you have spent and hoping for a result.

**Senator EGGLESTON** (Western Australia) (14:41): Mr President, I ask a second supplementary question. Can the minister advise the Senate of the degree of any bipartisanship in terms of support for the government's approach to closing the gap?

**Senator SCULLION** (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:41): I have to say I read the Leader of the Opposition's contribution in *The Australian* with some concern. I guess there is a whole broad range of interpretations you can give it. Being an optimist, I am hoping that this was just something that had to be done. The party machine said, 'Listen, we need to shake up this bipartisanship.' So I am hoping that he has not stepped beyond the line, and certainly that is not what I read, that he said, 'We haven't walked away from bipartisanship,' but I have not seen an article that
went as close to that. I call on the Leader of the Opposition and those opposite to work with government in the same way that all the communities are working with government, that COAG is working with this government, to ensure that we have real outcomes on the ground for our first Australians. I think it is in that enterprise and in that endeavour that you will endear them to you as they have endeared themselves to us and our efforts.

**Budget**

**Senator McLUCAS** (Queensland) (14:42): My question is to the Assistant Minister for Health, Senator Nash. I refer to the government's proposed GP tax and comments from the president of the Rural Doctors Association of Australia, Dr Ian Kamerman, who said:

The proposed Medicare co-payment model is going to hit rural patients hard and will cause significant problems to country medical practices and their communities.

Isn't the Rural Doctors Association right?

**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:43): The best thing that this coalition government can do for people living in rural areas is fix the economic mess that was left to us by the previous Labor government. It is very obvious that this government has had to make some tough decisions when it comes to the budget.

**Senator Moore:** Mr President, I normally do not take a point of order this early—

Government senators interjecting—

**Senator Moore:** Check the record, Senators. In terms of the process I ask you to draw the minister's attention to the question. It is about the Rural Doctors Association statement. She has begun and probably will try to continue not mentioning that at all in her response.

**The PRESIDENT:** I cannot instruct the minister how to answer the question. The minister has been answering the question for 22 seconds and still has one minute 38 seconds remaining. There is no point of order.

**Senator NASH:** Quite extraordinary from those opposite, before I am even 30 seconds into the answer, to go to the question of relevance. I can indicate to those opposite that, unlike the previous government, it is the coalition government that is focused on delivery for rural and regional health. Whether it is the $238 million to double the Practice Incentive Payment so that we can improve teaching outcomes in regional areas, the $52 million for infrastructure grants for rural and regional areas or the $13.4 million extra for additional scholarships—

**Senator MOORE:** Mr President, on relevance: I ask you to draw the minister's attention to the question she was asked, which was around the issue of the rural doctors statement.

**The PRESIDENT:** The minister has 58 seconds. I draw the minister's attention to the question.

**Senator NASH:** Those opposite would know that the arrangements for the co-payment are ultimately a matter for the GPs in those services. Those opposite may not know that there are currently lower billing rates in rural and regional areas. The circumstances have not changed: it is up to GPs in those clinics to make that determination.

**Senator McLUCAS** (Queensland) (14:46): Mr President, I ask a supplementary question. Can the minister advise the Senate if rural and regional patients will be required to pay the $7 GP tax during times of drought and natural disaster?
Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:46): Clearly the senator was not listening to the answer I have just given. It is a matter for GPs, in their clinics, to determine whether they are going to bulk bill. That has always been the case, it will continue to be the case, and I reiterate that that is a matter for the GPs themselves.

Senator McLUCAS (Queensland) (14:46): Mr President, I ask a further supplementary question. Did the minister fail to consult medical associations before the GP tax was announced because she knew how much it would hurt rural and regional communities or because she does not care?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:47): To assert that I do not care about rural communities is so far from the mark it is extraordinary. As those opposite would also know, it is for cabinet ministers to determine budget arrangements. Those opposite may not know that I continually consult with those in the rural medical sector and, on an ongoing basis, I convey their views to the health minister. The economic mess Labor left us is the reason we had to make such tough decisions in this budget. When we came into government we inherited a situation of potentially a $667 billion debt. This government is responsible and it is prepared to make the decisions to fix that situation to ensure the future prosperity of the nation.

Defence: Naval Vessels

Senator KROGER (Victoria—Chief Government Whip) (14:48): My question is to the Minister for Defence, Senator Johnston. Can the minister inform the Senate of the steps the government is taking after six years of Labor budget cuts and inaction in defence to ensure that the Royal Australian Navy does not face any maritime capability gaps?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:48): I thank Senator Kroger for her question and for her commitment to the men and women of the Australian Defence Force. As an island nation, one of our highest priorities is maritime security. The Royal Australian Navy does an outstanding and professional job in fulfilling that role, but it must have, should have and, under us, will have the right equipment. Under Labor's watch, $16 billion was cut from defence. As a result, 119 projects were delayed, 43 were reduced and eight were cancelled. This is the mess we inherited. We were promised an updated Defence Capability Plan but this never eventuated. Such was the mess in this portfolio that Labor never even bothered to produce a defence policy going into the last election. They simply gave up.

The Abbott government takes defence and security seriously. We have taken the first steps to ensure the Navy is properly equipped. Many of us in this chamber would know that HMAS Success, commissioned in 1986, is old and in urgent need of replacement. Labor did nothing about this. We have taken decisive action. This is an absolutely vital capability providing fuel, aviation fuel, ammunition, and stores and provisions to our frigates as and when they move around our vast EEZ. Construction of these vessels is simply beyond Australian industry. We cannot produce 26,000-tonne ships. Our view, supported by the Chief of Navy, is that we need to urgently move on replacing these ships. The only responsible option is the one we have put on the table—between Navantia and DSME of South Korea. I shall have more to say in a moment about the lost opportunity of the wasted years of the Labor government on this matter. (Time expired)
Honourable senators interjecting—

The PRESIDENT: When there is silence on both sides we will proceed. If you wish to debate it, debate it after the end of question time, not now. Senator Kroger has the call.

Senator Sterle interjecting—

Senator Conroy interjecting—

The PRESIDENT: Senator Sterle and Senator Conroy, I have given the call to Senator Kroger.

Senator KROGER (Victoria—Chief Government Whip) (14:52): They can jump over here and take the question if they want! I thank the minister for that considered response. Mr President, I ask a supplementary question. Can the minister advise the Senate what steps the government is taking to support the Australian shipbuilding industry, which, after six years of Labor budget cuts, project deferrals and project cancellations, had shed up to 10 per cent of its workforce?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:52): The Abbott government believes that Australian shipbuilding has a strong future. That is why the finance minister and I took the steps we did last week to get the Air Warfare Destroyer program back on track. We are absolutely committed to improving shipbuilding productivity at the AWD shipbuilder, ASC, and its subcontractors BAE, Forgacs and Navantia. We have committed $78.2 million to bring forward preliminary engineering and design work needed to keep the option of building our future frigates in Australia open—potentially some eight-plus vessels—focusing around the CEA phased array radar and the SAAB 9LV command and control system from Adelaide. The design work will focus on continued production of the current air warfare destroyer hull. Demonstrating that the air warfare destroyer program is able to provide value for money will be the crucial test. That will be the test by which we have a decent productive industry.

Senator KROGER (Victoria—Chief Government Whip) (14:53): I thank the minister for his answer. Mr President, I ask a further supplementary question. Can he further advise the Senate what steps the previous government took to begin the process of replacing the Pacific patrol boats, which will reach their service end of life from 2018, and what action the coalition will now take to replace the ageing Pacific class boats, given their importance to our neighbours in the Pacific?

Opposition senators interjecting—

The PRESIDENT: Order! I listened to the question. I am going to allow the question. I call the minister to answer the question.

Senator JOHNSTON (Western Australia—Minister for Defence) (14:54): What did the previous government do about Pacific class patrol boats? Nothing. We have put the money on the table to call for tenders for the production of more than 20 of those ships. But it gets worse. What did they do last year about Aurora Australis? They ran a tender closing on 9 May. Did they stipulate that that 8,000-tonne ship built by Carrington Slipways in the Hunter should be an Australian production? No, they did not. That tender closed, and they are allowing an 8,000-tonne icebreaker to be built in Europe. Under their watch, bleating and complaining about the valley of death, they allowed a ship that was built in Australia to now
be built offshore. I just wish hypocrisy was worth something, because the Labor Party would turn us into millionaires.

**Defence Procurement**

**Senator CONROY** (Victoria—Deputy Leader of the Opposition in the Senate) (14:55):

My question is to the Minister for Defence. Before the election, the now minister told ABC Newcastle on 9 August 2013:

I get really fired up when I find us giving away our manufacturing base in the Defence space to foreign manufacturers.

Yet what did we hear today? Building ships in Australia is beyond the Australian industry’s capacity—we are just not up to it, he implied. Mr President, why has the minister broken his promise to Australia’s Defence manufacturing industry and excluded Australian companies from tendering for the two new naval supply ships, which will send thousands of Australian jobs to either Spain or South Korea?

**Senator JOHNSTON** (Western Australia—Minister for Defence) (14:56):

The simple answer to the senator—if he had any real understanding of this portfolio—is that we urgently require two replenishment ships, because for six years they did nothing. When we came to power—and the reason for the air warfare destroyer problem is actually sitting at the opposition leader’s table—we promised we would build three air warfare destroyers. After two rebaselining$ and a productivity level that is off the planet—we set it at 80 man hours per tonne—what do you think ASC are delivering on? One hundred and fifty man hours per tonne. This is not a blank cheque from the taxpayer. If the senator understood that a 20,000-tonne or 26,000-tonne vessel cannot be built in the Hunter or down at Williamstown—because the only place we can build a 6,000-tonne air warfare destroyer is in Adelaide—he would realise that we have two ships yet to be constructed; there is nowhere to build them; and there is no productivity at the moment justifying such an outlay. You want—

**Senator Conroy**: You have got 30 seconds to go.

**The PRESIDENT**: Order, Senator Conroy!

**Senator JOHNSTON**: You want us to do something you refused to do. What happened to the replacement for *Aurora Australis*? It went offshore because you refused to back an Australian build. You know it. It is all very well for the Leader of the Opposition to stand up there in Williamstown and bleat and complain about the valley of death—hypocrisy, thy home is over there.

**Senator Conroy**: You promised to protect Australian jobs.

**The PRESIDENT**: Order! Senator Conroy, interjections are disorderly. If you wish to debate the issue, you can debate it at the end of question time.

**Senator CONROY** (Victoria—Deputy Leader of the Opposition in the Senate) (14:58):

Mr President, I ask a supplementary question. Before the election, on 8 May 2013, the now minister stood outside the shipbuilder ASC in Adelaide and, in relation to Australia’s future submarines, this is what he had to say:

We will deliver those submarines from right here at ASC in South Australia.

He said:

The Coalition today is committed to building 12 new submarines here in Adelaide …
Minister, will you now repeat that commitment that you gave on 8 May 2013?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:59): What did I find on SEA 1000, the submarine project, upon being appointed defence minister? I found that virtually nothing had been done on that project, but, worse, the future funding in the DCP out to 2030 had been raided and ripped off by Labor so that the funding for that particular program had been ripped off.

Senator Kim Carr: So was it a lie then or is it a lie now? Which is it?

The PRESIDENT: Order! Senator Carr, that is disorderly. You need to withdraw.

Senator Kim Carr: I withdraw. Were you lying then or not?

The PRESIDENT: Order!

Senator JOHNSTON: What else did I find about Labor's future well-touted, big-splash programs?

Senator Conroy: Mr President, I rise on a point of order on relevance. The question was very simple: will you repeat your promise to build 12 submarines in Adelaide today, right now? That was the question.

The PRESIDENT: I draw the minister's attention to the question. The minister has 29 seconds remaining.

Senator JOHNSTON: What else did I find? I found the Air Warfare Destroyer Program $300 million down the gurgler. What I promise about submarines is: there will be no capability gap, in spite of the abject mismanagement of the Labor Party.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (15:01): Mr President, I ask a further supplementary question. Why is the Abbott government abandoning these shipbuilding jobs just as it abandoned workers at Toyota, Ford, Holden and Qantas? Doesn't the minister's failure to stand up for these jobs confirm yet again that this is just another step in this government's plan to kill Australia's manufacturing industry and tell more lies to the Australian public?

Senator JOHNSTON (Western Australia—Minister for Defence) (15:02): We certainly have not abandoned Australian shipbuilders. We have actually given them a credible path forward. If they can manufacture and recover the Air Warfare Destroyer Program, there is a promise, an option on the table for a further eight ships fully funded, fully designed, fully planned. That, in one fell swoop, is a thousand times more than what the incompetence of the last Labor government promised. We have had to confront a program that, as I have said, is $300 million and about two years late in terms of cost and schedule. If the senator wants me to make the sorts of promises that were the hallmark of his government, I will say: all will be rosy. We will not put up with low productivity in shipbuilding, but we want an industry and we will have one. (Time expired)

Higher Education: Research Funding

Senator BOYCE (Queensland) (15:03): My question is to the Minister for Human Services, Senator Payne, representing the Minister for Education. Can the minister advise the Senate how the government is boosting Australia's research capacity in the tertiary education sector, particularly with initiatives in the recent budget?
Senator PAYNE (New South Wales—Minister for Human Services) (15:04): I thank Senator Boyce for her question. The Australian government is absolutely committed to the long-term sustainability of Australia's research capacity and, in particular, to building a world-class tertiary education and research sector as one of the five pillars of a stronger, more productive and prosperous Australia. Through the education portfolio alone, we are investing $11 billion over the forward estimates to enable Australian researchers to discover and deliver outcomes that benefit the whole nation. This is in addition to the establishment of the $20 billion Medical Research Future Fund, the largest medical research fund of its kind in the world. We have committed $150 billion in 2015-16 to support the National Collaborative Research Infrastructure Strategy, or NCRIS, projects, and we will review research provision and requirements in line with the recommendations of the Commission of Audit, which said:

Quality research infrastructure is a critical component of Australia’s research and development system …

Through this budget, we have committed to the ARC Future Fellowships scheme on an ongoing basis and will invest an additional $139.5 million to provide 100 new four-year Future Fellowships over the next four years. We have committed $127 million of funding, through the ARC, to key priorities—

Senator Kim Carr interjecting—

The PRESIDENT: Order! On my left, I need silence. I am entitled to hear the answer.

Senator PAYNE: We have committed $127 million of funding, through the ARC, to key priorities, including $42 million to the James Cook University to expand their capacity in tropical health and medicine; $26 million to ARC Discovery, as part of our $200 million commitment to intensify research in dementia; $35 million for a national network to coordinate research towards finding a cure for type 1 juvenile diabetes; and $24 million for the Antarctic Gateway Partnership in Tasmania. Unlike those opposite, this government understands that—

(Time expired).

Senator BOYCE (Queensland) (15:08): Mr President, I rise to ask a further supplementary question. Can the minister further advise the Senate what benefits the government support for research will have in my home state of Queensland?
Senator Kim Carr interjecting—

The PRESIDENT: Order! Senator Carr.

Senator Ronaldson interjecting—

The PRESIDENT: Order! Senator Ronaldson. Senator Boyce, you have asked the question. I am waiting to call the minister.

Senator Ronaldson interjecting—

The PRESIDENT: Order! Senator Ronaldson.

Senator Kim Carr interjecting—

The PRESIDENT: Order! Senator Carr.

Senator PAYNE (New South Wales—Minister for Human Services) (15:08): I thank Senator Boyce for her interest in research and tertiary education in Queensland. On 9 May, our colleague, the honourable Christopher Pyne, the Minister for Education, announced a $42-million investment in ground-breaking tropical health and medical research to be conducted by James Cook University in Queensland matched by the Queensland government. Tropical diseases like Dengue fever and other emerging infectious diseases are on the rise and pose a considerable threat to Australians living in the north. This investment we make will help boost Australian research and help protect more Australians against these and other diseases.

Senator Carr has previously seen fit to object to this research on tropical health and medicine being undertaken in the tropics by James Cook University, which has strongly and effectively focused itself as one of the world's leading universities for the tropics.

Senator Kim Carr: No, I object to a sweetheart deal which undermines the integrity of the ARC in one foul sweep.

The PRESIDENT: Order! Senator Carr.

Senator PAYNE: Established in 1913, one of only eight individually recognised centres of excellence for tropical medicine— (Time expired).

Senator Abetz: Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Budget

Senator WONG (South Australia—Leader of the Opposition in the Senate) (15:10): I move:

That the Senate take note of all answers to opposition questions in question time today.

In my contribution on this motion, I want to focus on Senator Abetz's answer to my question in relation to the budget. For weeks now, we have seen Mr Abbott and Mr Hockey bullying the Senate over the budget. They have insisted that the Senate must roll over and support their budget of broken promises. They have demanded that the Senate go along with their cuts to schools, their cuts to hospitals. They demanded that the Senate pass their new GP tax, pass their tax hikes on petrol, pass their cuts to pensions and pass their cuts to the benefits for the most vulnerable people in our community.
This government, this Prime Minister and this Treasurer have abused Labor for having the temerity to stand up for low- and middle-income Australians. They have abused Labor for defending this chamber's role as a house of review. They have demanded instead that the Senate act as a rubber-stamp. After all this bullying and blustering, what happened when the government's very first budget came on for debate in this place? The first government speaker stood up and opposed the bill. The first government speaker on the first budget bill of the first budget of this government, stood up and opposed the bill. In fact, Senator Macdonald not only opposed the bill but also had a spray against the Prime Minister's paid parental leave scheme for millionaires.

The second government speaker in this debate, Senator Bernardi, stood up and also opposed the government's bill. Senator Bernardi said:

I regret that this my first opportunity to have a conversation about these tax rates with members of my own party, but on principle I simply am unable to support this.

It is now five weeks since the budget and Senator Bernardi, a prominent government backbencher, has not even been able to have a conversation with Prime Minister, the Treasurer or Senator Cormann about his concerns. In fact, we had to wait until the seventh speaker in the debate before this government could find one of its own senators who was willing to support the bill. It was the seventh speaker in the debate before there was a government senator prepared to stand up and support the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014. Congratulations to Senator Boyce for toeing the line. The fact that it took seven speakers before a government senator spoke in favour of this budget bill says it all. It is not only Labor standing up against the government's broken promises; now the government's own backbenchers are breaking ranks over this unfair budget.

This morning's events must be unprecedented in recent Australian political history because the first government senators to speak on the first budget bill broke ranks. What I say is this: they did so because they know this is a budget littered with broken promises. It is a bad budget, it is an unfair budget and it is a budget littered with broken promises. If the government's own backbenchers will not support Mr Abbott's budget, why should the Australian people? If the government's own backbenchers do not trust the Prime Minister, why should the Australian people trust him? Because what we saw today from the government's own backbenchers is that they do not trust this Prime Minister's judgement. And if they will not, why should the Australian people? We know from the broken promises in this budget that this is a government that treats the Australian people with contempt. We also know that it treats its own backbenchers with contempt, in light of Senator Bernardi's contribution to this chamber that he had not had the opportunity to raise his concerns previously about the tax measures the Senate was discussing.

Let us recall who Senator Bernardi is. He is one of the leading figures in the Liberal Party's hard-line conservative faction. He was a key player in bringing down Malcolm Turnbull and installing Mr Abbott as Liberal leader in 2009, and he was Mr Abbott's own parliamentary secretary in opposition. Yet now it appears the door has been slammed in his face.

This is a government that cannot even organise government speakers on its first budget bill to support the government. It is a government with a budget in disarray, and the reason this budget is unravelling before our eyes is because it is deeply unfair. Let us remember that this
budget is deeply unfair. It will change Australian society for the worse because it is a fundamental breach of faith with the Australian people. *(Time expired)*

**Senator FIERRAVANTI-WELLS** (New South Wales—Parliamentary Secretary to the Minister for Social Services) (15:15): What hypocrisy from Senator Wong, after you as finance minister contributed so much to the six years of chaos, waste and mismanagement which delivered higher taxes, record boat arrivals and debt and deficit as far as the eye could see. There was $50 billion in the bank when we left office, and you managed to turn $50 billion into a projected net debt well over $200 billion, the fastest deterioration in debt in dollar terms and as a share of gross domestic product in modern Australian history.

*Senator Conroy interjecting—*

**Senator FIERRAVANTI-WELLS:** We hear Senator Conroy over there, the architect of the NBN on the back of a coaster—

**Senator Conroy:** You are financially illiterate!

**Senator FIERRAVANTI-WELLS:** This is the degree of financial mismanagement that those opposite left us with.

**Senator Conroy:** You are spending $40 billion—

**Senator FIERRAVANTI-WELLS:** Your debt, Senator Conroy, may I remind you—

**Senator Conroy:** You are spending $40 billion—

**The DEPUTY PRESIDENT:** Order on my left! Senator Conroy, order!

**Senator FIERRAVANTI-WELLS:** Your legacy to the children and the grandchildren of Australia is a debt that is already costing us $1 billion a month in net interest payments. And that is on borrowed money. That is like paying the mortgage on your credit card and then borrowing a bit more to pay the interest. That is precisely what we are doing. No country can continue in this way, as I said, paying the mortgage on the credit card.

What else was your legacy, Senator Conroy—jobless queues that grew with over 200,000 people unemployed, in stark contrast to the record of the Howard years of 250,000 jobs. There were than 50,000 illegal maritime arrivals on your watch, which created a budget blow-out of almost $12 billion.

We did not cause the problems, but we will be fixing the problems. We were elected to fix the problem, and fix it we will. This is why this budget reduces our projected maximum debt by almost $300 billion. We will take the projected deficit in 2017-18 from about $30 billion to under $3 billion within sight of surplus.

And on the question of surplus, your 500 broken promises—remember, Labor guaranteed over 500 times that they would return the budget to surplus. You do not even know how to spell 'surplus' let alone deliver one. It has been a very, very long time in this country since those opposite delivered a surplus to the Australian people.

So we will take the projected deficit and bring it within sight of surplus. Our promise to the Australian public when we were elected last year was to build a stronger economy so that everyone can get ahead. We would be doing so by abolishing taxes, starting with the carbon tax. So I say to those opposite: respect the mandate that the Australian public gave the coalition government to repeal the carbon tax that is costing households $550 a year. But you
just don’t get it. We went through an election and yet you sit there opposite and still obstruct our plan to repeal the carbon tax.

I say to those opposite: we were elected to fix the budget, and fix the budget we will. We will end the waste. We are stopping the boats and we are building the roads of the 21st century. But predominantly, unless you have a strong economy, then you do not have the social dividend that that brings, and just like households across Australia have to live within their means, so too will this government live within its means.

Senator GALLACHER (South Australia) (15:20): I rise to take part in this debate, taking note of all answers given by the minister to questions from the opposition. Firstly, I just want to address some of the contribution from the Minister for Defence, the Honourable David Johnston—

Senator Conroy: As a South Australian, you should!

Senator GALLACHER: Absolutely, Senator Conroy. I was absolutely flabbergasted. I am on the Joint Committee of Public Accounts and Audit. There was an ANAO report on productivity and in direct questioning I said, ‘Does this mean that the workers on the project have taken the money and not done the work?’ ‘No, Senator, it doesn’t mean that at all. It means that there has been considerable redesign and that the work has been done three times.’ So this focus on productivity should not be at the workers’ site in Adelaide; it should be a bit further up the food chain. Maybe it should be the people in Defence who have not done their job properly and have contributed to loss of productivity. Maybe there are those in the minister’s office who have not done their job properly. But the workers in Adelaide clearly have been productive and efficient. It has been redesigned coming out of Spain and that has caused this loss in productivity. But I do not want to dwell on that. I just wanted to put that on the record.

But let us very clear about the debate before the Senate this morning and the astounding contributions from Senator Bernardi and Senator Macdonald. In your absence, Mr Deputy President, I was in the chair for both of those contributions, and I think it is a little rich of Senator Fierravanti-Wells, when she cannot convince her own side of the merit of her argument, to come in here and try to lambast us in the opposition. Very clearly, there are a lot of people who are extremely concerned at this budget that I have had the opportunity of speaking to like pensioners who are appalled at the changes; motorists—in fact, anybody who drives a car, particularly those in regional Australia—are incensed at this impost that has been brought in. The sick and elderly who rely on medical services on a very frequent basis—weekly, fortnightly. This morning I received a contribution from a doctor who looks after an aged-care facility. He tells me there is not a great percentage of doctors who even practise in the aged-care system. A lot of that has been left to particular GPs, and they do not have the wherewithal and are not going to be able to say to people in aged-care facilities ‘you cannot have your weekly doctor’s visit unless you have $7.00’. They are very upset about that.

Then there is the family tax benefit. Despite the fact that they cannot win over Senator MacDonald, Senator Bernardi and a whole cohort of Nationals, particularly with respect to the fuel excise payments—the parental leave scheme has caused tremendous dissent. Senator MacDonald was quite right: on one hand you want lower company taxes, so we are going to give them a one-and-a-half per cent tax cut, and I support that. On the other hand, you are going to give them a 1½ per cent levy for the paid parental leave scheme. A very confusing
message and not easy to sell unless you put up a great big barrage of debt, debt, debt; crisis, crisis, crisis. Let's frighten the punters into thinking they have to fundamentally change the way Australia operates. We have had Medicare operating very, very well, and it is not a question of a $7.00 copayment; there are probably plenty of people in the community who can pay $7.00. It is about the principle of universal free health care in this country, which has been around for a very long time and in my view should stay. When you start tinkering at the edges, it is the people at the lower end who always feel that in a very demonstrable and unconscionable way. When I asked if they had done any modelling in Senate estimates about the capacity of people to pay the $7.00—people who may have a mental illness or a history of mental illness who need regular visits to their practitioner—did you do any studying or modelling on that? 'No, we didn't; we just brought it in'; was the answer. We are just going to bring it in and fit people up with it.

But even that icon of conservatism, Mr John Howard, has a bit to say. Family tax benefits are not welfare payments—they are tax breaks. So you can only draw the conclusion from that this government has added a new tax on families by taking away the family tax benefits. It is actually a new tax, something they promised they would never do.

Senator SMITH (Western Australia) (15:25): Really, the surprise is that you should be surprised that people might be upset about some of the budget measures. And if you are surprised that people are surprised or upset about the budget measures, then that says one thing very, very clearly: that you do not think there is a problem. Australians fall into two camps at the moment—there is the camp that does not think there is a budget problem, represented by those people on that side of the chamber; then there are those of us on this side of the chamber, who do believe we have a budget problem. I understand completely. If people do not want to believe me—

Senator Conroy interjecting—

Senator SMITH: —if people do not want to believe Senator Conroy and Labor senators—

The DEPUTY PRESIDENT: Order on my left! Order!

Senator Conroy: Get Henry Ergas out!

Senator SMITH: I will get Phil Bowen, the Parliamentary Budget Officer, out—remembering, of course, that the Parliamentary Budget Office was established under Labor and the Greens. So what did the independent Parliamentary Budget Officer say when he was asked by a senator—it happened to be me—about very revealing—

Senator Conroy interjecting—

Senator SMITH: Senator Conroy, do you remember what Mr Bowen said? No—Senator Conroy would not remember what Mr Bowen said. Mr Bowen said that Australia's debt is increasing at the fastest rate of any OECD country.

Senator Conroy interjecting—

The DEPUTY PRESIDENT: Order, Senator Conroy!

Senator SMITH: And he stressed the need to reduce that debt to provide ourselves with a buffer against unexpected international economic—

The DEPUTY PRESIDENT: Senator Conroy—order Senator Smith.
Senator SMITH: Why don't we go—

The DEPUTY PRESIDENT: Senator Conroy, that has been pretty continuous; your interjections are robust and very loud. Senator Smith is entitled to be heard in silence.

Senator SMITH: I take it as a compliment that Senator Conroy should try that I not be heard. Let's have a look at what the International Monetary Fund had to say—not Senator Conroy, not Senator Smith; but what the International Monetary Fund had to say when it looked at our budget. It had to say:

The government's aim to return the budget to surplus in the coming years will help rebuild fiscal buffers and increase the policy scope to deal with adverse shocks, but will be challenging in light of current social spending commitments. Cuts in projected spending and/or increased revenues are likely to be needed, and early decisions on policy changes required would help preserve policy flexibility.

There is an element of this debate that has been missing for a long time. Australians know that the strong budget position that was left by the Howard government meant the next government could meet the challenges of the global financial crisis well. What we do not know is what economic calamity is around the corner. We do not know what the future looks like except that we do not have the capacity any more to respond to any economic calamity. That is a risk that this government thinks is too great to let go unaddressed. Let's have a look at what the secretary of the Treasury, Dr Parkinson, had to say. Senator Conroy, do you recall what Dr Parkinson had to say? No; Senator Conroy would want to erase it from his memory. On the need to reduce debt, Dr Parkinson told estimates:

I have been saying this. The Governor of the Reserve Bank has been saying this. The head of the independent Parliamentary Budget Office has said this, most recently last week. If the two most senior economic bureaucrats in the country are saying, 'People, we have a challenge, and it's about time we had a serious community discussion' and the independent head of the Parliamentary Budget Office says the same thing, it is actually in the hands of the political class.

So what the secretary of the Treasury means is that it is up to me; it is up to Senator Abetz, it is up to Senator Kroger, and—

The DEPUTY PRESIDENT: Senator Smith, I have to interrupt the debate now. The Senate will suspend until 5:30 pm to enable the presentation of the address-in-reply to His Excellency the Governor General at Government House.

Sitting suspended from 15:30 to 17:30

GOVERNOR-GENERAL'S SPEECH

Address-in-Reply

The PRESIDENT (17:30): I inform the Senate that this afternoon, accompanied by honourable senators, I presented to the Governor-General the address-in-reply to His Excellency's predecessor's speech on the occasion of the opening of the parliament, which was agreed to on 15 May 2014. The Governor-General indicated that he would be pleased to convey the address-in-reply to Her Majesty the Queen.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Budget

Debate resumed on the motion:

That the Senate take note of all answers to opposition questions in question time today.
Senator THORP (Tasmania) (17:30): Some of the passion may have gone out of the debate, but the content and the subject is just as valid. I rise in my place to take note of answers to questions without notice from earlier in the day. I particularly want to refer to answers to questions asked by Senator Sterle in relation to the diesel fuel tax rebate and also by Senator McLucas in relation to the $7 GP tax and its impact on rural and regional health.

In almost every instance, every response we got from those on the other side was: 'All these measures are necessary because we have to fix the budget crisis.' This mantra keeps flowing from those on the other side almost ceaselessly, like a stream of consciousness. Then we had contributions from both Senator Smith and Senator Fierravanti-Wells, and they were along the same line: 'We have to do this because there's a budget crisis.' But the reality is that people know, and increasingly the broader Australian community knows, that there is no budget crisis. In fact, this is a complete fabrication. People know that the Australian economy is in a good place; in fact, it is in an enviable place.

The reason that those opposite feel it necessary to constantly talk about a budget crisis, an emergency and the need to repair the terrible damage that Labor has done is that they realise that they have absolutely no mandate for a lot of the things that they want to do, having gone into the election and told the Australian people that, on some levels, there was no light between the Liberal Party and the Labor Party when it came to attitudes to health and education. They said there would be no cuts to health and education and there would be no changes to the ABC or funding to the SBS. They said there would be no changes to pensions, superannuation or taxation. The list is almost endless. It was a constant litany of, 'We will not do this and we will not do that.' Then, straightaway after getting elected, that is exactly what those opposite proceeded to do. It must be very difficult for some of my colleagues on the other side to live with, but that is what is happening. How do they live with themselves through this? They need to create a situation that necessitates, in their minds, doing it.

They constantly refer back to the fact that the Labor Party did not have budget surpluses year after year. But may I remind those opposite of the events that happened globally in 2008? People do seem to have extremely short memories in this place. It was because of the actions of the Labor government, preceded by the global financial crisis that brought nations around the world to their knees. It was the economic stimulus behaviour of the Labor government, not moving to austerity and not cutting everything to the bone. It was the Labor Party which decided to go down the track of economic stimulus. That precluded the possibilities of being able to have surpluses in those following years—of course—but it saved this country and maintained its AAA credit rating globally. We are in an enviable position.

I know that the economic stimulus package worked in my state, because at the time I was heavily involved in education. The spend on Building the Education Revolution in my state was the biggest capital input into schools that the state had seen since the Second World War. It was an enormous stimulus. Whilst I have heard complaints from other jurisdictions, I can tell you that, when the audit was done on the spending of the BER in Tasmania, not only did it come out with five stars but the spend—they were allowing about 11 per cent for administration of the spending—actually came in at eight per cent, three per cent less than had been allowed. The audit report was exemplary. Those benefits are still being felt across the state, thank goodness. Thank goodness they are.
We know on this side exactly what is going on with those on that side. We know that it was our actions that made sure that this country survived the global financial crisis. That is why there were not surpluses in those outgoing years. They would have come eventually but not immediately. The only way you people—

Senator Fifield: In fact, never.

The DEPUTY PRESIDENT: Order on my right!

Senator THORP: Do I get extra seconds?

The DEPUTY PRESIDENT: No. Thank you, Senator Thorp. Your time has expired. Question agreed to.

NOTICES

Presentation

Senator WRIGHT (South Australia) (17:36): I give notice of my intention to amend, pursuant to standing order 77(2), business of the Senate notice of motion No. 3 standing in my name for today, proposing that the Bankruptcy Amendment (2014 Measures No. 1) Regulation 2014 be disallowed, as follows:

After "That" insert "item 4.10A of Schedule 1 of the".

Senator WRIGHT: I seek leave to make a short statement in relation to the matter.

Leave granted.

Senator WRIGHT: For the information of senators today I will amend the notice of the disallowance motion so that it relates to one item of schedule 1 of the Bankruptcy Amendment (2014 Measures No. 1) Regulation 2014, rather than the entire regulation. I will move the amended notice on 23 June 2014. This notification is to enable any other senators to submit a new disallowance motion if they wish the Senate to consider a broader disallowance notice.

BUSINESS

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (17:38): I move:

That the following general business orders of the day be considered on Thursday, 19 June 2014 under the temporary order relating to the consideration of private senators' bills:

No. 30 Privacy Amendment (Privacy Alerts) Bill 2014.

No. 29 Environment Protection and Biodiversity Conservation Amendment Bill 2014.

Question agreed to.

COMMITTEES

Environment and Communications References Committee

Reporting Date

Senator THORP (Tasmania) (17:39): by leave—I move:

That the time for the presentation of the report of the environment and communications References Committee on environmental offsets be extended to 25 June 2014.
Question agreed to.

BUSINESS

Leave of Absence

Senator McEWEN (South Australia—Opposition Whip in the Senate) (17:39): by leave—I move:
That leave of absence be granted to the following senators, for personal reasons:
(a) Senator Cameron, for 16 and 17 June 2014; and
(b) Senators O’Neill and Rolley for today.

Question agreed to.

NOTICES

Presentation

Senator Siewert to move:
That the time for the presentation of reports of the Community Affairs References Committee be extended, as follows:
(a) speech pathology services—to 15 July 2014; and
(b) Australia’s healthcare system—to 8 August 2014.

Senator Fawcett to move:
That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Monday, 14 July 2014, from 11.30 am.

Senator Boyce to move:
That the Community Affairs Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 19 June 2014, from 4.30 pm to 7.30 pm, to further examine the 2014-15 Budget estimates.

Senator Kroger to move:
That the Joint Standing Committee on Foreign Affairs, Defence and Trade be authorised to hold public meetings during the sittings of the Senate, as follows:
(a) Wednesday, 18 June 2014;
(b) Monday, 14 July 2014; and
(c) Wednesday, 16 July 2014.

Senator Bushby to move:
That the time for the presentation of reports of the Economics Legislation Committee be extended, as follows:
(a) Competition and Consumer Amendment (Misuse of Market Power) Bill 2014—to 28 August 2014; and
(b) Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013—to 28 August 2014.

Senator Boyce to move:
That the time for the presentation of the report of the Community Affairs Legislation Committee on the 2014-15 Budget estimates be extended to 26 June 2014.
Senator Lines to move:
That the time for the presentation of reports of the Education and Employment References Committee be extended, as follows:
(a) delivery of quality and affordable early childhood education and care services—to 15 July 2014; and
(b) immediate future of the childcare sector in Australia—to 15 July 2014.

Senator Bishop to move:
That the time for the presentation of the report of the Economics References Committee on affordable housing be extended to 27 November 2014.

Senator Dastyari to move:
That the Joint Standing Committee on Migration be authorised to hold public meetings during the sittings of the Senate, from 9.30 am to 11 am, to take evidence for the committee’s inquiry into the Business Innovation and Investment Programme, as follows:
(a) Wednesday, 18 June 2014;
(b) Wednesday, 25 June 2014; and
(c) Wednesday, 16 July 2014.

Senator Brown to move:
That the Joint Standing Committee on the National Capital and External Territories be authorised to hold private meetings otherwise than in accordance with standing order 33(1), followed by public meetings, during the sittings of the Senate, as follows:
(a) Thursday, 19 June 2014; and
(b) Thursday, 26 June 2014.

Senator Thorp to move:
That the Environment and Communications References Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 18 June 2014, from 1 pm to 2 pm, to take evidence for the committee’s inquiry into environmental offsets.

Senator Peris to move:
That the Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Wednesday, 25 June 2014, from 10.30 am.

Senator Rhiannon to move:
That the following matter be referred to the Education and Employment References Committee for inquiry and report by 27 November 2014:
Portable long service leave, with consideration given to:
(a) the creation of a nationwide portable workplace entitlement scheme for long service leave and any other appropriate entitlements, taking into account:
   (i) the number of Australian workers in insecure work, and
   (ii) increased workplace mobility and increasingly precarious working conditions;
(b) developing recommendations as to how any such scheme could be paid for and implemented, including:
   (i) the role of existing portable long service leave schemes operating in some sectors, and
   (ii) how the scheme should be coordinated and by whom; and
(c) any other relevant matters.

Senator Wright to move:

That there be laid on the table by the Minister representing the Minister for Education, by Tuesday, 24 June 2014, the preliminary report of the Review of the Australian Curriculum presented to the Minister for Education in accordance with the review’s terms of reference.

Senator Conroy to move:

That the Senate—

(a) notes:

(i) evidence given during estimates that the budget provides for payment to the Victorian Government of $0.5 billion by 30 June 2014 for Stage 1 of the East West Link and $1.0 billion for Stage 2,

(ii) that this project is still classified by Infrastructure Australia as not ‘ready to proceed’,

(iii) that Infrastructure Australia has not received a full business case for assessment of Stage 1 and only received a request for funding of Stage 2 a few days before the budget and it was only accompanied by a ‘conceptual business plan’, and

(iv) that the responsible Minister, the Assistant Minister for Infrastructure and Regional Development said of project payments in June 2014: ‘So we are driving the state governments very hard to give us timetables to ensure that we’re meeting the expected time of delivery of these projects. That we’re hitting milestones, that we’re only making payments to states when they actually deliver the milestones, that they’re not getting money in their bank account prior to milestones being delivered, because we want taxpayers to have accountability for what they’re getting, but we also want projects on the ground and not being held up, unfortunately, or deliberately, for that matter’ [Civil Contractors Federation speech, 6 June 2014]; and

(b) calls for no payment to be made to Victoria for the East West Link project until these conditions are fulfilled and Infrastructure Australia assesses the project as ‘ready to proceed’.

Senators Bernardi, Fawcett, O’Sullivan, Xenophon, Madigan and Seselja to move:

That the Senate—

(a) supports freedom of religion as a universal human right;

(b) does not support the imprisonment or persecution of individuals on the basis of their religious belief;

(c) calls on the Sudanese authorities to release Mariam Yahya Ibrahim who was sentenced to 100 lashes and death because she was convicted of converting to Christianity and marrying a Christian man;

(d) recognises:

(i) that this action is a breach of Sudan’s international obligations, and

(ii) also that this case is currently subject to an appeal to Sudan’s Court of Appeal and looks forward to due process being applied; and

(e) stands in solidarity with Mariam Yahya Ibrahim, her family and all people who seek to practise their religion free from persecution.

Senators Hanson-Young and Di Natale to move:

That the Senate—

(a) extends its condolences to the family and friends of Mr Leo Seemanpillai, a Tamil refugee who died tragically in Geelong on 1 June 2014 as a result of self-immolating;
(b) calls on the Minister for Immigration and Border Protection (Mr Morrison) to urgently intervene in the case to ensure that Mr Seemanpillai’s family receives visas enabling them to attend his funeral in Australia; and
(c) expresses its gratitude for Mr Seemanpillai’s decision to become an organ donor and to give several other Australians a new chance at life.

Senator Siewert to move:
That on and from Tuesday, 17 June 2014, the Clean Energy Finance Corporation (Abolition) Bill 2013 [No. 2] have precedence over all other government business until determined.

Senator Hanson-Young to move:
That the Senate—
(a) acknowledges that 20 June 2014 is World Refugee Day, when all nations recognise the resilience and humanity of forcibly displaced people around the world;
(b) notes the vast and positive contribution that refugees have made and continue to make to Australian society;
(c) reaffirms Australia’s strong commitment to the 1951 Convention relating to the Status of Refugees and the 1967 Protocol in recognition of the need to restore hope to those seeking protection in our region.

Senator Di Natale to move:
That the Senate—
(a) notes the:
(i) serious concern among Victorians and representatives of Victoria’s multicultural community over the Government’s proposed changes to the Racial Discrimination Act 1975, and
(ii) the work of the Action 18C campaign, which has resulted in 47 local councils passing motions opposing the change, representing over 5 million Australians;
(b) supports the right of every Victorian to live without fear of discrimination or hostility based on race, culture or religion; and
(c) calls on the Attorney-General to abandon the proposed changes, particularly to section 18C, that would repeal protections against racial vilification and embolden the enemies of Australia’s vibrant multicultural community.

Senator Siewert to move:
That the following matter be referred to the Community Affairs References Committee for inquiry and report by 26 November 2014:
(a) the extent of income inequality in Australia and the rate at which income inequality is increasing in our community;
(b) the impact of income inequality on access to health, housing, education and work in Australia, and on the quality of the outcomes achieved;
(c) the specific impacts of inequality on disadvantaged groups within the community, including Aboriginal and Torres Strait Islander peoples, older job seekers, people living with a disability or mental illness, refugees, single parents, those on a low income, people at risk of poverty in retirement as well as the relationship between gender and inequality;
(d) the likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget;
(e) the principles that should underpin the provision of social security payments in Australia; and
(f) the practical measures that could be implemented by Governments to address inequality, particularly appropriate and adequate income support payments.

Senator Di Natale to move:

(1) That a select committee, to be known as the Select Committee into the Abbott Government’s Budget Cuts, be established to inquire into the effect of cuts or changes in the Commonwealth budget, with interim reports as the committee sees fit and a final report on or before 20 June 2016, with particular reference to:

(a) any reductions in access to health, education and employment services provided by the Commonwealth;

(b) the provision of other services, programs or benefits provided by the Government affected by the budget;

(c) Commonwealth—state relations and the impact of decreased Commonwealth investment on service delivery by the states, particularly in health and education;

(d) the fairness and efficiency of revenue raising;

(e) the reduced investment in scientific research and infrastructure and its impact on future productivity;

(f) the structural budget balance over the forward estimates and the next 10 years;

(g) public sector job cuts and; and

(h) other matters the committee considers relevant.

(2) That the committee consist of 7 senators, 3 nominated by the Leader of the Government in the Senate, 3 nominated by the Leader of the Opposition in the Senate, and 1 nominated by the Leader of the Australian Greens.

(3) That:

(a) participating members may be appointed to the committee on the nomination of the Leader of the Government in the Senate, the Leader of the Opposition in the Senate or any minority party or independent senator; and

(b) participating members may participate in hearings of evidence and deliberations of the committee, and have all the rights of members of the committee, but may not vote on any questions before the committee.

(4) That 3 members of the committee constitute a quorum of the committee.

(5) That participating members can contribute to a quorum of the committee.

(6) That the committee may proceed to the dispatch of business notwithstanding that not all members have been duly nominated and appointed and notwithstanding any vacancy.

(7) That the committee elect as chair a member nominated by the Leader of the Australian Greens and as deputy chair, a member nominated by the Leader of the Opposition.

(8) That the deputy chair shall act as chair when the chair is absent from a meeting of the committee or the position of chair is temporarily vacant.

(9) That the chair, or the deputy chair when acting as chair, may appoint another member of the committee to act as chair during the temporary absence of both the chair and deputy chair at a meeting of the committee.

(10) That, in the event of an equally divided vote, the chair, or the deputy chair when acting as chair, has a casting vote.
(11) That the committee have power to appoint subcommittees consisting of 3 or more of its members, and to refer to any such subcommittee any of the matters which the committee is empowered to examine.

(12) That the committee and any subcommittee have power to send for and examine persons and documents, to move from place to place, to sit in public or in private, notwithstanding any prorogation of the Parliament or dissolution of the House of Representatives, and have leave to report from time to time its proceedings, the evidence taken and such interim recommendations as it may deem fit.

(13) That the committee be provided with all necessary staff, facilities and resources and be empowered to appoint persons with specialist knowledge for the purposes of the committee with the approval of the President.

(14) That the committee be empowered to print from day to day such documents and evidence as may be ordered by it, and a daily Hansard be published of such proceedings as take place in public.

**Senator Hanson-Young** to move:

That the following bill be introduced: A Bill for an Act to amend the Migration Act 1958, and for related purposes. *Migration Amendment (Protecting Babies Born in Australia) Bill 2014.*

**Postponement**

The following items of business were postponed:

Business of the Senate notices of motion nos 3 and 4 standing in the name of Senator Wright for today, proposing the disallowance of the Bankruptcy Amendment (2014 Measures No. 1) Regulation 2014 and Division 2.11 of the Bankruptcy (Fees and Remuneration) Determination 2014, postponed till 23 June 2014.

General business notice of motion no. 191 standing in the name of Senator Urquhart for 18 June 2014, relating to the International Year of Solidarity with the Palestinian People, postponed till 24 June 2014.

**DOCUMENTS**

**Order for the Production of Documents**

**Senator McEWEN** (South Australia—Opposition Whip in the Senate) (17:41): by leave—At the request of Senator Carr, I move:

That, noting the 2014-15 budget allocation of $3 billion to fund the East West Link in Melbourne and the absence of a full, public business case or any recommendation from Infrastructure Australia:

(a) there be laid on the table in accordance with standing order 164 by the Minister representing the Assistant Minister for Infrastructure and Regional Development (Senator Johnston), the following papers held by Infrastructure Australia:

(i) any business case presented for Stage 1 or 2 for the East West Link project,

(ii) any correspondence or submissions from the Victorian Government seeking Australian Government funding for this project, and

(iii) any assessment by Infrastructure Australia of the priority of this project compared to other projects; and

(b) these documents are to be tabled prior to consideration of the 2014-15 budget bills, and no later than 7 July 2014.

Question agreed to.
COMMITTEES

Joint Standing Committee on Foreign Affairs, Defence and Trade

Meeting

Senator McEWEN (South Australia—Opposition Whip in the Senate) (17:41): by leave—I move:

That the Joint Standing Committee on Foreign Affairs, Defence and Trade be authorised to hold public meetings during the sittings of the Senate, as follows:

(a) on Monday, 16 June and Monday, 23 June 2014, from 5.30 pm to 6.30 pm, to take evidence for the committee's inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region; and

(b) on Tuesday, 17 June and Tuesday, 24 June 2014, from 12.45 pm to 2 pm, to take evidence for the committee's inquiry into the human rights issues confronting women and girls in the Indian Ocean Asia Pacific region.

Question agreed to.

Foreign Affairs, Defence and Trade Legislation Committee

Report Date

Senator EGGLESTON (Western Australia) (17:42): by leave—I move:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade Legislation Committee on the Trade and Foreign Investment (Protecting the Public Interest) Bill 2014 be extended to 27 August 2014.

Question agreed to.

MOTIONS

Diplomatic Relations

Senator McEWEN (South Australia—Opposition Whip in the Senate) (17:42): At the request of Senator Stephens, I seek leave to amended general business notice of motion No. 248, relating to diplomatic relations.

Question agreed to.

Senator McEWEN: by leave—I move the amended motion:

That the Senate—

(a) notes That the 40th anniversary of diplomatic relations between Australia and the Holy See was commemorated in Rome on Monday, 28 April 2014, together with the centenary anniversary of the first Apostolic Delegation in Australia;

(b) congratulates renowned artist Jiawei Shen on his portrait of Pope Francis which was presented to Pope Francis in a private audience to commemorate the 40th anniversary;

(c) acknowledges the co-operation between the Australian Ambassador to the Holy See, Mr John McCarthy, the Chairman of the Hazelhurst Gallery, Mr Bryon Hurst, and sponsors of the portrait project, the Australian Catholic University, represented by the Deputy Vice-Chancellor Wayne McKenna, to enable the portrait to be done at no expense to the Australian taxpayer; and

(d) thanks His Eminence Cardinal Pietro Parolin, Secretary of State of the Holy See, for celebrating a Thanksgiving Mass to commemorate the significant diplomatic relationship.

Question agreed to.
Higher Education Funding

Senator RHIANNON (New South Wales) (17:44): by leave—I move:

That the Senate—

(a) notes that in its first budget the Abbott Coalition Government is cutting $5.8 billion from public higher education, including:

(i) $3.2 billion from changes to the HECS-HELP repayment threshold and increased interest rates for HECS-HELP debt,
(ii) $1.1 billion from cuts to Commonwealth funding for course fees,
(iii) $504 million from removing the grandfathering provisions included in the conversion of Student Start-Up Scholarships into loans,
(iv) $290 million from cutting funding to Relocation Scholarships,
(v) $204 million from decreasing indexation rates for grants,
(vi) $170 million from research training cuts,
(vii) $121 million from cutting higher education reward funding,
(viii) $87.7 million from removing the HECS-HELP discount for priority courses redundant,
(ix) $75 million ARC funding cuts,
(x) $51 million from cuts to Access and Participation Grants, and
(xi) $31 million from cuts to the Tertiary Education Quality and Standard Agency;

(b) acknowledges the crucial role played by public higher education in providing millions of Australians with skills that benefit the broader community; and

(c) calls on the Government to immediately reverse these budget cuts and commit to a well funded and accessible public higher education system.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (17:44): I seek leave to make a short statement.

Leave is granted for one minute.

Senator RYAN: Thank you. This budget shows higher education funding increasing by $5.7 billion over four years, as higher education reforms expand opportunities for students and ensure Australia is not left behind in global competition. For the first time, the Australian government will support all Australian students studying for higher education diplomas, advanced diplomas, associate degrees and bachelor degrees. Over 80,000 additional students will benefit.

A more flexible higher education system will equip Australians for the jobs of the new economy. As universities and colleges compete for students, students win and our universities will be better able to compete with the best in the world. We can achieve the best higher education system in the world, and the coalition government is helping deliver it.

The PRESIDENT: The question is that the motion moved by Senator Rhiannon be agreed to.
The Senate divided. [17:49]

(The President—Senator Hogg)

Ayes ..................... 35
Noes ..................... 28
Majority ............... 7

**AYES**

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Question agreed to.

DOCUMENTS
Note Printing Australia
Order for the Production of Documents

Senator LUDLAM (Western Australia) (17:51): At the request of Senator Milne, I move:
That there be laid on the table by the Minister representing the Treasurer (Senator Cormann), no later than 5 pm on 7 July 2015, only those sections related to former board member Mr Dick Warburton in the report prepared by KPMG for the Reserve Bank of Australia, that inquired into his conduct as a board member of Note Printing Australia in relation to allegations of foreign bribery.

I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator LUDLAM: The government has not sought the report that the RBA commissioned KPMG to undertake to find out how the board of Note Printing Australia came to be embroiled in an international bribery scandal, either before or since Mr Dick Warburton was announced chair of the renewable energy target review. It may be that Mr Warburton is entirely blameless and innocent in this matter but, given the gravity of the review task that he is undertaking, you would think it would make sense, if the government wanted to clear his name and, indeed, if Mr Warburton wanted to clear his name, to put the material from KPMG, just as it relates to his specific case, into the public domain. It is extraordinary and, I guess, understandable that the government would be choosing not to have this material put to the parliament and the public, but it is unbelievable that the Labor Party is choosing to support them.

Mr Warburton has no expertise in the energy market. His climate denial does not qualify him to be able to discern fact from fiction, and he has a cloud hanging over his head because of his time at the NPA board. It is time that this was cleared up. (Time expired)

Question negatived.

World Heritage Committee

Senator WATERS (Queensland) (17:53): I move:
That the Senate—
(a) notes:
(i) the World Heritage Committee's request that Australia ensure the Fitzroy Delta, Keppel Bay, north Curtis Island and the northern section of the reef are all protected from port development and industrialisation,
(ii) the withdrawal of Xstrata Glencore and the recent lapsing of the Mitchell Group's plans for proposed export facilities within the Fitzroy Delta means there are currently no major projects on foot in this pristine region,
(iii) that under current Queensland and federal laws these precious areas are still at risk from future port and industrial developments, and
(iv) That the World Heritage Committee will be considering the Australian and Queensland governments' management of the reef at its annual meeting in Qatar from 15 June to 25 June 2014;
(b) welcomes the World Heritage Committee's latest draft decision that notes Australia has advised the World Heritage Committee secretariat that it intends to protect the Fitzroy Delta, Keppel Bay, and north Curtis Island from port developments; and 

calls on the Australian Government to permanently protect the Fitzroy Delta, Keppel Bay, north Curtis Island and the northern section of the reef from ports and industrial developments, including trans-shipping, under Australia’s national laws.

The DEPUTY PRESIDENT: The question is that notice of motion No. 251, standing in the name of Senator Waters, be agreed to.

The Senate divided. [17:54]

(The Deputy President—Senator Parry)

Ayes ......................8
Noes ......................48
Majority ..................40

AYES
Di Natale, R
Ludlam, S
Siewert, R (teller)
Whish-Wilson, PS

Hanson-Young, SC
Rhiannon, L
Waters, LJ
Wright, PL

NOES
Back, CJ
Bilyk, CL
Bishop, TM
Boyce, SK
Bushby, DC
Cash, MC
Collins, JMA
Dastyari, S
Eggleston, A
Faulkner, J
Fifield, MP
Gallacher, AM
Kroger, H
Ludwig, JW
Macdonald, ID
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McKenzie, B
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Pratt, LC
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Sinodinos, A
Thorp, LE
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Heffernan, W
Lines, S
Lundy, KA
Marshall, GM
McEwen, A (teller)
McLucas, J
O'Sullivan, B
Peris, N
Ruston, A
Singh, LM
Smith, D
Tillem, M
Williams, JR

Question negatived.
MATTERS OF PUBLIC IMPORTANCE

Budget

The DEPUTY PRESIDENT (17:57): The President has received the following letter from Senator Moore:

Dear Mr President,

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

The failure of the Abbott government to deliver a budget that promotes fairness and opportunity.

Is the proposal supported?

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

The DEPUTY PRESIDENT: 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 FURNER (Queensland) (17:58): We now know as a result of the general election of September last year that this government was elected on a litany of lies. The Prime Minister went to the election based on commitments of no cuts to education, no cuts to health, no cuts to the family budget, no cuts to higher education and no cuts to pensioners. We also know that all those promises that were made are based on a complete litany of lies.

Today the Treasurer has been exposed for what he is—a fraud; a Treasurer that has blown his credibility—on the basis of a report having come out by the Household, Income and Labour Dynamics in Australia Survey indicating that the analysis directly contradicts Joe Hockey's claims that Australia's welfare spending is out of control. The report indicates that welfare expenditure in Australia accounted for just 8.6 per cent of GDP in 2013 compared to the OECD average of 13 per cent. We also know that Australians have dramatically reduced their dependence on welfare. In 2001, 23 per cent of working-age people in Australia received a payment each week and in 2011 that dropped to 18.5 per cent.

As we go on and on after this budget, we find more and more exposure of these types of things that are occurring out there as people become wiser and wiser and wonder why they elected this government. I can speak with some experience of late, having had numerous communications with constituents in many areas in not only my duty seats but also the duty seat of Ryan. I have been talking to a lot of pensioners about how they have been impacted by this horrendous budget. Not only do they reflect on the Abbott government, but they also reflect on the Campbell Newman government, on its budget cuts and the impacts it has had on pensioners and everyone else.

In addition to that, I get copious numbers of emails. Some of the areas these come from surprise me. For example, I received an email recently from a cow cocky—or people may refer to them as a person from the bush or a person from out in western Queensland—complaining about the National Party siding with the Liberals with respect to cutting fuel excise. They complained about the fact that they can no longer take their horse float and their Toyota four-wheel drive on long journeys. I appreciate the fact that many of our people in the bush travel long distances, hundreds and hundreds of kilometres, to attend events. For some
of those farmers, those cow cockies, those folk from the bush, that is the only chance they get to have a bit of enjoyment. And here are the National Party leaking their commitment to the Liberals to cut the fuel excise and make it more expensive for that type of journey—for people to have their little bit of luxury, take their horse to the local show and play polo. That is where they stand when it comes to fuel excise.

Returning to the pension: as I indicated, I have been speaking to copious numbers of pensioners in the seat of Ryan, particularly in Keperra. What they have been telling me is that they are extremely concerned in general about the indexation of pensions and how they are increased. We heard today from Senator Fifield in this chamber about how he relates to this particular issue. He said in question time that he is optimistic and that he is going to keep his fingers crossed that they will not be disadvantaged. Well, what do you say to pensioners out there? Do you say, 'On the hope of a win, keep your fingers crossed, be optimistic; we'll look after you'? We know that is not the case.

This government was elected on a litany of lies. It has changed the indexation from MTAWE to CPI. This area of CPI figures is one where I have had some experience in the past. The increase, and in some cases the decrease, of the CPI—because sometimes the CPI does go backwards or remains neutral—is an unfair advantage with respect to how increases occur. See you later, Bill; nice of you to come in! There is one example I use. I remember quite well in my term as a union official for the Transport Workers Union that one of the sites I was responsible for looking after was the old Telegraph. That was the newspaper in Brisbane, but it is long gone now. The owner-drivers there were reliant on the CPI for their increases. I recall that on one occasion the CPI figure was stagnant, so, in that particular period, there was no increase for those drivers as a result of the indexation that was linked to their particular agreement.

I did some research prior to today's debate on this and came across a graph that dates back to 1946. It shows that, in September 1951, the CPI was extremely high, on average about 25 per cent. Then over time, it has come down. In September 1976, it was around 15 per cent. In September 2001—that was just after the GST that the Liberal-National parties said they would never, ever introduce—it was about five per cent. The graph that I researched demonstrates that the CPI is trending down. Based on that history, we know what will happen to pensions.

Once again, I go back to Senator Fifield. He is on the record now as saying that this is no mistake; this is no matter of coincidence. It is a purposeful measure that they have put in place to make sure pensions are decreased. He actually said it has been put in place in an effort to slow the rate of pension increases. As is clearly demonstrated, MTAWE as opposed to CPI has always been a better indexation rate for increases and will always remain that way. We now know why the LNP have moved from that indexation rate to the CPI. Five hundred and thirty thousand additional pensioners will have their pensions cut because of the changes and reducing the threshold. On average, there is a $65 million cut to war pensions as well. That has been ventilated in this chamber today during the debates with respect to previous legislation.

In addition to those sorts of measures, I return to the Queensland budget, where the Premier decided to cut concessions with respect to transport and those sorts of things that pensioners in general enjoy. Pressure was put on the LNP government in Queensland by the Labor
opposition, and they backflipped on that sort of approach. Sure enough, people were accepting of that and approved of that sort of measure. But we know that, as a result of what the federal government have done, those sorts of measures will still continue with respect to the change in the indexation.

Of course, the other factor is the increase of the age pension eligibility age from 67 to 70 from 2023 to 2035. We in government, naturally, increased it from 65 to 67. There was not generally a huge concern out there in the public. But there has been a major uproar about lifting that age to 70. People are saying, ‘How can we manage to work in labour-intensive areas, doing any kind of manual work?’ How can they continue their employment up to 70 years of age?

There have been surveys and there have been stats produced which show that out of all the extreme measures in this budget that is number one in being of concern for people out there who have to work until the age of 70. Also, there has been the resetting of the deeming thresholds from $46,000 to $30,000 and from $77,400 to $50,000 from September 2017. In addition, there is the abolition of the national partnership through which the federal government provides money for the states and territories to deliver concessions to pensioners, state seniors and card holders. There is an ongoing range of issues that will affect pensioners as a result of this budget. Obviously, there are additional cuts which I do not have time to cover in today's debate but we know, as a result these severe cuts, that pensioners will be affected. (Time expired)

Senator FIERRAVANTI-WELLS (New South Wales—Parliamentary Secretary to the Minister for Social Services) (18:08): I rise in the debate of this matter of public importance to say that the budget not only promotes fairness but also provides opportunity. The sheer hypocrisy of Labor to put forward this motion is breathtaking, given their legacy after six years in government and the lack of fairness and lack of opportunity the Rudd-Gillard-Rudd government created. Six years of chaos, waste and mismanagement delivered higher taxes, record boat arrivals, debt and deficit as far as the eye can see.

How is it fair to today's Australians that Labor turned nearly $50 billion in the bank into projected net debt of well over $200 billion—the fastest deterioration in debt, in dollar terms and as a share of GDP, in modern Australian history? How is it fair to Australians that Labor's debt is already costing about $1 billion a month in net interest payments, and that is borrowed money? How many hospitals, how many roads, how many services could that have funded? How is it fair to have this country go on paying the mortgage on the credit card?

Where were the opportunities for those wanting employment under Labor? Let us not forget that under Labor the jobless queues grew by over 200,000—200,000 more unemployed!—in stark contrast to the growth in jobs of more than 250,000 under the Howard government. What opportunities did Labor leave to those in need of services, in need of jobs? None, given the debt and deficit disaster that threatens the future prosperity of Australia and creates intergenerational theft.

In contrast to the chaos and debt left behind by Labor, it is a privilege to serve in the Abbott government and to be part of the team which will build a stronger Australia. The coalition has a plan to build a more productive and diverse economy. We have a plan to deliver more jobs and to provide more opportunity. And, we have a vision for a dynamic and confident Australia.
As the Treasurer said last week in his address to the Sydney Institute, the budget is fair. The budget is about ensuring that government support for those in need and other vital services like infrastructure are affordable in the years to come. At the same time, the coalition government is mindful of concerns about fairness. We all want a society that protects the poor and strengthens the weak. That is what we are doing. Perhaps those on the other side missed this or refuse to accept the government's position. As the Treasurer stated last week, we owe it to the community to set the facts straight and to articulate the reasoning behind our decisions. For example, concerns about the demise of universal health care or higher education accessibility are unfounded. Universal health care has not been free to the consumer for decades. In 1960, a five shilling co-payment was first brought in for the Pharmaceutical Benefits Scheme.

The co-payment was a concept championed by Labor leader Bob Hawke, with strong support from then adviser Jenny Macklin and Labor MPs like Andrew Leigh who now support a co-payment. Former Labor Deputy Prime Minister Brian Howe in 1991 introduced a co-payment as a priority for reform, saying it was:

... the judicious use of price signals to encourage both doctors and patients to be more selective in their use of medical services.

The co-payment is a responsible decision by this government to ensure Medicare will remain sustainable, accessible and affordable in the future. The government decided to ask Australians to make a modest co-payment for their healthcare after serious consideration of possible impacts.

Higher education has not been free since Labor introduced fees in 1987. It is, though, the responsibility of government to provide equality of opportunity with a fair and comprehensive support system for those who are most vulnerable. It is then up to individuals in the community to accept personal responsibility for their lives and their destiny.

Our first budget is based on the premise that it is fair for those with the capacity to pay to accept more personal responsibility for their cost of living, the cost of raising their children, their health services and their education. We cannot continue to spend money at existing levels with the knowledge that this spending will not be sustainable and that, in the years to come, we will not be able to adequately assist those in genuine need. This is unfair to those who most need our help and unfair to future generations who must pay the bill. Our welfare system is unsustainable in its current form and it is not well-targeted to those who really need our assistance.

The federal government will spend $146 billion next financial year on welfare—that is, 35 per cent of the federal budget. We spend more on welfare than we spend on any other single policy area including health, education or defence. And spending on welfare will increase. Those opposite have referred to the Household, Income and Labour Dynamics in Australia Survey and suggested that the number of people on welfare is less. Let me correct this. The percentage of the budget used for welfare has risen, and will rise—to 36 per cent in 2017 from 32 per cent when the study was written. Put another way, this increase is to $170 billion in 2017 from $115 billion in 2010.

At the moment, over half of Australian households receive a taxpayer-funded payment from the government. We have a very comprehensive welfare system, but we must recognise that this spending comes out of the pocket of someone. Either it comes out of the pockets of
today’s taxpayers or it comes out of the pockets of tomorrow’s taxpayers who will repay this debt along with the interest bill.

This year the Australian government will spend, on average, over $6,000 on welfare for every man, woman and child in the country. Given that only around 45 per cent of the population pays income tax, the average taxpayer must pay more than twice this amount in tax to fund welfare expenditure. In other words, the average working Australian, be they a cleaner, a plumber or a teacher, is working over one full month each year just to pay for the welfare of another Australian. Is this fair? Whilst income tax is by far our largest form of revenue, just 10 per cent of the population pays nearly two-thirds of all income tax.

But mostly I want to address the issues in relation to this budget creating opportunity—the opportunity for education and the opportunity for work. By 2018, our reforms will see the Australian government supporting over 80,000 more students in further education and, for the first time, providing financial assistance to apprentices, with a Trade Support Loan of up to $20,000. This will assist them with everyday costs while they complete their apprenticeship.

At the moment, our higher education system means that the 60 per cent of adult Australians who will never hold a degree are paying for 60 per cent of the degree that others will receive. We are creating opportunity. For the first time, universities will be required to direct $1 of every $5 of additional revenue raised towards the Commonwealth scholarship fund, to support access for students from disadvantaged backgrounds. Fairness is the key to our higher education reforms.

We are also creating opportunities for jobs, working to build more jobs in a strong, prosperous economy. The coalition’s actions, including the successful negotiations by the Prime Minister overseas, are in large measure about more jobs for Australians.

We cannot have more Australian jobs without stronger Australian businesses. Already it is encouraging to see that full-time employment has strengthened considerably over the first five months of 2014, up by 101,300. It is the largest increase in employment over this period since 2007.

Our Economic Action Strategy is focused on policy that grows jobs in Australia: cutting the company tax rate from 1 July 2015 to encourage investment in Australian businesses and help create jobs—(Time expired)

Senator SIEWERT (Western Australia—Australian Greens Whip) (18:18): I rise to support this proposition on the failure of the Abbott government to deliver a budget that promotes fairness and opportunity. This budget does not support fairness and it does not support opportunity. Mr Hockey, the Treasurer, claimed in a speech last week to the Sydney Institute that we all want a society that protects the poor and strengthens the weak. His budget does exactly the opposite. It does not protect the poor or strengthen the weak—in fact, it builds in the very opposite.

The budget does not support their view that it is the responsibility of government to provide equality of opportunity with a fair and comprehensive support system for those who are most vulnerable. It certainly does not. Since when does dumping young people under the age of 30 onto no income support at all fit with anybody’s sense of what is fair? He certainly has a perverse sense of fairness if he thinks that that is fair. How does he think these young people are going to eat, live, put a roof over their head, or turn out 40 job applications a
month—or even turn up to the face-to-face meetings they are supposed to have once a month, when they have no money to eat, clothe themselves, catch a bus or own a phone? But it is okay! In estimates, the Department of Employment said, 'You might be able to just ring up.' Well, if you haven't got any money, how do you afford a phone? How do you afford even that phone call, let alone the stamps or the computer or the emails to make those 40 applications a month that you are supposed to be making? And if you miss your face-to-face meeting or do not meet your compliance requirements then, when you are on Newstart nil payment, you get another month of no income support. Since when is that fair? Since when is that providing opportunity? When I asked how a young person was to make even the co-payment of $7, for a start the department got it wrong and said, 'The first 10 are free,' which is wrong. They have got a limit of 10—but that is still 70 bucks. When you have not got any money, 70 bucks is beyond your reach. As I said this morning, the department and the government do not even know how many people under 30 live at home. That is not fair.

People on disability support pension are to be reassessed if they are under 35 and dumped onto Newstart—if they are lucky enough to maintain income support at all. Indexation on DSP is to be cut so that it is indexed to the CPI, which is what Newstart has been at. Newstart, we already know, makes you live in poverty and has not kept up with the true cost of living. Again, that is not fair. Single parents' indexation—cut; the pensioner education concession—cut. How is that fair? As to FTB, even the department's cameo example showed that a single parent would lose $2,000. So there are multiple cuts to single parents. How is that fair? How is that creating opportunity? This budget builds in inequality. Students face $5 billion in cuts. University fees can go up to $100,000, and who is going to be impacted by that significantly? The impact will be across the board but women are going to be the most heavily impacted by those cuts by charging fees. In America now we are seeing that for people who have had to take out these very expensive loans it is impacting on their ability to sustain a mortgage or to take on a mortgage. So we are building yet more barriers to young people's futures and to young people's opportunities, not to mention the fact that this government is not going ahead with NRAS and social and affordable housing. We know homelessness is getting worse.

The government knows that this budget is unfair because they have budgeted more for emergency relief funding—$229 million over four years. They do not know how it is going to be applied yet but they know that young people are not going to be able to live. So you build in emergency relief and they have to go to charities. But unfortunately our charities are already overcommitted. In Western Australia in 2012, where the latest figures are available, 20,000 requests for support had to be turned away. Some charities are now having to put in processes where you can only ask for support once every six months. How is this fair? How is this budget building opportunity? It simply is not. It is building an opportunity for the richest in this country, where we know that one per cent own more wealth than 60 per cent of the rest of the community. We know that we have inequality in this country already. What this government is doing with this budget is building in further inequality.

Let us look at pensioners. The government had this little trick in question time today to say, 'Oh, are they not going to get an increase?' This government knows very well that through cutting indexation they cut the rate of growth of the pension and it increases less quickly. ACOS has estimated that that builds a cut of around $80-100 a week to pensioners. It is a fairly low rate. I acknowledge it is more than Newstart but it is still a low rate. Ask any
pensioner who is trying to survive on the pension whether they are living in the lap of luxury. I can tell you they are not. That builds in barriers to opportunity. A third of the long-term people on Newstart are older Australians. They are facing barriers to employment. They are now going to be in a worse position because the government has not put in measures that significantly address the issues around age discrimination and older workers trying to find jobs. We need to see the plans for addressing that before they raise the age pension to 70.

They are building in measures that affect people across the board. An attack on universal health care is what the $7 co-payment is about, undermining universal health care, one of the fundamentals Australians believe to a fair, compassionate society. That is not fair, that is not compassionate and it certainly is taking away people's opportunity. And who is that co-payment going to affect the most: the most vulnerable in this country, the people with the least money who will not be able to afford to go to a doctor. When people ask will it put them off, yes, it will put them off. Believe me, most Australians think this is not fair. Certainly all the people that have been emailing and coming to our meetings are extremely distressed about this budget. They see what it means to people. They see how unfair it is. They absolutely cannot believe the government is expecting young people to live on no income. That builds in disadvantage. It entrenches poverty, and once you are in poverty it becomes yet another barrier to employment. When I asked the department how people could access even basic things when they are living on no income, would they be able to access the Employment Pathway funds to pay for their co-payment, they could not tell me. Would they be able to access it to buy clothes to be able to turn up to interviews? They could not tell me.

This is an ideologically driven budget where the government confects a welfare crisis which, as I said this morning, the HILDA report quite clearly shows is nonsense. Fewer people are reliant on income support than were 10 years ago. That is a confected crisis. The budget emergency is a confected crisis and this is an ideological driven approach to those who are most vulnerable in this country. Far from being fair, as Joe Hockey claims, it is unfair. It will not improve inequality in this country, it will increase inequality. The government were so keen to bring in these cuts that they have not actually thought through what it means. They have not thought through what it means to cut a full-time Disability Commissioner—or maybe they did think that through, because for the people who are going to be affected by this budget, people with disabilities, one of the people they can turn to to make a complaint is the Disability Commissioner. We will cut that out, we will not have a full-time one of those. What is the greatest number of complaints the Human Rights Commission gets? You guessed it, disability. That is what they are up to. (Time expired)

**Senator DASTYARI** (New South Wales) (18:28): I congratulate the senator who spoke before me. I will not speak with the same level of energy and passion, so I apologise in advance to the Senate. There is nothing fair about the budget that is being proposed. There is nothing fair about a series of measures that fundamentally affect working Australians, that fundamentally attack the social fabric of our society. To assess the unfairness of the budget proposals that have been presented, you have to look at some of these measures and start to appreciate just who these measures are going to target, just who these measures are going to hurt.

I think one of the most outrageous of the measures that have been proposed is the $7 increase for GP visits, compounded with a cut to hospital funding, particularly beyond the
forward estimates. The biggest losers out of this budget are going to be working families, those who are struggling to make ends meet, those who have two or three kids. We all know, and especially those of us who have young kids know, that they all tend to get sick at the same time. The financial burden is going to be considerable.

Sitting suspended from 18:30 to 19:30

Senator DASTYARI: As I was saying earlier, among the big losers in this budget are the sick and the needy. Before the dinner break, we were discussing the failure of the Abbott government to deliver a budget that promotes fairness and opportunity. I was speaking in particular about the impact of the $7 increase for GP visits. The fact is that we are not all as healthy as Senator Williams, who is sitting here today, who I note was born on 16 January 1955. We are not all fit and healthy 59-year-olds! There are a lot of people who go to the doctor repeatedly. They have young children, many of whom get sick at the same time. This just places another financial burden on them.

University students will be losers in this budget, which simply is not fair. University fees will be higher because of deregulation and because of the 30 per cent increase in university fees. Senator Williams might remember a time long ago, when he was going through university, when access to university was provided free by the government. That came after a period where it was provided under a scholarship. Frankly, we have moved too far away from that.

The losers in this unfair budget will be those across the world, who do not really have the voice that we have in this chamber, with a proposed cut of $7.9 billion in the foreign aid budget over five years. There is no fairness and no opportunity in a budget where 16,500 Public Service personnel look like they are going to be losing their jobs. Where is the fairness and opportunity when you cut family tax benefit B, when you raise the pension age from 67 to 70 and when you cut concessions? Young unemployed people under the age of 30 will face a six-month wait for a reduced dole. All Australian motorists, every time they get into a car—or, in Senator Williams's case, a tractor—will have to pay an extra fuel levy. Where is the fairness in a $500 million cut to Indigenous programs over five years? Nearly $1 billion is going to be cut from local councils and local government grants and the support that will be provided over the next four years. And what I am really concerned about is that, while there appears to be a cut of only $43.5 million to the ABC and the SBS, the government have made it very clear in the language that they have used that they see this as only a down payment. What worries me is that, in that space, there will be more cuts to come.

There are some measures which I think are a good thing: the pay freeze for politicians and senior public servants and the axing of the gold travel pass are things that should have been looked at as part of this budget. But there are big losers in this budget. There has been a failure to provide any opportunity, equity or fairness. What do we have here in this budget? A debt levy of two per cent has been stipulated for those earning over $180,000. That is really just a fig leaf to cover the horrible cuts that this budget will inflict on low- and middle-income earners. We have heard speaker after speaker in this chamber, today and on other days, talk about all the great things in the budget and who the real winners are going to be. Let's have a look at who the proposed winners in this budget are. The government likes to talk about the $20 billion medical research future fund. But let's be clear how that is being paid for: it is being paid for by middle-income Australians having to pay a levy every time they see a
doctor. It is a win for big pharma, a win for the pharmaceutical industry as a whole. At this stage, what is so concerning is that there are still no details and there is still no actual plan; all we have is a couple of words—

Senator Farrell: They don't have a plan!

Senator DASTYARI: There is no plan! They talk about the 1½ per cent company tax cut and the fact that there is no parental leave levy for small to medium businesses. But let's have a look at what that really means: all they are doing is trying to take credit for not harming one sector of the community. The government talks about infrastructure spending of $11 billion. But most of that funding had already been committed by the previous government, and none of it has been directed towards public transport. We hear about austerity, about how tough things are and about all the cuts that need to be made. Yet they can still find $245 million over the next five years for a school chaplaincy program and they can still find money for a paid parental leave scheme which is too generous, unnecessary and will give millionaires a payment of $50,000. I am glad Senator Williams is here with us today, because I know how important this measure has been to him. I appreciate the support he has given those on this side of the chamber with his strong, vibrant, energetic and vocal opposition to the paid parental leave scheme. I just want to stress to the senator on the other side that there is certainly a place sitting beside or behind me if he ever wants to come and join us when we vote on this measure in the coming weeks. I look forward to holding his hand when we vote together on that measure.

Look at this budget. We talk about austerity, we talk about toughness and we talk about the fact that we have to inflict pain, yet the pain is not being evenly felt. Those on lower incomes, those in middle Australia, those who are sick, those who are young and those who depend on government support are being disproportionately damaged by what is being proposed in this budget. Frankly, a lot of us and a lot of people in Australia are fed up and angry. They are angry about this. You only have to walk down the street or talk to an Australian family to hear how worried they are about the budget. By banding together, standing up and fighting this budget, we can make sure there is a more equitable outcome for all Australians.

Senator WILLIAMS (New South Wales) (19:38): What a pleasure it is to follow Senator Dastyari! We talk about the medical research fund we want to build, and this is really concerning: on 28 July, Senator Dastyari will turn 31, and he has already forgotten about the financial mess the Labor Party made in this place. We might be able to find a cure for early amnesia. We might be able to do something so that a young fellow like Senator Dastyari does not lose his memory completely.

Last time I spoke in this place about the budget was the day of the budget—you might remember it, Senator Dastyari—and I mentioned how you were just six years old in 1989, the last time the Labor Party in Canberra in government delivered a budget surplus. I have to tell you more, Senator Dastyari. Let us go back to when you were six years old, perhaps nearly seven, when the Labor Party sent the state of Victoria broke. You would not remember it, but I am sure people around you would. But they did not stop there; they actually sent Western Australia broke as well.
Senator Farrell: That is not true.

Senator WILLIAMS: Then to continue their dominoes falling, they sent South Australia broke as well, Senator Farrell, didn't they? You would remember it. Premier John Bannon was the name—he was probably one of your mentors into this place—when they sent South Australia broke. But it gets worse. Then they sent Tasmania broke. I talked about that budget surplus of 1989 from the then Treasurer, Mr Keating—

Senator Farrell: Mr Acting Deputy President, I rise on a point of order. Senator Williams has completely failed to mention Mr Martin Hamilton-Smith, who has left—

The ACTING DEPUTY PRESIDENT (Senator Furner): There is no point of order.

Senator WILLIAMS: What a waste of taxpayers' money that sort of interjection and point of order is. It is crazy. I will get back to the point. I love it when the Labor Party brings up the issue of the budget—you lead with your chin every time. Look at your history. This is a free kick in front of goal, just like the Sydney Swans when they defeated Port Adelaide on the weekend. It was a great result.

We went through Victoria, Western Australia, South Australia and Tasmania. Then Mr Keating started the borrowing here, and in no time he had built up $96 billion of debt. Senator Dastyari is concerned about the budget, but it is as simple as this: you take a little bit of pain now or enormous torture later on. That is the fact of it. You talked about money and how we could be using money here, there and everywhere. Senator Dastyari, you probably have not been here long enough to remember the pink batts fiasco. What a terrible waste of money, and it had very serious issues—a couple of hundred houses burned down and, sadly, four men lost their lives. That was the sad part about it all.

Then there were the school buildings. What a great campaign: $16.5 billion worth. I thought the best thing—and Senator Nash would remember this—was when we launched the National Party election campaign in 2010 down at Wagga Wagga. We were there that day, and they had built this big covered outdoor learning area—and guess what? The day we launched the Nationals campaign, it fell over. It crashed to the ground. What a great investment of taxpayers' money that was—sorry, it was not taxpayers' money; it was money you borrowed. You borrowed so much money that, as of last Friday, the Australian taxpayers owe, on the whole, $328.5 billion. And you are wondering why we stopped this mess.

As I said, it is a matter of a bit of pain now or severe torture later on if we do not address the budget problems that we inherited from the mess you made, and that is how it has been all of my life. Half of Australian households receive a taxpayer funded payment. Over 70 per cent of Australians over 65 receive the age or service pension. This year, the Australian government will spend over $6,000 on average on welfare—Senator Dastyari, you need to listen to this; this is really important—for every man, woman and child in the country. Can this go on? No, it cannot go on. You cannot just keep borrowing money and spending it.

You talked about health. I want to say that there are some great points that my colleague Senator Nash—the Assistant Minister for Health—has brought forward. We have provided $238.4 million over five years to double the Practice Incentives Program teaching payments for general practices which provide teaching opportunities to medical students. We have provided $52.5 million over three years for a minimum of 175 grants for existing general practices in rural and regional settings to provide additional space for supervision, teaching
and training of medical students and general-practice registered nurses. Now, I said rural and regional. I am sure that Senator Dastyari does not understand what 'rural and regional' means, because he is one of those senators who probably gets out to the limits of Sydney and, if he is not watching the GPS, will not know where he is going and will be afraid of getting lost. He would never have been out there.

You talked about the fuel excise indexation. We need our roads fixed. You said, 'The farmers are going to have to pay extra for the diesel in their tractors.' Senator Nash, what a joke! Senator Dastyari, you do not realise that all the excise is rebated to the farmers—and the fishermen and the miners—because farmers are not wearing the roads out when they are ploughing the paddocks. You might not be aware of that. You see, the tractors do not go around the roads all the time. They actually are on the other side of the fence, ploughing the paddocks. They are not on the road. You have got to learn this, Senator Dastyari: when a farmer is ploughing a paddock, they are not wearing out the roads—but they are competing against subsidised farmers all around the world. In Europe last year, there were $65 billion of subsidies to their farmers. In America, there were $25 billion of subsidies to their farmers. And, in China, there were a massive $127 billion of subsidies to their farmers. You need to understand that the diesel fuel rebate is so important so that our farmers can compete. If you can ever get past your GPS and get out into the rural areas a bit, I will gladly show you around the electorate of New South Wales one day. Come out, and we will show you how farming operates. We can show you the difference between a tractor and a header—

Senator Nash: And a sheep!

Senator WILLIAMS: and a sheep and a cow. You will learn a lot in quick time.

Let me continue. There is $13.4 million over three years to support 500 additional scholarships targeted to areas of workforce shortage and to support students and health professionals from rural and remote areas to access education and further training. This is what Senator Nash is doing—improving the medical services for people out in the rural and regional areas. Some on the other side would not understand, because they can probably walk into a GP any day of the week. They probably do not have to line up. But where we live, in many of those country towns out there, you have to book one week, two weeks, sometimes three weeks ahead to get into a GP. It could be up to three months to get into a dentist. But you would not understand this because you just focus on the cities. You do not understand the regional areas, where the nation's wealth is created, where the food is growing, where the exports are produced. You need to learn that there is more to Australia than just the capital cities. If you did that, you would probably hold more than—what is it?—two or three rural and regional seats in the nation.

Senator Farrell: They'll come back next time!

Senator WILLIAMS: No, no. The people out in rural Australia have not forgotten your carbon tax, your cost of living, your debt building, your waste of money and the way you left this country in such a financial mess. Senator Dastyari, the people in rural and regional Australia do not suffer the amnesia that you do. Thankfully, they have not forgotten everything.

Let me continue. There will be an additional $6 million to current funding of the Royal Flying Doctor Service. Do you know what the Royal Flying Doctor Service is? Have you ever
heard of it? For essential services in rural and remote Australia, the Australian government will also support training for up to 300 extra GPs a year, by boosting GP training places from 1,200 to 1,500 in 2015, based in rural areas as far as possible—and at least 50 per cent of the new trainees will be required to be in rural and remote areas. This is what we are doing in this budget to help people in rural and regional areas. My colleague Senator Nash has control of it. She is the one who is delivering better health services out of this budget—because those people you have forgotten about we do not forget about. We realise that they are the heart of the nation. In addition, substantial Australian government assistance is provided through general health programs and assistance to the states and territories, through various programs with a significant amount directed to people living in regional Australia. In 2014-15, over 160,000 patient contacts will be supported under the Rural Health Outreach Fund. You have probably never heard of that, but 160,000 patient contacts—

(Time expired)

Senator CAROL BROWN (Tasmania) (19:48): Senator Williams started his contribution in this matter of public importance discussion by talking about amnesia. I am going to remind Senator Williams that the National Party, the Liberal Party and, as a group, this government obviously have amnesia, because they promised no cuts to health, no cuts to education and that they would not touch the pension, would not cut the ABC and would not cut SBS. I know Senator Williams is a bit conflicted here because he does not support the government's PPL. Unfortunately he was not able to touch on it in his short contribution here today. As he wanders out, can I say to him: the Labor Party are very concerned about the rural and regional areas of Australia. He talked about scholarships. Let us have a look what is happening with scholarships in terms of nursing and allied health in Tasmania. The government have ripped out the Tasmanian scholarship scheme just like that. Whether they had any discussions with the Tasmanian government, I would not know, because Will Hodgman, unfortunately, the Premier of Tasmania, has made no comments about standing up for Tasmania.

What we are talking about here today is fairness—the fairness of this budget and fairness of opportunity. As I have gone around and talked to people and gone to forums, I have not seen one federal Liberal member. They are all in hiding in Tasmania—not out there supporting their budget, not out there spruiking how wonderful it is, but hiding. There is a reason for that. It is that this budget is manifestly unfair. It hits the lowest 20 per cent of income earners in this country with a five per cent reduction in income and, in contrast, the highest 20 per cent of income earners have their income reduced by 0.3 per cent. It is manifestly unfair. What we have heard as we have gone around and talked to people is that they voted for this government on the word of the now Prime Minister, Mr Tony Abbott. He said he would not touch the pension—no changes to the pension. And we had Senator Fifield come in here today and say that pensions were going up—a complete and utter furphy in terms of what they are really doing.

We know, and the budget papers tell us, how much they are saving—nearly half a billion dollars—from pensions. If the pensions are not going to go down in real terms then how are they making those savings? They came in here in a flurry to tell us that the pensioners will not be affected and that pensions will go up—but there is a half-a-billion-dollar saving. We are talking about people, full aged pensioners, living on $20,000 per annum. It is manifestly unfair that they have to carry the burden of these budget cuts—not only that but carry the burden of the complete and utter lies that were told during the campaign as well.
I went to a forum in Launceston, which is a city in Mr Nikolic's electorate of Bass. At that meeting there was a woman who identified herself as having voted for the Liberal Party.

Senator Farrell: I bet she regrets that now.

Senator CAROL BROWN: Absolutely, Senator Farrell, she absolutely regrets it now. On the basis that Mr Abbott said that he would not change pensions, not touch the pension, she had believed him. And she should be able to believe the leaders of the parties. Not only did Mr Abbott lie to the electorate— (Time expired)

Senator RUSTON (South Australia) (19:54): Listening to the contributions of those who went before me tonight, I would like to establish one fact. When you refer to a savings in forward estimate projections on budgets, you do not actually have to cut something to get a saving. You do not actually have to take money away or reduce something to get a saving. What you actually do when you are changing budgets into the future for savings is just reduce the amount by which it is to be increased. I draw this to your attention on the back of a budget that, unfortunately, those in the coalition believed we had to have. One of the things we have heard so much about with this budget has been the fact that the debt to GDP ratio is not that bad when compared to the rest of the First World.

Senator Farrell: That is a good guide. Is that the best you can do, the rate of increase?

Senator RUSTON: I will take Senator Farrell's interjection. I agree that the level of debt is probably not the most massively important factor in this debate. The most important factor in this debate is the rate by which the debt is increasing over the forward estimates. The rate of increase projected by the budget handed down by the previous government suggested that the rate of increase in our debt was going to be higher than any other country in the OECD. I put on the record that it is actually the rate of increase in this debt that was totally unsustainable.

I draw the chamber's attention to the situation in Greece. In 1985, Greece's debt to GDP ratio was 50 per cent. In Australia, many will tell us that the debt to GDP ratio of this country is only 13 per cent or 14 per cent but we fail to add to that the debt that is currently carried by our states, which takes it up to 25 per cent. Okay, we will agree that that may well be the case. But if we continue to increase our debt at a rate that is greater than we are able to service the debt then we all end up in a terrible place. I am sure those listening would understand that if you went to the bank and asked the bank if they would continually fund the interest-rate that you are required to pay on your loan, very shortly the bank would turn around and say, 'We are terribly sorry but we are not prepared to finance your interest. You have to at least finance that yourself. We may not expect you to keep paying the debt back but you need to at least pay back your interest.'

I put on the record that we need to compare apples with apples. It is the same with the misinformation that we have cut education and cut spending in health. The cold hard reality is that spending on health and spending on education will continue to increase over the forward estimates. Those opposite will complain and carry on and say that we are cutting spending but the simple fact is we are just not increasing spending at the same unsustainable rate that they were increasing spending.

I also noticed that the previous speaker talked about fairness. Do you know what is fair? What is really fair is our obligation as senators and as members of the House of
Representatives to make sure that this country is in a sustainable, solid and strong state for our children and for their children. To keep increasing debt at an accelerated rate over the forward estimates is not, I believe, a fair way to be addressing our budget. To address the budget, everybody in Australia is asked to play their small part in trying to make sure that we bring our budget back into some sort of sensible space so that we can put our country on an economic trajectory that allows our children and their children to have a future. I think that is a very fair budget indeed. As I said, everybody is doing their bit and everybody is asked to do a little bit. Nobody is being asked to do a major amount but I do not think anybody has been left without being asked to do something. I would say to those opposite that we need to be honest about what this budget is about and about what is contained in it. And we need to tell the public the truth: it is a fair budget and it is a budget that every Australian should be proud of.

The ACTING DEPUTY PRESIDENT (Senator Furner): The time for this debate has expired.

DOCUMENTS
Tabling

The ACTING DEPUTY PRESIDENT (Senator Furner) (19:59): I present documents listed on today's Order of Business at item 14 presented since the Senate last met. In accordance with the terms of the standing orders, the publication of the documents was authorised.

The list read as follows—

Documents presented out of sitting

COMMITTEE REPORTS (pursuant to Senate standing order 38 (7)).


Legal and Constitutional Affairs Legislation Committee—Interim report—Migration Legislation Amendment Bill (No. 1) 2014 [Provisions]. [Received 27 May 2014]

Legal and Constitutional Affairs Legislation Committee—Interim report—Classification (Publications, Films and Computer Games) Amendment (Classification Tools and Other Measures) Bill 2014 [Provisions]. [Received 27 May 2014]

Legal and Constitutional Affairs Legislation Committee—Interim report—Criminal Code Amendment (Harming Australians) Bill 2013. [Received 28 May 2014]

Legal and Constitutional Affairs Legislation Committee—Interim report—Criminal Code Amendment (Misrepresentation of Age to a Minor) Bill 2013. [Received 28 May 2014]

Economics References Committee—Interim report—Performance of the Australian Securities and Investments Commission. [Received 28 May 2014]

Education and Employment Legislation Committee—Fair Work Amendment Bill 2014 [Provisions]—Report, dated June 2014, Hansard record of proceedings, additional information and submissions. [Received 5 June 2014]


Legal and Constitutional Affairs Legislation Committee—Migration Amendment (Offshore Resources Activity) Repeal Bill 2014 [Provisions]—Report, dated June 2014, additional information and submissions. [Received 6 June 2014]

GOVERNMENT DOCUMENTS (pursuant to Senate standing order 166)

Paid Parental Leave Act 2010—Paid Parental Leave Scheme—Review report by the Department of Social Services, dated June 2014. [Received 10 June 2014]

REPORTS OF THE AUDITOR-GENERAL (pursuant to Senate standing order 166)

Report no. 37 of 2013-14—Performance audit—Management of services delivered by Job Services Australia: Department of Employment. [Received 11 June 2014]

Report no. 38 of 2013-14—Performance audit—Establishment and administration of the National Offshore Petroleum Safety and Environmental Management Authority: National Offshore Petroleum Safety and Environmental Management Authority. [Received 12 June 2014]

Report no. 39 of 2013-14—Performance audit—Compliance Effectiveness Methodology: Australian Taxation Office. [Received 12 June 2014]

RETURN TO ORDER (pursuant to Senate standing order 166)

Administration—Livestock Shipping Services—Order for Production of Documents—Documents—Letter to the President of the Senate from the Minister for Agriculture (Mr Joyce) responding to the order of the Senate of 14 May 2014 and raising public interest immunity claims and attachments. [Received 23 May 2014]

STATEMENTS OF COMPLIANCE WITH SENATE ORDERS (pursuant to Senate standing order 166)

List of Departmental and Agency Appointments And Vacancies (continuing order of the Senate of 24 June 2008, as amended):

Agriculture portfolio. [Received 19 May 2014]

Communications portfolio. [Received 22 May 2014]

Defence portfolio. [Received 20 May 2014]

Department of the Prime Minister and Cabinet. [Received 19 May 2014]

Department of Veterans’ Affairs. [Received 20 May 2014]

Education portfolio. [Received 20 May 2014]

Environment portfolio. [Received 20 May 2014]

Foreign Affairs and Trade portfolio. [Received 23 May 2014]

Health portfolio. [Received 16 May 2014]

Infrastructure and Regional Development portfolio. [Received 19 May 2014]

Indigenous Affairs. [Received 16 May 2014]

Social Services portfolio. [Received 26 May 2014]

Treasury portfolio. [Received 23 May 2014]

Lists of Departmental and Agency Grants (continuing order of the Senate of 24 June 2008):

Attorney-General’s portfolio. [Received 27 May 2014]

Australian National Preventive Health Agency. [Received 27 May 2014]
Communications portfolio. [Received 22 May 2014]
Department of Agriculture. [Received 22 May 2014]
Defence portfolio. [Received 20 May 2014]
Department of Education. [Received 19 May 2014]
Department of Employment. [Received 16 May 2014]
Department of the Prime Minister and Cabinet. [Received 19 May 2014]
Department of Veterans’ Affairs. [Received 20 May 2014]
Environment portfolio. [Received 16 May 2014]
Foreign Affairs and Trade portfolio. [Received 23 May 2014]
Indigenous Affairs. [Received 16 May 2014]
Organ and Tissue Authority. [Received 27 May 2014]
Social Services portfolio. [Received 26 May 2014]
Treasury portfolio. [Received 23 May 2014]
Ordered that the committee reports be printed.

COMMITTEES
Legal and Constitutional Affairs Legislation Committee
Economics References Committee

Reporting Date

Senator RUSTON (South Australia) (19:59): by leave—At the request of the chairs of the
Legal and Constitutional Affairs Legislation Committee and the Economics References
Committee, I move:

That—
(a) the time for the presentation of reports of the Legal and Constitutional Affairs Legislation
Committee be extended, as follows:
(i) provisions of the Independent National Security Legislation Monitor Repeal Bill 2014—to 19
August 2014,
(ii) provisions of the Migration Legislation Amendment Bill (No. 1) 2014—to 21 August 2014,
(iii) provisions of the Classification (Publications, Films and Computer Games) Amendment
(Classification Tools and Other Measures) Bill 2014—to 27 August 2014,
(iv) Criminal Code Amendment (Harming Australians) Bill 2013—to 4 December 2014, and
(v) Criminal Code Amendment (Misrepresentation of Age to a Minor) Bill 2013—to 4 December
2014; and
(b) the time for the presentation of the report of the Economics References Committee on its inquiry
into the performance of the Australian Securities and Investments Commission be extended to 26 June
2014.

Question agreed to.

DOCUMENTS

Consideration

Senator RUSTON (South Australia) (20:00): I seek leave to move a motion to provide for
the consideration of the documents just tabled.
Leave granted.

**Senator RUSTON:** I move:
That consideration of the documents be listed on the *Notice Paper* as separate orders of the day.

Question agreed to.

**Responses to Senate Resolutions**

**Tabling**

*The ACTING DEPUTY PRESIDENT (Senator Furner) (20:00):* I present responses to Senate resolutions as listed at item 15 on today's *Order of Business*.

*The list read as follows*—

- Minister for Foreign Affairs (Ms Bishop) to a resolution of the Senate of 18 March 2014 concerning development assistance in the Pacific region
- Minister for Agriculture (Mr Joyce) to a resolution of the Senate of 20 March 2014 concerning the northern beef cattle industry
- New South Wales Minister for Health (Ms Skinner) to a resolution of the Senate of 20 March 2014 concerning National Close the Gap Day
- Premier of Tasmania (Mr Hodgman) to a resolution of the Senate of 20 March 2014 concerning National Close the Gap Day
- Ambassador Extraordinary and Plenipotentiary, Embassy of the Lao People's Democratic Republic (Phomma Khammanichanh) to a resolution of the Senate of 26 March 2014 concerning Mr Sombath Somphone
- Attorney-General (Senator Brandis) to a resolution of the Senate of 26 March 2014 concerning detention of people with cognitive impairment
- Minister for the Environment (Mr Hunt) to a resolution of the Senate of 14 May 2014 concerning the Western Australia shark cull

*Senator SIEWERT* (Western Australia—Australian Greens Whip) (20:00): I seek leave to take note of a number of the responses to the Senate resolutions, but specifically I would like to take note of Minister Hunt's response on the shark motion.

Leave granted.

**Senator SIEWERT:** I move:
That the Senate take note of the response by the Minister for the Environment (Mr Hunt) to a resolution of the Senate of 14 May 2014 concerning the Western Australia shark cull.

I note the response by the Minister for the Environment, Greg Hunt, to the passing of the Senate's resolution on the Western Australian government's Shark Hazard Mitigation Drum Line Program, commonly known in Western Australia as the shark cull. He makes several points, but in particular he talks about how he has now requested an assessment of the environmental impacts of an extended so-called shark mitigation program for three years. He should never have exempted the last shark cull in Western Australia, which did not catch any great white sharks but did catch an excessive number of tiger sharks. I will come back to that point in a minute.

Finally, he has required an assessment of the three-year program, which the state of Western Australia is carrying out under the bilateral agreement. Here you have the state of Western Australia, the proponent of the shark cull, now being the body responsible for the
assessment of that program. If you look at the public environmental review document that was released, comments are due for the four-week comment period on 7 July. If you look at some of the fundamentals of this program, I do not see how the minister can do anything else but reject this program.

The program is predicted to kill 300 tiger sharks annually. That is 900 tiger sharks. The report acknowledges that they will probably only catch around 25 great white sharks over that three-year period. We are sacrificing 900 tiger sharks. There is no formal stock assessment of the tiger shark population found off WA. We also know from the 2014 shark cull program that there were three female tiger sharks caught for every male tiger shark caught. We do not know what impact that program—taking that many female breeding tiger sharks—is going to have on the tiger shark population. Great white sharks have been the shark identified for those fatal shark attacks off the coast of Western Australia, so there is no justification for taking 900 tiger sharks through this culling program. We know that the great white sharks are highly migratory, so even if they do catch one it is not going to reduce the possibility of individuals being taken or attacked by a great white shark.

We know that the great white shark population off the coast of Western Australia has not rebounded, contrary to some of the extraordinary claims made in the PER about the number of great white sharks and the population of great white sharks. Suddenly, they are making ridiculous claims of 5,400 individuals, when research shows that there are around 700 mature breeding animals. All of a sudden, with no justification, the government is now claiming that there are over 5,000 great white sharks.

The other great concern with the PER is that they are acting as if these shark culls and drum lines are the only possibility in terms of dealing with shark hazard mitigation. For example, the PER does not adequately assess environmentally friendly shark barriers, personal safety devices or the shark spotters from South Australia. There are great holes in this PER. It is predicated on the fact that they think that a cull is actually going to stop great white shark attacks. It also puts forward to the public a false sense of security.

This program not only is a waste of money but is based on fallacious information. It will kill nearly 1,000 tiger sharks, which are not the target species. It is a population that has not been adequately studied. It will not improve safety. The majority of Western Australians do not support the shark cull. They want to look at alternative methods. The government claims that the shark attacks will reduce tourism, when the overwhelming feedback that we have had is that in fact it reduces tourism because people do not want to come to a state where they are killing sharks—where they are killing tiger sharks and where they are trying to kill great white sharks.

The government claim that they did some monitoring and tagging of the sharks that were caught and released. They also acknowledge that they cannot guarantee that those sharks that they are catching and releasing will actually survive. The tagging that they did was putting plastic tags—most of them were just plastic tags—on the fins of the sharks that they released. As I said, they do not even know if those sharks survived.

The government also claims that they will carry out this shark cull in a humane manner. If what they did over the months of January to April in Western Australia in 2014 is an example of their 'humane treatment', they have a lot to learn about humane treatment. There are photos of sharks with hooks through their heads, through their mouths—the way they were brought
onto boats. In nobody's wildest imagination could anyone think that those sharks were dealt with humanely. There are photos of contractors over the side of the boat stabbing sharks that were on drum lines. For a start, if you are being humane, you do not use the hooks that they use on the drum lines; you use circular hooks that do not damage and kill sharks. Sharks were left on hooks, dangling for hours on end, and were attacked by other sharks. That is not humane.

This program did not work this summer. It will not work next summer or the summer after that or the summer after that. The government seems to have forgotten one of the key facts as well: of the seven attacks that they reference, five were in periods when they do not intend to put drum lines in the water. This is another expensive PR exercise from the Barnett government. The federal government should never have facilitated it in the first place. They should not facilitate it any further. They should uphold their responsibilities to protect the marine environment, to protect the great white shark, and to protect the other species that are covered by the various conventions and responsibilities under the Environment Protection and Biodiversity Conservation Act.

This is a flawed policy. It is not supported by Western Australians. They do not do this in our name. We urge the federal government to carefully assess this PER and reject it. By any standard, this is a substandard PER; it does not protect the great white shark and it does not protect humans. The Barnett government needs to think again. It needs to come back with a mitigation program that does not rely on killing nearly 1,000 tiger sharks, and that will kill great white sharks. I remind people that the great white shark is listed as a vulnerable species under the Environment Protection and Biodiversity Conservation Act and should therefore be protected; as should the other species—for example, there were some shortfin makos caught during the last cull and they could be caught again. They have been nominated as a vulnerable species. They are recognised on the red list internationally—as are tiger sharks, by the way—by the IUCN.

This is a flawed policy. It should be abandoned and the federal government should not facilitate it for one further minute.

Senator IAN MACDONALD (Queensland) (20:10): I also wish to speak on the motion to take note of this resolution. I do not want to enter into Western Australian issues as such; although, this is about Western Australia. I just want to bring a reality check to the debate.

Shark lines have been in place in Queensland for most of my lifetime. I remember, when I was a youngster, there used to be shark fatalities along Queensland beaches. As you all know, Queensland has some of the best beaches in the world. Whilst I come from the north and we are always very proud in the north, the one thing we do not have a lot of is good sandy beaches like you have in the south of Queensland—around the Gold Coast and the Sunshine Coast. But even up our way, where people go into the water there are shark lines. And do you know what? There has not been a fatality for years. Touch wood!

I have often said when issues arise about crocodiles: if it is the life of a crocodile against the life of a human being, I will always go for the human being. Where crocodiles are in areas inhabited by human beings, I think they should be removed. I am delighted to say that the current Queensland government, unlike the previous Labor government, has adopted a practice where crocodiles in populated areas are removed. The same thing happens to those crocodiles as happened to them under the previous government—that is, they are put out of
sight and out of mind for a few days, and then sold to either an abattoir or a zoo. That is not what this issue is about. But the issue of human life is the same. It has become a very popular political issue in Western Australia. It has allowed the Greens and their cohorts a hook with which to attack the Barnett government, because, as you know, the Greens are agents of the Labor Party, and they will do anything possible to get rid of a very successful, progressive, good government, which is a sound financial manager, in Western Australia. The Greens will take any opportunity to do that. The latest thing the Greens can talk about is the great white sharks. Again, I wonder where the Greens are at when it comes to these things off the Queensland coast or off the New South Wales coast—

Senator Siewert interjecting—

Senator IAN MACDONALD: It is not popular there anymore. It has all been happening for 50 years. People accept it because they believe that human life is more important. But in Western Australia it is a new thing. They can make a bit of political capital out of it, so they think, 'Let's have a go at it'.

Senator Siewert: Read the evidence. Go and read the evidence on the Queensland drumlines.

Senator IAN MACDONALD: And what does it say?

Senator Siewert: It shows that it has not in fact worked.

Senator IAN MACDONALD: There have not been any fatalities there. Perhaps we—

The ACTING DEPUTY PRESIDENT (Senator Furner): Senator Macdonald, you will address your comments through the chair.

Senator IAN MACDONALD: Yes, Mr Acting Deputy President. Perhaps we have just been lucky in Queensland. I bear the sharks no ill-will, but I again say that, if it is a question of human life or the life of a shark, I know what I will go for. The evidence is that, where there used to be fatalities along the Queensland coast and in more recent times along the New South Wales coast, since protective measures have been put in place, those fatalities have lessened considerably.

We don't hear from the Greens about that in Queensland. We don't hear too much from them about it in New South Wales but in Western Australia, as I say—a popular political thing; something you can attack—with an almost unassailable government in Colin Barnett's government, it gives the Greens and their Labor mates something to go ahead on. I think any measure that helps saves human lives is a measure that should be supported by this Senate.

Question agreed to.

Detention of People with a Cognitive Impairment

Senator SIEWERT (Western Australia—Australian Greens Whip) (20:15): I seek leave to move a motion in relation to the response by the Attorney-General to the motion that we passed in the Senate regarding accommodation support services for people with a cognitive impairment in the justice system.

Leave granted.

Senator SIEWERT: I move:

That the Senate take note of the document.
I thank the Attorney-General for the response and for saying that he has asked his department to continue to monitor developments in this area and to brief him on different approaches in the states and territories. Before that he made the point that it was an important issue for the justice system but that criminal detention and detention of people in mental health facilities are under state and territory governments. We know that. I am pleased to see that, on the one hand, he seems to be palming it off to the states and territories. He has said he has asked his department to consider these issues. Because of course we are seeing a lot of people with significant cognitive impairments being held without trial in the justice system which many people, including me, believe is not fair. In particular, discussion at that time arose because of the detention of Ms Roseanne Fulton in Kalgoorlie in my home state of Western Australia and her desire to go back to Central Australia, which is where she came from.

I understand that the Northern Territory government is actively engaged with the Western Australian government in trying to safely transfer Ms Fulton back to Alice Springs. Last time I had communication about that, those negotiations were ongoing. I understand at that time there was goodwill on both sides but there were still issues to be resolved. This is an issue not only in Ms Fulton's case but in how you provide safe accommodation for people.

This is one of the areas I understand Senator Scullion has become involved in, and I am very pleased to see that. Again, it highlights the importance of the Minister for Indigenous Affairs taking an interest in this, and the leadership that the federal government can and, I believe, must show. These issues are not just confined to the different states and territories; there are many cross-boundary issues. It goes to the issue of how we support people with a cognitive impairment that become involved in the justice system.

In my home state, again, in Western Australia we had Mr Noble's case where he was held without conviction in the criminal justice system in completely inappropriate circumstances. He was held for a long period of time before enough community members were able to raise awareness of the issue of people with cognitive impairment being held in the justice system, which is not designed for people with cognitive impairments. It isn't fair. They have not been helped. They have not been convicted of a crime and yet they are being held in detention.

Ms Fulton's case, I am hoping, will be satisfactorily resolved but it is one of many cases. The community and people's guardians should not have to be campaigning to the extent that was required for Ms Fulton to ensure that people are properly supported, in appropriate accommodation and not held in some cases for longer than a decade without conviction.

I urge Attorney-General Brandis to keep on at his department to continue to monitor developments in the states and show leadership by pulling those states and territories together to get progress. This has been an issue that has been ongoing for some time.

I congratulate the community and the work that has been done to raise awareness of this issue. We cannot let this issue fall off the agenda now. It is critical that we keep pursuing this issue to ensure that it is resolved so that in 12 months time those of us who are working on it do not have to come back and ask for another Senate motion to raise awareness of somebody else who has been held without conviction in inappropriate accommodation away from their families and without appropriate support and advice.

Question agreed to.
Northern Beef Cattle Industry

Senator IAN MACDONALD (Queensland) (20:20): I move that the Senate take note of the response by the Minister for Agriculture, Mr Joyce, in relation to the northern beef cattle industry.

Leave granted.

Senator IAN MACDONALD: I move:

That the Senate take note of the document.

I thank the minister for his response in which he sets out some of the work that the government is doing in relation to the drought and he details in brief the drought package that has been implemented by the Australian government. I am appreciative of that.

He goes on to talk about how the Australian government has introduced the Interim Farm Household Allowance to help farmers in hardship with their daily living expenses. He draws attention to the Farm Finance Concessional Loans and the rural counsellors who have been increased under this government. He then goes on to talk about the government's white paper on developing northern Australia and a green paper that has recently been released in that regard. I know Senator Eggleston will be talking on that later—specifically on northern Australia.

I am disappointed that the minister and the government have not addressed a real issue in the northern beef cattle industry. The beef cattle industry is one of the most significant and major industries in northern Australia and it employs a very considerable number of people, including a lot of Indigenous people. Apart from the mining industry, in rural northern Australia it is clearly the biggest employer and the biggest industry. But the Senate will recall that a capricious and criminally stupid decision of the previous government was to ban live cattle exports from Australia, and that principally meant from the northern beef cattle industry in Australia. I accept that Mr Joyce, as agriculture minister, was not the government that caused that problem for the northern beef cattle industry, but it was a decision of the Australian government that ruined the livelihoods of so many people—people who had no part in the circumstances that led to their own ruination. I know a lot of families right across northern Australia—in the Gulf in particular—who have lost everything because of that decision of an Australian government to ban live cattle export.

Most senators will recall what happened on the Monday when Senator Ludwig, then the agriculture minister, announced that live exports were being banned to five or so identified abattoirs in Indonesia that were doing the wrong thing by the animals. I remember Senator Ludwig was attacked by the Greens on not going far enough. I have to say that, on that first day—on the Monday, as I recall—Senator Ludwig put in a sterling defence on why it should be those five abattoirs to which live cattle exports were to be prevented and he defended very well the industry's continuation of exports to other parts of Indonesia.

But, lo and behold, overnight, the then Prime Minister, Ms Gillard—because, I suspect, within Labor Party circles a couple of members threatened to resign and cause by-elections, which Ms Gillard knew she would have lost and therefore she would have lost the Prime Ministership—made the decision to ban all live exports. I remember the hapless Senator Ludwig coming in the next day having to completely reverse his argument of the previous day and try to justify this ban. He was never able to do it. I know he never had his heart in trying...
to do it. But that is what happened, and those people, because of nothing they had done, had their livelihoods ruined. People who had been on those properties for generations had to walk off and are still having to walk off as the banks foreclose because of the financial tragedies that occurred as a result of that government decision.

It was not a decision of this government, but it was a decision of an Australian government. I have always said that it behoves the Australian government to in some way compensate those people who have lost everything because of a government decision. Those people, I know, will put up with droughts, with fires and with floods, because that is part of natural calamity. But they cannot put up with capricious and, as I say, criminally stupid decisions of government—retrospective decisions that ruin people's lives. If that had happened in the union dominated manufacturing industry, you can be assured that the very next day Ms Gillard would have had a package of compensation to help those people who had been hurt by a decision of a government. And good luck to them if she had done that. So why are these farmers so different? Why wasn't something brought forward then? I say to my government: it was not your fault; you did not do it, but an Australian government did and an Australian government should announce some sort of compensatory package.

I am disappointed that Mr Joyce has not used the opportunity to come forward with some program that will give some hope to those people who have lost everything. I know enough about how governments work to say that I am not being personally critical of Mr Joyce. I know that he can only do what the government allows him to. I also know that the government is in a difficult financial position, trying to pay off the Labor Party's $650-odd billion debt that they ran up over a few years. I know money is tight and I know that there is not a lot of money around for compensatory packages. But, in all fairness to those people, why does not the Commonwealth government, who made that decision, come forward with some recompense?

I often relate it to the scenario where the government suddenly retrospectively decides that all politicians' pay would be suspended for two years. Where would the politicians go? What would all of those who have mortgages and kids at school do? Yet this is what happened to those landowners in the Gulf. They all had commitments. They had mortgages and they had kids away at school and, when their income stopped overnight due to this retrospective decision of the previous government, they lost everything. We heard evidence in various Senate committees of children having to be taken out of school because the parents could no longer afford to pay the school fees. It was a tragic circumstance.

Without getting into the blame on this occasion, I do say to the current government: the Commonwealth government made that decision and the Commonwealth government should bring forward some sort of compensatory package that in some way tries to address the hurt that has been suffered by so many families that were relying on the northern beef cattle industry for their living.

Question agreed to.

National Close the Gap Day

Senator SIEWERT (Western Australia—Australian Greens Whip) (20:29): by leave—I move:
That the Senate take note of the responses by the New South Wales Minister for Health, Ms Skinner, and the Premier of Tasmania, Mr Hodgman, on the National Close the Gap Day motion.

I take note of the responses from both the New South Wales government and the Tasmanian government on National Close the Gap Day. As the name suggests, the resolution recognised National Close the Gap Day and recognised some of the work that is currently being undertaken. But I must admit that I am very depressed about the future of our ability to close the gap, given the amount of money that has been taken out of Aboriginal and Torres Strait Islander programs that are specifically designed to close the gap.

This money has been taken out of a wide range of programs. During estimates, the normal time when you would expect that we would be able to interrogate the budget's programs and the measures to find out where money was being spent and where cuts were being made, we were not able to find out which programs were going to continue into the future and which were not. There is a significant amount of money being taken out of the budget over the next three years: $534 million. Some is being returned in the out year following that, but there is a large amount of money coming out. I will note that there were suggestions made in the media last week by Mr Mundine that, in fact, he thought they could find another $600 million worth of so-called savings. This would mean that over $1 billion was coming out of Aboriginal spending.

That will have a significant impact on our ability to close the gap. We are already behind on many of the indicators to close the gap. There is a serious question over whether we will be able to close the gap within a generation—the year 2030 is earmarked for that achievement date. During estimates, we were unable find out which programs were being cut. We were told—and I have seen examples of the letters—that there were extensions being made to grants or to the ongoing programs to organisations that were receiving grants. Some received six-month extensions and some received 12-month extensions. Beyond that, people and organisations do not know if they will be funded, because many of the funding programs are being collapsed into a series of five or six categories of funding. When we asked where this funding was coming from, expecting to be able to look at which programs would be funded and which were not, we were not able to be told.

In fact, they have not systematically gone through the programs and said, 'We can find this amount of savings.' They have actually said, 'We will basically cut across the board at about 4.5 per cent, and then we'll cut our cloth to suit that.' How the government can claim that this is about efficiency measures and delivering programs with less red tape is beyond me, given that they have not systematically gone through those programs. We were told, 'Don't you worry; no front-line services will be affected.' Clearly, that is nonsense. You go and make those sorts of cuts and you will clearly have an impact on front-line services.

We heard that comment made when the cuts were made to Aboriginal legal aid and with the policy around policy and advocacy. We were told that it would not affect front-line services and that the cuts to the family violence programs would not affect front-line services. I am sorry to disabuse the government of that notion. When you go and talk to people actually delivering Aboriginal legal services and family violence programs, they will tell you directly that there have been cuts to those programs, that there have been cuts to front-line services and that those cuts do directly impact on front-line services. So, no, I do not believe that there will not be cuts to front-line services.
I think $165.8 million comes out of health services. Again, we are told there will not be cuts to front-line services. You cannot cut that sort of money out of the program. Some of that money is supposedly going into the medical research fund. The problem with that is that we need to be dealing with the significant gap in health outcomes for Aboriginal people now, not in the number of years down the track that they are investing in medical research. People and those services need that funding to be delivered now, not on a promissory note into the future. I would really like to know where an additional $600 million is likely to come from. As I said, you cannot take that amount of money out of these programs and not have an impact.

We have seen report after report where we have been making a little bit of progress on some things, and that that is good. The progress on child mortality is fantastic, but that progress will be undermined if we are going backwards in other areas. Any savings that are made due to efficiencies surely should be reinvested back into Aboriginal and Torres Strait Islander programs so that we can make up the ground in closing the gap where we have fallen behind.

Unfortunately, not only is closing the gap going to be affected by these cuts to the Aboriginal funding budget, but there are also going to be significant impacts on the other budget measures, which we have been debating in this place extensively today. For example, there are the issues around young people, co-payments and pensions. If you increase the pension age to 70, as the average life expectancy of an Aboriginal man is around 69 years, the pension age is above the average life expectancy. These measures also impact on Aboriginal and Torres Strait Islander peoples. I would argue that they would impact disproportionately on Aboriginal and Torres Strait Islander peoples because of the gap in life expectancy and because of the gap in life outcomes for Aboriginal and Torres Strait Islander people.

This budget is not going to help close the gap. We talked earlier about fairness and opportunity I would argue this budget is certainly not fair to Aboriginal and Torres Strait Islander people. Next year I am hoping when we celebrate National Close the Gap Day that we will be able to hold our heads high and show some improvements. I am deeply afraid, however, that we will not be able to, given that at the moment most Aboriginal organisations do not know whether they will be funded in the next 12 months. They have been told they have funding—some for 12 months, some for six months. They do not know whether that will continue. They do not know what programs they will be delivering.

They also tell me they have not been consulted about this process and wonder when proper consultation will come in. I do, however, acknowledge that it is not just this government which has not adequately consulted Aboriginal and Torres Strait Islander people. When Stronger Futures was brought in, one of the strongest complaints we heard besides the continuation of income management was lack of meaningful consultation by the government in the new programs they were delivering. I hope that next year the richness of the current program is still being delivered and that Aboriginal organisations continue to do the work they are now doing, and that they have been adequately consulted about the cuts which are coming their way.

Question agreed to.
Queensland

The DEPUTY SPEAKER (Senator Stephens) (20:39): I present a resolution agreed to by the Legislative Assembly of Queensland on 4 June 2014 relating to lowering the cost of living for Queenslanders.

AUDITOR-GENERAL’S REPORTS

Reports Nos 32, 33, 34, 35, 36 and 40 of 2013-14

The DEPUTY SPEAKER (Senator Stephens) (20:39): In accordance with the provisions of the Auditor-General's Act 1997, I present six reports of the Auditor-General:

No. 32—Delivery of the Hearing Community Service Obligation: Department of Health; Department of Human Services; and Australian Hearing Services.
No. 34—Implementation of ANAO Performance Audit Recommendations: Department of Agriculture and Department of Human Services.
No. 35—Managing compliance of high wealth individuals: Australian Taxation Office.
No. 36—The administration of the Parliamentary Budget Office: Parliamentary Budget Office.
No. 40—Trials of intensive service delivery: Department of Human Services.

COMMITTEES

Appropriations and Staffing Committee

Report


Ordered that the report be printed.

DOCUMENTS

Order for the Production of Documents

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (20:40): I table a document relating to the order for the production of documents concerning homelessness.

COMMITTEES

Joint Select Committee on Northern Australia

Report

Senator EGGLESTON (Western Australia) (20:44): I present the interim report of the Joint Select Committee on Northern Australia, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator EGGLESTON: by leave—I move:

That the Senate take note of the report.

The Joint Select Committee on Northern Australia has been tasked by the parliament to consider policies for developing parts of Australia that lie north of the Tropic of Capricorn,
spanning Queensland, Western Australia, and the Northern Territory. The Alice Springs region, which is just below the Tropic of Capricorn, has also been included within the scope of the inquiry because of the interest expressed from Central Australia in participating in the inquiry. More specifically, the committee is tasked with examining the potential of and the impediments to economic growth, the role of regulation in stimulating investment and social factors affecting this growth in the north. The inquiry will also identify the critical economic and social infrastructure that is needed to support long-term growth and investment for the region. The committee's inquiry is running in tandem with the government's commitment to produce a white paper on Northern Australia within 12 months of the 2013 federal election.

This inquiry has generated a high level of community interest and created high expectations about the work of the committee. To date, the committee has received 287 submissions and 49 exhibits. The committee has undertaken an extensive program of travel, with more than 20 hearings and inspections, covering a large range of locations across the north of Australia.

So far, the committee has identified significant opportunities for the development of Northern Australia which include expansion of the resources sector, more intensive agriculture, expanded opportunities for horticulture and aquaculture, and more integrated production and processing of livestock. There are great opportunities for irrigated agriculture across the north of Australia, especially in the Kimberley, not only in the Ord River developments which, in stage 3, will spill over into the Northern Territory, but also in the rich black soils of the Fitzroy Plains and in Northern Queensland. The north of Australia really does have the potential to be a food bowl for the ever-growing middle class populations of Asia to our north.

The growth of tourism is seen as another area where expansion is possible, both domestic and international. People travel the world to see things which are unique and different and there are many such attractions in Northern Australia and accordingly the potential for expanding the tourist industry in the north is huge. There is a need for increased educational services with provision of opportunities for international students to come to places like James Cook University and other tertiary education in the north. There is a need for research on health and energy and food production in the tropics and the potential for a more northerly focus of Australia's defence forces, building on current assets in North Queensland and the Northern Territory and concurrently expanding the defence presence on the vulnerable north-west coast, where oil and gas and other developments related to the mineral industry are valued in the hundreds of billions of dollars—arguably the most exposed area in Australia to terrorist attack. Significant opportunities to maximise developments by working with the traditional owners of the land and sea are also noted in the report.

Major impediments to the economic and social development of the north include the absence of economic infrastructure, particularly water, power and transport infrastructure, which in turn impacts upon opportunities for economic development and livability. There is a clear need not only for upgrading but for establishing more east-west road links across the north of Australia, because it is apparent that there exists a community of common interest and similar problems across the north, from the north of WA, to the Northern Territory, to the north of Queensland. The cost of power and water is also a problem which impacts on the cost of doing business and living standards in a range of sectors. People in the north need better
access to modern telecommunications, and, without such better access, then the development can only be slower than it would otherwise be.

Land tenure arrangements, which can affect security of investment and options for development, also need to be reviewed. Often the approvals processes in the north are lengthy, which can add to the time and cost of developments and impede outcomes. Inconsistency of processes and requirements between different jurisdictions across the region also need to be addressed so that there is more uniformity. There are high development costs in the north, largely as a result of remoteness and the need to import most production elements. Other issues are the availability and affordability of insurance in the north of Australia, and the need to mitigate weather risks. The high cost of service delivery to small and dispersed populations is also a problem.

Notwithstanding these impediments, the committee believes that there is a way to sustainably develop the north. In the latter half of this inquiry, the committee will identify key development projects, strategies and ways by which governments can stimulate economic development and remove impediments to growth.

In the 1980s an organisation called the North Australia Development Council was set up by the governments of Western Australia, the Northern Territory and Queensland. The NADC, as it was known, held a conference annually in one of these three jurisdictions until the mid-nineties, the last conference being at Exmouth in the north of Western Australia. I attended several of these NADC conferences and, while many great ideas were put forward, little changed. However, the Abbott government has undertaken to implement the recommendations of the final white paper on northern development within 15 years of its presentation.

In conclusion, I would like to thank all those who have provided submissions to the review so far, provided evidence at public hearings and assisted the committee during its extensive inspection program. Finally, I thank my colleagues on the Joint Select Committee on Northern Australia, I commend this report to the Senate, and I seek leave to continue my remarks later.

Leave granted.

Rural and Regional Affairs and Transport Legislation Committee
Economics Legislation Committee
Finance and Public Administration Legislation Committee
Community Affairs Legislation Committee

Report

Senator FAWCETT (South Australia) (20:48): Pursuant to order and at the request of the chairs of the respective committees, I present reports on legislation as listed at item 18 on today's order of business, together with the Hansard record of proceedings and documents presented to the committees.

Ordered that the reports be printed.
Legal and Constitutional Affairs References Committee

Senator FAWCETT (South Australia) (20:48): I present additional information received by the Legal and Constitutional Affairs References Committee on its inquiry into the public interest immunity claim.

Joint Select Committee on Northern Australia

Senator IAN MACDONALD (Queensland) (20:50): Madam Acting Deputy President, I seek leave of the Senate to make some comments on the document that Senator Eggleston was just talking about—the Northern Australian one. I appreciate I have missed the call, but I seek leave of the Senate to make a few comments.

Leave granted.

Senator Siewert: Remember: we're being nice!

Senator IAN MACDONALD: I know Senator Siewert is a nice person, and I very much appreciate her indulgence. She is a member of the committee looking into Northern Australia and, dare I say it, making a valuable contribution—

Senator Siewert: Now I'm in trouble!

Senator IAN MACDONALD: Yes, I don't often say that about the Greens political party. But Senator Siewert has made a useful contribution.

I agree with my colleague Senator Eggleston in what he said. I just wanted to briefly, though, express one bit of concern that I have with the report, and that is that the report indicates that the time for tabling of the report is going to be extended beyond the date that was determined when this Senate agreed to set up that committee. The reason given is that Cyclone Ita—which was hardly a cyclone, I might say, just a little bit of a blow—disrupted the work of the committee in going to the gulf area of Queensland. But I accept that we did not know how the cyclone was going to go, so I have no problem with the fact that the visit was cancelled and will now be held in early July. Because of that, I appreciate that the time for tabling would have to be extended a little. But I am concerned if the whole process is going to be blown out further than was set out in the resolution setting up this committee.

The government's pre-election commitment was to have a government white paper issued within 12 months of the date of the election, that is, Friday, 8 September 2014. I am concerned if this blowout of the date for the tabling of the joint select committee's report blows the whole process out. If it does, it will get closer to the end of the year, when we will be told perhaps that it is too close to Christmas and there are other important things to be done, and then that will blow over until February-March next year, before the government's white paper comes out. The processes do not exactly align; the government can still issue its white paper as promised within 12 months of the election. But if it does that and the joint select committee has not yet tabled its report then clearly the government's white paper will be done without the benefit of the work done by the joint select committee. I acknowledge that the committee under my friend and colleague Mr Warren Entsch has done a good job. As I indicated, Senator Siewert has been part of it, as have many other senators and members, and the committee has done a lot of good work, a lot of useful work. It is work that is not terribly new and I think a lot of the issues we already knew about, but nevertheless it has been part of a process of consultation and that cannot be bad. But if it blows out then I fear that perhaps the white paper will not be delivered when it should have been and might get further
blown out. If it gets blown out too much further you will get the comment that it is too close to the election, let us leave it till the next election, and it will never happen.

I have expressed a view before that we did go through this process back in 2001, a very similar process, and that got blown out and blown out until it was eventually forgotten by successive governments. I do not want that to happen again. So, whilst the interim report is innocuous enough in what it says, it does relate well to the things the committee has done to date and I congratulate Mr Entsch and the committee members on the work they have done. But I am concerned at the suggestion that the reporting date will at some time be sought to be extended. That is a matter which will come before this chamber and which I speak on at the time, but I would hope that the request to extend is for a very limited and short period of time so that it does not interfere with the process and does not in any way interfere with the government’s commitment to have its white paper out within 12 months of the last election.

The ACTING DEPUTY PRESIDENT (Senator Stephens): For the information of senators, I advise that the committee reports required by the orders of the day, numbers 2, 4-8 and 16-18, have now been tabled.

Senator Siewert: Senator Macdonald, did you seek leave to continue your remarks?

Senator IAN MACDONALD: I should have, and now seek leave to continue my remarks.

Leave granted.

DELEGATION REPORTS

Parliamentary Delegation to the Philippines, Malaysia and Brunei

Senator FARRELL (South Australia) (20:56): I seek leave to table a delegation report.

Leave granted.

Senator FARRELL: I present a report of the Australian Parliamentary Delegation to the Philippines, Malaysia and Brunei which took place from 30 March to 10 April 2014.

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

Membership

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (20:57): I move:

That senators be discharged from and appointed to committees in accordance with the document circulated in the chamber.

The list read as follows—
Education and Employment Legislation Committee—
   Appointed—
   Substitute member: Senator Wright to replace Senator Rhiannon for the committee's inquiry into
   the provisions of the Safety, Rehabilitation and Compensation Legislation Amendment Bill 2014
   Participating member: Senator Rhiannon

Legal and Constitutional Affairs Legislation Committee—
   Appointed—
   Substitute member: Senator Hanson-Young to replace Senator Wright for the committee's inquiry
   into the provisions of the Recognition of Foreign Marriages Bill 2014
   Participating member: Senator Wright

Northern Australia—Joint Select Committee—
   Appointed—Participating member: Senator Waters.
   Question agreed to.

BILLS

**Excise Tariff Amendment (Product Stewardship for Oil) Bill 2014**

**Customs Tariff Amendment (Product Stewardship for Oil) Bill 2014**

*First Reading*

Bills received from the House of Representatives.

**Senator SCULLION** (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (20:58): 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 SCULLION** (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (20:59): 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—

**EXCISE TARIFF AMENDMENT (PRODUCT STEWARDSHIP FOR OIL) BILL 2014**

This Bill amends the Excise Tariff Act 1921 and is part of a package of Bills that will give effect to the Government’s commitment to restore the Product Stewardship for Oil Scheme to being budget neutral over the forward estimates.

The Product Stewardship for Oil Scheme aims to ensure the environmentally sustainable management, re refining and reuse of used oil and to support economic recycling options for used oil. The Scheme offers a subsidy for the proper recycling of old oils, funded by a levy on new oils and greases.
The Scheme was intended to be self-funding, with the levy covering the anticipated cost of stewardship rebates. However, in 2013-14 the Scheme is estimated to run a deficit of approximately $10 million which is expected to grow.

This Bill increases the rate of the Scheme’s levy payable by oil producers for petroleum based oils and their synthetic equivalents from 5.449 cents per litre of oil or kilogram of grease to 8.5 cents. The Government intends to separately make corresponding amendments to the Product Stewardship (Oil) Regulations 2000 which will ensure that Category 8 oils, being those which are a low risk to the environment, continue to not be affected by the rate of the levy.

Further details of this Bill are contained in the explanatory memorandum.

CUSTOMS TARIFF AMENDMENT (PRODUCT STEWARDSHIP FOR OIL) BILL 2014

This Bill is part of a package of bills that will give effect to the Government’s commitment to restore the budget neutrality of the Product Stewardship for Oil Scheme over the forward estimates period.

Specifically, this Bill amends the Customs Tariff Act 1995 to increase the excise-equivalent customs duty on imported petroleum-based oils and grease and their synthetic equivalents to 8.5 cents per litre of oil or kilogram of grease from 5.449 cents. Further details of this Bill are contained in the explanatory memorandum.

Debate adjourned.

Export Legislation Amendment Bill 2014
Export Inspection (Quantity Charge) Amendment Bill 2014
Export Inspection (Service Charge) Amendment Bill 2014
Export Inspection (Establishment Registration Charges) Amendment Bill 2014

First Reading

Bills received from the House of Representatives.

Senator Scullion (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (21:00): 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 Scullion (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (21:00): 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—

EXPORT LEGISLATION AMENDMENT BILL 2014

We all want a strong and prosperous agriculture sector in Australia.

We want an agriculture sector that lasts, a sector that grows and delivers great returns for our nation.
Australian farmers are world leaders in producing efficient, sustainable and high quality produce to meet demand both here and abroad.

The export of these products plays a major role in the future of Australian agriculture, and indeed the future of Australian farmers.

We export around 65 per cent of our farm products, 75 per cent of our fish products and 60 per cent of our forest products, worth more than $41 billion in 2012-13. (Confirmed by ABARES 3 March 2013)

The export of these products help support the estimated 134,000 farm businesses across the country - most of which are family owned and run – and a great many more jobs for hardworking Australians in our primary industries.

This government is working to boost the competitiveness and productivity of the Australian agriculture sector.

Creating new market opportunities and maintaining existing export arrangements supports the government's trade objectives while assisting those at the farmgate, which is vitally important for agriculture in this country.

Underpinning it all is the export legislation which safeguards Australia's international reputation and position as an agricultural exporter, providing confidence that Australian agricultural exports meet the requirements of importing countries.

Export legislation provides the Department of Agriculture with the authority to grant certification services to exporters and - consistent with the Australian Cost Recovery Guidelines - to recover the costs of providing these services.

The Export Legislation Amendment Bill 2014 amends four Acts administered by the department.

Amendments to the Export Control Act 1982 and the Export Inspection and Meat Charges Collection Act 1985 will remedy technical defects in these Acts and allow for consistent and equitable cost recovery from export activities.

Currently, inconsistent definitions mean that the department has been unable to recover establishment registration and quantity charges for the exportation of certain products.

Put simply, exporters of some plant products like nuts and seeds, for example, are not paying establishment registration and quantity charges which are being paid by exporters of other plant products like grain.

This isn't fair, when all exporters have access to the services that they need to export their products.

These amendments will address this inequity and provide a more level playing field by aligning the definitions in the Export Inspection Meat Charges and Collection Act 1985 and the Export Control Act 1982.

Removing the definitional inconsistencies between the two Acts will allow for consistent and equitable cost-recovery for services provided by the department to exporters.

The Bill will also amend the Australian Meat and Live-stock Industry Act 1997 (AMLI Act) to enable the department to recover costs relating to services, such as issuing quota certificates, for quotas that are administered by other countries.

The costs of granting quota certificates for quota administered by Australia are already recovered from the users of the service. Amendments to the AMLI Act will enable the Department to recover costs when it is not responsible for allocating the quota but nonetheless is required to issue quota certificates.

No fees are being proposed by this Act - and any cost recovery for quotas will be determined through a cost recovery impact statement in consultation with industry.
The proposed amendments will enable the department to recover the estimated $1.9 million per annum for providing export services for commodities which are currently excluded from cost recovery.

These amendments are largely supported by industry – who like me – believes that costs for export services carried out by the department should be appropriately and consistently recovered.

The Export Legislation Amendment Bill 2014 will also correct a referencing anomaly in the Export Control Act 1982, which will enable departmental officers to request search warrants by telephone or other electronic means. This will enable enforcement operations to be conducted in an appropriate timeframe.

From time to time, authorised officers are required to access registered premises - being ships, planes, vehicles or premises – where officers believe that there may be evidential material relating to breaches of this Act. Correction of the incorrect referencing will expedite the execution of warrants.

The Export Legislation Amendment Bill 2014 and the associated Bills which I will also introduce to make the relevant consequential amendments, are important pieces of legislation that will not only provide a fairer and more consistent approach to cost recovery for services provided to exporters, but will also provide departmental officers greater access to important documents and information in a timely manner, making it easier for them to perform the important role of protecting the integrity of Australia's export commodities.

EXPORT INSPECTION (QUANTITY CHARGE) AMENDMENT BILL 2014

The Export Inspection (Quantity Charge) Amendment Bill 2014 is the second of four Bills being introduced to form this legislative package that will remedy technical defects and allow for more consistent and equitable cost recovery for services provided to exporters by the Department of Agriculture.

The Export Inspection (Quantity Charge) Act 1985 enables the collection of charges for export related services carried out under the Export Control Act 1982.

As the Quantity Charge Act is incorporated and reads as one with the Export Inspection and Meat Charges Collection Act 1985 (Collection Act), consequential amendments are required for consistency with amendments being proposed to the Collection Act (which are being made by the Export Legislation Amendment Bill 2014).

The Bill itself does not impose any extra charges.

EXPORT INSPECTION (SERVICE CHARGE) AMENDMENT BILL 2014

The Export Inspection (Service Charge) Amendment Bill 2014 is the third of four Bills being introduced to form this legislative package that will remedy technical defects and allow for more consistent and equitable cost recovery for services provided to exporters by the Department of Agriculture.

The Export Inspection (Service Charge) Act 1985 enables the collection of charges for export related services carried out under the Export Control Act 1982.

As the Service Charge Act is incorporated and reads as one with the Export Inspection and Meat Charges Collection Act 1985 (Collection Act), consequential amendments are required for consistency with amendments being proposed to the Collection Act (which are being made by the Export Legislation Amendment Bill 2014).

The Bill itself does not impose any extra charges.
EXPORT INSPECTION (ESTABLISHMENT REGISTRATION CHARGES) AMENDMENT BILL 2014

The Export Inspection (Establishment Registration Charge) Amendment Bill 2014 is the final Bill being introduced to form this legislative package that will remedy technical defects and allow for more consistent and equitable cost recovery for services provided to exporters by the Department of Agriculture.

The Export Inspection (Establishment Registration Charge) Act 1985 enables the collection of charges for export related services carried out under the Export Control Act 1982.

As the Establishment Registration Charge Act is incorporated and reads as one with the Export Inspection and Meat Charges Collection Act 1985 (Collection Act), consequential amendments are required for consistency with amendments being proposed to the Collection Act (which are being made by the Export Legislation Amendment Bill 2014).

The Bill itself does not impose any extra charges; however the department would have the ability to recover establishment registration charges for exporting certain plant products like cut flowers, dried fruits, nursery stock, nuts, seed, timber products and tissue culture, allowing for more consistent and equitable cost-recovery for services provided to exporters by the department.

Debate adjourned.

Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014

Australian National Preventive Health Agency (Abolition) Bill 2014

Energy Efficiency Opportunities (Repeal) Bill 2014

Environment Protection and Biodiversity Conservation Amendment (Cost Recovery) Bill 2014

Health Workforce Australia (Abolition) Bill 2014

Migration Amendment (Offshore Resources Activity) Repeal Bill 2014

Paid Parental Leave Amendment Bill 2014

Railway Agreement (Western Australia) Amendment Bill 2014

Student Identifiers Bill 2014

Tax and Superannuation Laws Amendment (2014 Measures No. 2) Bill 2014

Tax and Superannuation Laws Amendment (2014 Measures No. 3) Bill 2014

Tax Laws Amendment (Implementation of the FATCA Agreement) Bill 2014

Textile, Clothing and Footwear Investment and Innovation Programs Amendment Bill 2014

Veterans’ Affairs Legislation Amendment (Mental Health and Other Measures) Bill 2014

Public Governance, Performance and Accountability Amendment Bill 2014

First Reading

Bills received from the House of Representatives.
Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (21:00): 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 SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (21:00): I table a revised explanatory memorandum relating to the Public Governance, Performance and Accountability Amendment Bill 2014 and 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—

AGRICULTURAL AND VETERINARY CHEMICALS LEGISLATION AMENDMENT (REMOVING RE-APPROVAL AND RE-REGISTRATION) BILL 2014

Australia currently has around 11,700 separate agricultural chemicals and veterinary medicines (agvet chemicals) registered with the Australian Pesticide and Veterinary Medicines Authority, also known as the APVMA. Each of these products contains one or more of only 782 active constituents.

Agvet chemicals protect crops and animals from pests and diseases and so help improve the productivity and competitiveness of Australia’s rural industries. Agvet chemicals help to ensure the quality and safety of food production while protecting human and animal health and the environment. They are essential tools for managing weeds, vital to keep our pets healthy, a necessary part of our indoor and outdoor lifestyle.

Australia’s gross value of farm production is worth an estimated $47.9 billion a year with an export value of farm commodities of around $38 billion. The agvet chemicals industry is vital to quality food and fibre production and makes essential tools for primary producers. The crop protection industry body CropLife Australia estimates in a recent report that ‘$17.6 billion of Australian agriculture output is attributable to the use of [crop protection products], or 68 per cent of the total value of crop production’.

This Bill aims to reduce the unnecessary regulatory burden on this industry resulting in reduced costs to that industry that will eventually flow on to benefit primary producers. This may also lead to greater investment in newer, safer innovative products for the future.

An efficient regulator is important to ensure timely and cost effective registration of new chemistries and review of emerging risks in registered chemicals and to provide the best possible environment for companies to register products in Australia.

The Australian Government has committed to ‘easing the burden imposed on the Australian economy and agricultural sector by reducing red and green tape on business by at least $1 billion per year’. The Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014 contributes to this commitment by implementing the government’s election commitment to remove the requirement for agvet chemicals to be re-registered.

The Bill builds on earlier progress that has already been made through the National Registration Scheme, a partnership between the Commonwealth and all the states and territories, and on elements of the Agricultural and Veterinary Chemicals Legislation Amendment Act 2013 (Amendment Act). These changes will improve the effectiveness of the regulatory system and reduce inefficiency at the APVMA while continuing to protect human and animal health and safety and protect the environment.
This Bill proposes amendments principally to the Agvet Code (the Schedule to the Agricultural and Veterinary Chemicals Code Act 1994). The Bill also proposes amendments to the previous government's Amendment Act.

This Bill is divided into two schedules, both commencing immediately after Schedule 1 to the Amendment Act (effective 1 July 2014).

Removing re-approval and re-registration

Schedule 1 implements the election commitment to remove re-registration.

That Schedule prevents the expiry of active constituent approvals and prevents the application of dates after which a registration cannot be renewed. Active constituent approvals are to continue in force so long as they are not cancelled. In the same way a person obtains a car drivers licence that then is subject to periodic renewal, under the new legislation agvet chemical registrations continue in force subject to periodic renewal. Schedule 1 also removes provision for applications to be made to re-approve active constituents or re-register chemical products.

Schedule 1 further reduces red-tape by allowing for less frequent renewal of registrations. The current process is for the renewal of registrations to occur annually. Again like your car licence instead of an annual renewal, these amendments will allow longer time frames for renewal. The regulations will set the period which could be up to seven years. Less frequent renewals will mean less red tape and less cost to business.

Addressing concerns with chemical product quality

To give the opportunity for the APVMA to confirm that chemical products supplied to the market are the same as the product evaluated and registered by the APVMA this Bill includes amendments that improve the ability of the APVMA to require a person who supplies an agvet chemical product in Australia to provide information (for example, a chemical analysis) about the product they are supplying.

The Bill would provide that the APVMA may, by written notice, require a person to provide information about substances supplied or intended for supply as a chemical product (or an active constituent for a chemical product) if they have, will have, or have had possession of the substance. The information that may be required includes details of the composition of the substance, manufacturing details, packaging, labelling and advertising information and about conformance of the substance with any relevant standard.

The APVMA is to be able to require a chemical analysis of the product and for the results of the analysis to be provided to the APVMA. The power is to apply only if the APVMA considers the information is necessary to protect human, animal and environmental health and safety or protect trade. Used appropriately, the power will improve community confidence that the APVMA is effectively managing risks to human, animal and environmental safety and to trade.

Reducing red-tape by allowing for simpler variations to approvals and registrations

The Bill proposes to streamline simple variations to an approval, registration or label.

For the simplest variations, Schedule 2 of the Bill provides that the APVMA will have to make the variation at the time the holder of registration or approval notifies the APVMA of the change. For some less simple variations, the APVMA will have to make the variation after a fixed period if it is a prescribed variation.

Without these amendments to the Code, the APVMA would have to complete a more onerous technical assessment of these variations with no benefit to improved chemical safety. This is another sensible reduction in red tape that makes the regulator more user friendly without impacting health or safety.
Obliging access to information about chemicals that the APVMA holds

Currently, the APVMA is often asked to provide information to the company that is responsible for a chemical product about its registrations. This information is then provided under the Freedom of Information Act 1982 (FOI Act).

Payments for information sought under the FOI Act are not covering the costs of providing the information. As a result, companies that do keep good records are subsidising the records costs of those that do not.

The Bill amendments will allow persons to apply to the APVMA for copies of documents it holds about a chemical for a fee. This provision will not allow release of confidential commercial information unless the recipient was entitled to the information. For example, because they were the person that provided the information.

Schedule 2 of the Bill proposes to 'turn off' access under the FOI Act for these documents but will not prevent access to the information. The FOI Act anticipates this by allowing an exemption for access to documents (at paragraph 12(1) (b) of the FOI Act) that is open to public access in accordance with another enactment, where that access is subject to a fee or other charge.

Other amendments consequential to existing reforms

In preparing for implementation of the Amendment Act, the Department of Agriculture and the APVMA found further minor improvements that could be made.

Several small technical amendments are added to the Agvet Code to improve the readability of the legislation and reduce the possibility of difficulties in implementing it.

The Bill also includes appropriate transitional measures to allow processing to continue for those products currently registered in the APVMA system.

Conclusion

The Australian Government is implementing reforms to the regulation of Agvet chemicals for the benefit of the community, manufacturers, importers, wholesalers, retailers and users of agvet chemicals. These reforms aim to reduce red tape for farmers and other businesses and encourage the development of new chemistry with a range of benefits for farmers and other users, the environment and the community.

Overall, the Bill will increase the efficiency of the regulator and provide greater clarity to stakeholders on the intent of the legislation. The measures in the Bill are a good start towards easing the burden imposed on the Australian economy and agricultural sector by reducing red and green tape on business.

The government will continue to work with industry to implement further improvements through legislation and administrative change.

It is with great pleasure that I introduce this Bill to make this important reform a reality.

AUSTRALIAN NATIONAL PREVENTIVE HEALTH AGENCY (ABOLITION) BILL 2014

Repealing the Australian National Preventive Health Agency Act 2010 through this Bill will abolish the Australian National Preventive Health Agency, or ANPHA. This will streamline and better coordinate public health efforts that are currently spread across two agencies and remove duplication and unnecessary costs.

Australia has a long history in supporting people to make healthy lifestyle choices and providing health services that accompany good health outcomes. The Coalition Government continues to be committed to supporting an effective and responsive health system to deliver the health care services
and measures needed by our population. An effective health system includes supporting preventive health and broader public health efforts.

The Government also recognises that individuals need to take responsibility for the lifestyle actions that affect their health. To fully support individuals and communities in implementing healthy lifestyle choices, this Government will remain focused on ensuring information is available to inform health related behaviours. Essentially, the Government wants to empower and inform people so that they are in the best position to take control of their own health and wellbeing.

In 2010, the former Labor Government established ANPHA, with a primary focus on the prevention of the harmful use of alcohol, obesity and tobacco.

In addition to this core focus and its role in advising the Commonwealth, ANPHA was established with the capacity to be directed by state, territory and local governments to provide preventive health advice. However, since its inception, no jurisdiction has provided direct funding to the Agency for its work on prevention.

ANPHA has been solely funded by the Commonwealth, creating an additional separate agency with associated costs, which continued to have overlapping responsibilities with the Commonwealth Department of Health.

The Commonwealth Department of Health has long played a critical national leadership and advisory role in supporting action in public health and in implementing preventive health measures, including activities to address chronic disease as well as significant reforms and initiatives on alcohol, tobacco and obesity.

There is currently a lack of clear demarcation of responsibilities between ANPHA and the Department of Health. This current arrangement has led to a fragmented approach to preventive health and inefficiencies through duplication of administrative, policy and programme functions between ANPHA and the Department.

Under the bill transitional arrangements will enable the smooth, transparent and appropriate wind down of ANPHA and reintegration of functions to the Department of Health. Essential functions will be integrated with the Department’s existing work addressing alcohol, tobacco and obesity and in line with current policy and priorities, enabling a better coordinated and appropriate focus on key health priorities and the most efficient use of government funding.

Existing commitments to grants and social marketing efforts will continue. Ongoing analysis and advice, policy development and stakeholder and expert involvement on key health issues will continue. Action on alcohol, tobacco, obesity and chronic disease priorities will continue.

We know tobacco smoking is the largest cause of preventable death and disease in Australia. We remain committed to reducing smoking rates, including through national tobacco control measures and education programmes.

We know obesity is an increasing public health problem with multiple consequences. We remain committed to supporting measures that encourage Australians to make informed lifestyle decisions to reduce the risk of chronic disease consequences. This is why the Government is developing a National Diabetes Strategy.

We know harmful use of alcohol continues to occur, with associated short and long term health risks. We remain committed to addressing these issues, including through education activities and by working with states and territories, stakeholders and communities.

The Australian Government can continue its focus in these priority areas, without the need for a separately established and Commonwealth-funded agency.

Additional staffing and administrative costs have been required to run ANPHA for functions that can be effectively performed by the health portfolio’s lead Department. Ceasing ANPHA will ensure there
is no confusion about the Commonwealth Government’s responsibilities and action in public health and will ensure Commonwealth funding is not wasted on maintaining a separate agency.

Abolishing ANPHA through this Bill will enable a more coherent and streamlined approach to preventive health by the Commonwealth, facilitate stakeholder navigation and interactions with the Government on related health issues, remove unnecessary overlap and inconsistencies and produce administrative efficiencies and savings by reintegration of essential functions into the Department of Health.

Cross-government action will not be jeopardised as a result of abolishing ANPHA. ANPHA is currently solely Commonwealth funded and there are established and transparent mechanisms available to progress national issues, including through the Standing Council of Health and its sub committees.

The new streamlined arrangements do not diminish the Government’s focus on preventive health or action on alcohol, obesity and tobacco. The Bill will enable essential actions to continue under much more appropriate arrangements, without the inefficiencies, confusion and costs associated with maintaining a separate Commonwealth agency alongside the well-established and suitably placed Commonwealth Department of Health.

I reiterate that this Coalition Government is committed to prevention. However our commitment to preventive health is broader than just the work of this Agency.

This Government’s actions on preventive health will encompass efforts across the entire health system, including support to GP’s and other primary healthcare services, long term sustainability of the Medicare Benefits and Pharmaceutical Benefits systems, and supporting people to access preventive health and early detection services, such as immunisation and screening programs.

The previous Coalition Government has a strong record on supporting preventive measures, and we will continue to build on this record.

It was the previous Coalition Government who began the National Bowel Cancer Screening Programme back in 2006, and this Government has committed funding to fully implement a biennial screening interval for all Australians aged 50 to 74.

It was the previous Coalition Government who lifted childhood immunisation rates dramatically from 52% in 1995-1996 to over 90% and we are committed to improving those rates further.

We are a Government committed to improving the health of all Australians.

I am pleased to be able to introduce the Australian National Preventive Health Agency (Abolition) Bill 2014, to achieve the aforementioned benefits and efficiencies in the health portfolio, with flow on benefits to the health sector and the Australian population more broadly.

ENERGY EFFICIENCY OPPORTUNITIES (REPEAL) BILL 2014

Introduction

The purpose of the Energy Efficiency Opportunities (Repeal) Bill 2014 is to repeal the Energy Efficiency Opportunities Act 2006. Savings from the program were announced in the Mid-Year Economic and Fiscal Outlook, on 17 December 2013.

The Bill repeals the Act, which took effect on 1 July 2006. The program requires large energy using businesses to assess their energy use and identify cost effective energy savings opportunities. The programme is mandatory for organisations that use over 0.5 petajoules of energy annually and may be undertaken voluntarily by medium energy-users. This applies to over 300 corporations. For those corporations falling within the program, the Act imposes mandatory compliance and reporting obligations.
This Government acknowledges the burden regulatory programs, such as the Energy Efficiency Opportunities program impose on business and has committed to cutting red tape. Repealing the Energy Efficiency Opportunities Act 2006 will save Australian businesses $17.7 million per year.

**Australian businesses are well aware of the impact of higher electricity prices on the bottom line.**

Since 2006, when the Energy Efficiency Opportunities Programme was introduced, Australian businesses, including Australia's largest energy users, have worked to develop energy management capabilities that have strengthened their resilience to rising energy prices and other changing economic conditions.

Changing conditions and increasing awareness of energy efficiency have lifted energy management capability and responsiveness, with many corporations reporting that key elements of the EEO Programme are now standard business practice.

While the Energy Efficiency Opportunities Programme has played an important role in this process and resulted in the development of a range of energy efficiency projects which companies can choose to implement based on energy prices and their specific circumstances, it has now become superfluous given the actions businesses and large energy users are already taking of their own accord to reduce energy costs and therefore reduce business costs.

The energy market and energy costs have changed considerably since the programme's inception in 2006. As a result of these changes, including increasing energy costs, businesses have developed a suite of mechanisms for better energy management. Energy productivity is now core business for Australian industry and industry is best placed to define the processes and make decisions on how best to manage energy.

The Emissions Reduction Fund will help businesses and industry to take direct action to reduce emissions and improve their energy efficiency. The Government will continue to explore options for improving energy productivity through the current Energy White Paper process.

In addition, energy productivity is also being considered by the Council of Australian Governments (COAG) Energy Council. Work is underway to review priorities in relation to national coordination on energy productivity.

**Specifics of the Bill**

I now turn to the specific aspects of the Bill.

The Bill repeals the Energy Efficiency Opportunities Act 2006.

It provides for a retrospective date of 29 June 2014 to come into force. This will provide clarity to companies and stakeholders that reporting and assessment obligations under the Act will cease on 29 June 2014. This includes variations to existing assessment plans under new developments and expansions which were due to be submitted on 30 June 2014, and which will no longer be required. This is a practical action that shows the government's commitment to reducing regulation for Australian business.

**ENVIRONMENT PROTECTION AND BIODIVERSITY CONSERVATION AMENDMENT (COST RECOVERY) BILL 2014**

The Environment Protection and Biodiversity Conservation Amendment (Cost Recovery) Bill 2014 (the Bill) amends the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (the EPBC Act) to allow for cost recovery for environmental assessment activities under the EPBC Act. The EPBC Act already includes cost recovery for some permitting activities.

The purpose of the Bill is to allow for cost recovery for environmental impact assessments, including strategic assessments, under the EPBC Act, consistent with the Australian Government Cost Recovery Guidelines.
Environmental assessment activities are appropriate for cost recovery because the activities deliver a clear benefit for a particular beneficiary, by enabling them to undertake an activity approved under the EPBC Act. Cost recovery will also provide a sustainable source of resources to improve the efficiency of the assessment process. It will also provide incentives to industry to undertake early engagement and incorporate the most environmentally acceptable outcomes into their business planning, as this may reduce the level of assessment required and therefore the costs payable.

The Australian Government is also committed to delivering a 'one stop shop' for environmental approvals that will accredit state planning systems under the EPBC Act through approval bilateral agreements, to create a single environmental assessment and approval process. Today I have also introduced into Parliament a Bill to ensure the efficient implementation and operation of approval bilateral agreements. The implementation of cost recovery provides an incentive for proponents to encourage states to finalise approval bilateral agreements with the Commonwealth.

Cost recovery arrangements under the EPBC Act will only apply to Commonwealth assessment activities, not to state assessment activities. States have the option of cost recovering for their assessment activities.

The environmental impact assessment fees will be specified in the Regulations, except for fees in relation to assessment by an inquiry or strategic assessment. The Bill will also allow the Regulations to specify administrative requirements for applications, processes for payment, and for refunds, exemptions and waivers. The Regulations can also specify a method for calculating fees—for example where a fee will be calculated with reference to the complexity of an action. The Bill provides a process for proponents to apply for a reconsideration of the way in which a method was used to calculate fees. My Department will shortly release a Cost Recovery Impact Statement, which will detail the fees payable and the methods for calculating variable fees.

The Bill ensures that where a fee which a person is required to pay remains outstanding, the assessment process will be paused. Statutory timeframes will not run until a fee is paid, and the Minister or Secretary will not need to make any decisions otherwise required by the EPBC Act.

Fees in relation to inquiries or strategic assessments will be made through a Ministerial determination, due to the wide variations in the complexity and scale of such assessments. Some strategic assessments which deliver a public benefit will continue to be budget funded. Cost recovered strategic assessments would be considered appropriate where the outcome of the strategic assessment delivers a clear private benefit to an identifiable beneficiary (or identifiable group of beneficiaries), and charging would be efficient and effective. Costs could be determined on a case by case basis.

The Bill also allows for cost recovery for the assessment and approval of action management plans submitted after the Minister has granted an approval under the EPBC Act, and for the variation of those plans. Action management plans are plans for managing the impacts of the action on a matter protected by a provision of Part 3, such as a plan for conserving habitat of a species.

The preparation of and approval of action management plans is a common requirement of conditions of approval. The Bill allows for cost recovery for these activities by allowing a person to elect to submit a management plan for approval after the decision is made approving the action. The Regulations can then specify that a fee can be charged for the assessment and approval of the plan when it is submitted.

Action management plans allow the Minister to have flexibility to specify required environmental outcomes or management strategies as more data becomes available or new technologies develop for environmental management. If proponents choose to submit action management plans prior to approval, there will be no additional fee for assessment of the plan, providing a cost incentive for proponents who can provide the plan up front to do so. Once an approval has been issued, the approval holder would be charged for assessments of variations to the plan.

The introduction of cost recovery by this Bill will provide an incentive to businesses proposing to take activities which require approvals under the EPBC Act to engage early and actively with my
Department to reduce costs. Cost recovery will also drive efficiencies in the environmental assessment process. The introduction of cost recovery complements the Government’s commitment to streamlining environmental approvals under one stop shop by ensuring Commonwealth assessment activities are as efficient and effective as possible.

HEALTH WORKFORCE AUSTRALIA (ABOLITION) BILL 2014

Today I introduce the Health Workforce Australia (Abolition) Bill 2014. This Bill will streamline the delivery of programmes to build our health workforce, and remove an unnecessary layer of administration and bureaucracy.

This government is committed to reducing red tape. In health, there has been too much officialdom, too much duplication. We need to refocus our attention away from the bureaucrats and back onto patients. We need to focus on the needs of all Australians accessing our health care system.

We know that without our health workforce, we would have no health care system. We need to support and build our health workforce; these are the doctors, nurses and allied health professionals delivering front line health services to Australians. However, setting up a health workforce agency has created another layer of bureaucracy in our health care system, and this is taking valuable resources away from front line health services.

The Health Workforce Australia (Abolition) Bill 2014 will close Health Workforce Australia. The programmes and functions of HWA will transfer to the Department of Health. The government will continue to support the health workforce and the programmes that are helping to build a sustainable, well distributed health workforce. The government is delivering on its commitment to reduce red tape and streamline programmes so that they are effective and efficient. The programmes currently managed by Health Workforce Australia will continue. But aligning these with those already delivered through the Department of Health, will allow us to save valuable resources by reducing duplication, in both service delivery and in the significant overheads required to run an agency.

Health Workforce Australia was established by the Rudd Government through the Council of Australian Governments under the National Partnership Agreement on Hospital and Health Workforce Reform. This was a four year agreement that expired in June 2013. Under the NPA, Health Workforce Australia was to act as a national body working to Health Ministers to streamline clinical training arrangements and support workforce reform initiatives. The NPA also set out the expectations of the Commonwealth and States and Territories to jointly fund Health Workforce Australia. The States and Territories were expected to provide almost $540 million over four years. This did not occur. The Commonwealth government is the sole funder of HWA and therefore is taking the decision to deliver its funding in the most efficient way.

Having both Health Workforce Australia and the Department of Health managing health workforce programmes has created duplication and confusion. The previous Government’s review of health workforce programmes, which reported in 2013, identified legitimate stakeholder concerns about the lack of clarity defining the respective roles of HWA and the Department of Health. It also identified inconsistencies between the two agencies in delivery of funding. By bringing HWA’s programmes into the Department of Health, we are addressing these issues; there will be more clarity for stakeholders, consistent funding arrangements and the opportunity to align programmes with key government priorities.

Perhaps HWA’s most notable achievement is the publication of national health workforce modelling, giving long term projections of supply and demand for the Australian health workforce. This work will continue. All priority activities will continue to be delivered and organisations funded by HWA can be assured that all current funding agreements will be met.
The Government recognises the role of the States and Territories when considering our health workforce. While the Commonwealth government will continue to provide national leadership for health workforce reform, as the largest employers of the health workforce, the States and Territories have an enormous role to play. The ability to achieve maximum productivity, boost employee retention and achieve effective delivery and deployment of the health workforce varies significantly across jurisdictions and employers. The Commonwealth government remains committed to working with States and Territories towards national workforce planning and reform, and to making sure that the significant interest of the private sector in this planning and reform work is recognised. Our private health employers have a lot of experience in driving innovation and productivity, and we need to be able to bring this into our national conversation on workforce reform. The Department of Health already works closely with its State and Territory counterparts, and the private sector. We do not require a separate agency to do that.

The closure of Health Workforce Australia is not a withdrawal of support or resources for the health workforce. By creating efficiencies, by streamlining programmes, by reducing bureaucracy, we are ensuring that we will get better value from the investment in programmes to build the health workforce.

MIGRATION AMENDMENT (OFFSHORE RESOURCES ACTIVITY) REPEAL BILL 2014

The purpose of this bill is to repeal the Migration Amendment (Offshore Resources Activity) Act 2013 (ORA Act).

The ORA Act seeks to regulate the employment of non-citizens working in the offshore resources industry by way of a visa arrangement, regardless of whether they are actually working on a resource installation or not. The amendments were introduced by the previous government in response to a Federal Court decision in May 2012 in a case that became known as the Allseas case.

The Allseas case involved two vessels attaching gas pipelines to the seabed within Australia's Exclusive Economic Zone and the waters of the Continental Shelf. In its judgement the Federal Court ruled that non-citizens aboard the two vessels were not within the migration zone, and therefore not required to hold work visas.

This was due to the fact that, as the offshore resources industry had maintained, both vessels fell within an exemption in the Migration Act that specifically provides that a vessel that is used or is to be used wholly or principally in manoeuvring a resources installation, or in operations relating to the attachment of a resources installation to the Australian seabed, is not a resources installation, and therefore not part of the migration zone.

The offshore resources industry is vital to the Australian economy. Australia is the world's ninth largest energy producer, and the oil and gas industry accounts for 2 1/2 per cent of our GDP, generating $28 billion in revenue, and contributing $9 billion in direct tax payments. The development of Australia's offshore resources contributes significantly to the Australian economy and employs thousands of Australians. It is also critical for our future energy security, accounting for 58 per cent of Australia's primary energy needs.

The offshore resources industry is a global industry, and competes for a limited pool of skilled labour. It employs a highly mobile workforce, and relies on the capacity to be able to transfer workers with specialist skills from project to project, and from country to country.

If we are to continue to derive the substantial economic benefits that this industry provides, it must be allowed to remain internationally competitive and able to operate in line with international best practice. The industry should not be expected to operate under an increased regulatory burden, or additional cost pressures that would put the viability of current and future projects at risk. However, the ORA Act will do exactly that.
This means that our migration arrangements must be relatively flexible, and not impose an undue administrative burden on industry, or create unnecessary barriers for overseas workers when they are genuinely needed, especially when their skills are unavailable in Australia.

The issue of Australia's offshore maritime zones is highly complex. In addition to international conventions, the offshore resources industry is subject to complex and overlapping regulatory frameworks imposed by Commonwealth, State and Territory legislation. We therefore need to consider any regulatory changes in this context very carefully, and to pursue considered and measured policies.

A leading offshore resource industry group has said that 'Australian jobs and our overall economic success relies on a confident, growing offshore oil and gas industry able to do business consistent with international laws and practices … With this much at stake, it is vital that sectional interests do not come before the national interest and that parliament delivers sustainable, proportionate and balanced regulation affecting offshore operations'. The government could not agree more.

Repealing this legislation does not mean that the industry is, or will be, in any way 'unregulated'. For example, non-citizens working on resource installations will still be required to hold valid visas. They will also still be required to hold the appropriate visa if they wish to come to the Australian mainland. Hence, if a particular employer wants to transfer their overseas workers to a project on the mainland, they must hold a visa with an appropriate work condition, such as the 457 visa.

The ORA Act also fails to take into account that fact that many persons engaged on resource installations and vessels use fly-in fly-out arrangements, and frequently transit through an Australian airport, which requires them to hold a valid visa to be immigration cleared. Hence many of those persons who are not currently required to hold visas for the work they are doing on a vessel are still subject to immigration controls when they enter or leave Australia.

To the extent that persons working in Australia's offshore maritime zones are subject to Australian domestic laws, these laws will still be policed and enforced by the appropriate authorities. Terms and conditions of employment, for example, will continue to be protected under domestic law, and where appropriate under international law through the Maritime Labour Convention. The National Offshore Petroleum Safety and Environmental Authority and the Australian Maritime Safety Authority will continue to ensure the safety of those persons working on board resource installations and vessels operating in Australia's Exclusive Economic Zone and the waters of the Continental Shelf.

It is also worth drawing attention to the actual number of workers who are the focus of the ORA Act. The previous government stated at the time the legislation was introduced that it had an 'incomplete picture' of the number of non-citizens working on board vessels who did not hold visas.

While it is true that determining a precise number is difficult, consultation with the industry, the migration advice profession, and across government indicates that the number is actually relatively small. One estimate has put the total at no more than 2000 per year, while others have put the number at considerably fewer than this. Fly-in fly-out arrangements mean that workers generally remain in Australia for relatively short periods of time, meaning that only a proportion of this 2000 or so will actually be in Australia at any given time.

When we compare this with the 68 000 overseas workers who were granted 457 visas during the last financial year, let alone with the number who are granted permanent visas each year under the Migration Programme, it becomes even clearer just how small the number really is.

The government is committed to promoting the development of Australia's offshore resources, to adhering to Australia's international obligations under the United Nations Convention on the Law of the Sea, and to maintaining the integrity of Australia's borders. Repealing the ORA Act would remove an unnecessary and disproportionate legislative burden on an industry that is critical to Australia's future economic growth and the wellbeing of all Australians.

I commend the Bill to the Senate.
PAID PARENTAL LEAVE AMENDMENT BILL 2014

This bill will implement the Government’s commitment, foreshadowed during the 2013 election campaign, to reduce the red tape burden and compliance costs on business by ensuring that they are not required to be the paymaster for the Government’s paid parental leave scheme.

To ease this burden, the Paid Parental Leave legislation will be amended to remove the mandatory requirement for employers to administer government-funded parental leave pay to their eligible long-term employees.

From 1 July 2014, employees will be paid directly by the Department of Human Services, unless an employer opts in to provide parental leave pay to its employees and an employee agrees for their employer to pay them.

Importantly, this measure will generate a significant compliance cost saving for Australian businesses, especially small businesses. Small businesses are particularly impacted by regulations, as they often do not have the resources or specialised staff to deal with compliance requirements.

It is estimated that the average annual reduction in compliance costs on business will be $44 million, strongly delivering on the Government’s commitment to reduce red tape on businesses.

This measure put forward by the Government is strongly supported by the business community. In a member survey conducted by the Australian Chamber of Commerce and Industry in May 2013, 84.3 per cent of businesses agreed or strongly agreed that the Government should not require employers to be paymasters for the Paid Parental Leave scheme.

The Government is committed to continuing to reduce red tape burdens for business, including new and established businesses, as a critical step towards improving Australia’s productivity – unnecessary red tape hinders innovation, investment and job creation.

RAILWAY AGREEMENT (WESTERN AUSTRALIA) AMENDMENT BILL 2014

The Railway Agreement (Western Australia) Act 1961 established an Agreement to allow the Commonwealth to provide a long term loan to Western Australia to undertake construction of a standard gauge railway, primarily from Kalgoorlie to Perth.

The purpose of the Railway Agreement (Western Australia) Amendment Bill 2014 is to amend the Railway Agreement (Western Australia) Act 1961 to allow Western Australia to repay early the outstanding balance of the loan from the Commonwealth and to repeal the Act 28 days after the repayment is made.

This Government is committed to reducing red tape through its deregulation agenda.

The Government is working with state and territory governments to deliver on reducing the regulatory burden to grow Australia’s productivity.

The Bill enables the early repayment of the loan to the Western Australian Government for standardisation of the railway from Kalgoorlie to Perth.

This change is necessary as the Act currently does not allow for early repayment of the loan, with the final payment scheduled for 2041. Once the loan is repaid there will be some minor administrative efficiencies from the cessation of the administration of the Act.

There are no outstanding claims under the Act and consequently it should be repealed.

The amendments to the Act do not have any regulatory or financial impacts on businesses and the not-for-profit sector.

The amendments in this Bill will help to streamline early repayment from Western Australia to the Commonwealth for loans that date back to the 1960s. I commend the Bill to the House.
STUDENT IDENTIFIERS BILL 2014

Introduction

Australia's continued prosperity depends in large part on the skills and knowledge of our people.

This will especially be the case as we move to reposition Australian industry to take advantage of the many opportunities and face the competitive challenges of the 21st Century.

The Government is committed to ensuring that the vocational education and training sector is ready to meet the skills and training needs of the nation and it is in this context that the Student Identifiers Bill is presented to the House.

Currently, information about vocational education enrolments, participation and completion is fragmented and inaccurate. Many vocational education students use more than one training provider.

This leads to wasteful and confusing duplication in the creation of student identities, which in turn makes it difficult to understand pathways and patterns of enrolment and completion and to develop evidence-based and cost efficient programmes that effectively target skill shortages and the skills needs of industry.

Through the introduction of a national life-long unique student identifier for students who undertake nationally recognised training, the Bill will generate savings for individuals and businesses by enabling the streamlining of data collection and other processes in the Vocational Education and Training sector.

The unique identifier will assist industry in making better informed decisions about the skill levels and training needs of their workforces and effectiveness of training undertaken.

In addition, individuals will have easy, reliable, lifelong online access to a record of their training history from a single authoritative source.

Governments will have access to more accurate and complete data on training completions and pathways that will greatly improve the monitoring of the efficiency, responsiveness and effectiveness of the training system.

This will inform the development of a contestable training market and enable governments to target assistance to training providers, students and employers more efficiently and effectively than ever before.

Specifics of the Bill

The Student Identifiers Bill 2014 provides for the introduction of the scheme for students undertaking nationally recognised training in the VET sector.

It provides for the assignment of student identifiers and for their collection, use and disclosure.

While student identifiers will be mandatory for students undertaking VET courses once the scheme commences, there will be provision for the Commonwealth Minister to make exemptions under the scheme by legislative instrument with the agreement of the States and Territories.

A key principle underpinning the scheme is that individuals will have control over their student identifier and can determine who can have access to their personal and educational records associated with it.

The privacy framework for the scheme is intended to complement and work in conjunction with existing Commonwealth, State and Territory privacy provisions which will continue to operate in relation to personal information as they do now.

The Bill establishes a new Commonwealth statutory office holder, the Student Identifiers Registrar to ensure the protection and appropriate use of information.

The Registrar will be responsible for assigning student identifiers to individuals who apply for one and for providing authenticated VET transcripts upon request.
The Bill also requires the Registrar to submit an annual report to the Commonwealth Minister for presentation to the Parliament and to provide a copy to the Ministerial Council.

The functions of the Registrar will be funded from existing funding for the support of the national training system with the amount of the allocation to be agreed by the State, Territory and Commonwealth training ministers in accordance with the National Agreement for Skills and Workforce Development between the Commonwealth, State and Territories as is in force from time to time.

The introduction of the student identifier will be supported by the inclusion of additional requirements to the Standards for Registered Training Organisations under the National Vocational Education and Training Regulator Act 2011 and mirrored in the Australian Quality Training Framework.

The introduction of the student identifier will enhance the efficiency, transparency and responsiveness of the VET sector.

The Australian Government is committed to strengthening the training sector by providing a clearer picture of our skills base, confirming that future training can be targeted to meet the needs of industry and the economy.

TAX AND SUPERANNUATION LAWS AMENDMENT (2014 MEASURES NO. 2) BILL 2014

Schedule 1 to this Bill amends the Medicare Levy Act 1986 to increase the Medicare levy low-income thresholds for families in line with increases in the consumer price index. These changes will ensure that low-income families who did not pay the Medicare levy in the 2012-13 income year will continue to be exempt if their incomes have risen in line with or by less than the consumer price index. All other thresholds have previously been increased by more than the growth in the consumer price index between 2011-12 and 2013-14, and therefore do not require a further increase at this time.

The increase in thresholds will apply to the 2013-14 year and future income years.

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

Schedule 2 to this Bill introduces a measure to protect taxpayers who have self-assessed on the basis of particular announced taxation measures that the Government has decided not to proceed with.

The decisions not to proceed with the particular measures that will be covered by the protection measure arise from the Government’s decisive action to restore integrity to the taxation system by clearing the large backlog of announced but un-enacted measures.

The protection provision will provide ongoing certainty for taxpayers that were impacted by an un-enacted announcement.

Schedule 3 to this Bill amends the tax law to deny an entity the benefits of any additional franking credits that an entity receives as a result of distribution washing.

To distribution wash, an entity sells an interest shortly after becoming entitled to receive a fully franked distribution in respect of that interest, then shortly after purchases a new and substantially identical interest that also provides a second entitlement to another fully franked distribution.

The imputation system contains integrity rules to ensure that franking credits only benefit the true economic owners of shares, and to ensure that franking credits are only available to shareholders in proportion to their shareholdings.

Distribution washing contravenes both these principles by enabling sophisticated shareholders to effectively ‘trade’ their franking credits, and by enabling some shareholders to receive two sets of franking credits for effectively the same parcel of shares. It effectively allows foreign shareholders who cannot use franking credits to sell their franking credits to domestic investors.
Since announcement of the policy, there has been a significant decrease in activity that could be perceived as distribution washing.

Addressing distribution washing by closing the loopholes will support investment by improving the efficiency and integrity of the tax system. It will also help ensure the long-term sustainability of the imputation system for all Australians.

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

TAX AND SUPERANNUATION LAWS AMENDMENT (2014 MEASURES NO. 3) BILL 2014

This Bill substantially removes the immediate deduction for the cost of mining, quarrying and prospecting rights and information first used for exploration in section 40-80 of the Income Tax Assessment Act 1997. The cost of acquiring a mining, quarrying or prospecting right or information first used for exploration will be deductible over 15 years or the effective life of the right or information, whichever is shorter.

The immediate deduction will remain for the cost of rights acquired from a government issuing authority, the cost of geological, geophysical or similar information acquired from government authorities and the cost of data packages acquired from private providers.

An immediate deduction will also be available for farm-out arrangements, and the treatment of interest realignments in joint venture common developments will be clarified. These will be covered in a separate bill but apply from the same time as the measures in this Bill.

This Bill also provides an alternative means for writing down the cost of mining rights or information first used for exploration where that exploration has been ‘unsuccessful’. The scope of unsuccessful exploration has been widened to cover the discovery of resource deposits that are not commercially viable to mine.

This Bill is an integrity measure which is designed to ensure that the immediate deduction for rights and information fulfils its original purpose of encouraging genuine exploration. There was evidence that the immediate deduction was being used to obtain a deduction for the value of resources already discovered rather than for the right to search for yet to be discovered ‘resources. This is outside the policy intent of supporting genuine exploration.

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

TAX LAWS AMENDMENT (IMPLEMENTATION OF THE FATCA AGREEMENT) BILL 2014

This Bill amends the Taxation Administration Act 1953 to require Australian financial institutions to collect and report information to the Australian Taxation Office about their accountholders who are United States persons or United States controlled entities.

These amendments will give effect to Australia’s obligations under the treaty-status intergovernmental Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA, which was signed by Australia and the United States on 28 April 2014.

The Bill and the intergovernmental agreement will enable Australian financial institutions to comply with the United States Foreign Account Tax Compliance Act (FATCA) without breaching Australian law.

FATCA is a unilateral anti-tax evasion regime aimed at detecting United States taxpayers who use accounts with financial institutions located outside the United States to conceal income and assets from the United States Internal Revenue Service. FATCA will commence on 1 July 2014 and will affect a large number of Australian financial institutions.
The Bill will require financial institutions to identify and report relevant account holder information – as specified in the intergovernmental agreement – annually to the Australian Taxation Office which will subsequently forward it to the Internal Revenue Service under existing taxpayer information-sharing arrangements authorised by the Australia–United States tax treaty.

In the absence of these requirements, and the intergovernmental agreement, Australian financial institutions would be exposed to significant economic costs; including the possibility of a 30 per cent withholding tax on their United States sourced income. The Bill will help to minimise those costs for financial institutions.

For this reason, Australian financial institutions strongly support the Bill and the intergovernmental agreement.

The Bill and the intergovernmental agreement will also improve cooperation between Australia and the United States for the purpose of preventing tax evasion. This will help to enhance the integrity of both countries' tax systems.

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

TEXTILE, CLOTHING AND FOOTWEAR INVESTMENT AND INNOVATION PROGRAMS AMENDMENT BILL 2014

As announced in the Budget, the Government has identified savings from the 2015-16 funding allocation of two programs aimed at the textile, clothing and footwear, or “TCF” industry. Those two programs are:

- the Clothing and Household Textile Building Innovative Capability Scheme, also known as the BIC Scheme; and
- the TCF Small Business Program.

These two programs are legislated under the Textile, Clothing and Footwear Investment and Innovation Programs Act 1999. To facilitate the identified savings, the Government proposes a number of changes to the Act through the Textile, Clothing and Footwear Investment and Innovation Programs Amendment Bill 2014.

Government funding support has been provided to the TCF manufacturing industry for many years. The TCF Small Business Program (obviously aimed at small businesses) and the BIC Scheme (aimed at medium to large businesses) were created to help the TCF manufacturing industry transition to a lower import tariff regime. TCF tariffs have been lowered in stages over many years. The tariff on clothing is now 10 per cent and this will fall to five per cent on 1 January 2015. The tariff on textiles and footwear is already five per cent. There are no plans for further reductions. In many cases these tariffs are already effectively further reduced by the range of trade agreements Australia is a party to and by concessions provided to some trading partners which qualify under developing country status, for example.

The TCF Small Business Program is a competitive, merit-based grants program that aims to improve the business enterprise culture of established TCF small businesses that have not received grants or qualify for assistance from other TCF programs. Grants of up to a maximum of $50,000 have been available for eligible projects. The program is based on annual Rounds with $2.5 million allocated for each Round. Round 9 of the TCF Small Business Program (for which applications are currently being assessed) would be the final Round of this program. Grants made under Round 9 would be funded from the 2014-15 funding allocation.

The BIC Scheme is aimed at fostering the development of a sustainable and internationally competitive clothing and household textile manufacturing and design industry in Australia, by providing grants, available on an entitlement basis, for research and development including innovative product design activities, innovative process improvements, market research and some industrial
property rights expenditure. Grant payments are made in arrears for eligible activities conducted in the previous financial year. BIC Scheme registrants have already spent substantial funds in 2013-14, in the expectation that much of this will be reimbursed in 2014-15. After making such reimbursements in 2014-15 no further grant payments would be made under the scheme.

Passage of the Bill by 30 June 2014 would close the TCF Small Business Program and the BIC Scheme one year earlier than originally intended. Therefore the amendments detailed in the Bill are essentially the bringing forward of end dates by one year and the reduction of the total of grants paid under both the TCF Small Business Program and the BIC Scheme, combined, by $25 million.

The details and requirements of the TCF Small Business Program are provided for by the legislative instrument, Textile, Clothing and Footwear Small Business Program Determination 2005. This instrument will be amended to reflect the legislative amendments to be made by the Bill for the closure of the TCF Small Business Program.

The details and requirements of the BIC Scheme are provided for by the legislative instrument, Clothing and Household Textile (Building Innovative Capability) Scheme 2010. This instrument will be amended to reflect the legislative amendments to be made by the Bill for the earlier termination of the BIC Scheme.

**VETERANS’ AFFAIRS LEGISLATION AMENDMENT (MENTAL HEALTH AND OTHER MEASURES) BILL 2014**

Today I present legislation that will improve access to mental health services for current and former members of the ADF and their families. This Bill will enhance the operations of the Veterans' Review Board and make other improvements to Veterans’ Affairs services and administration.

This Bill reflects this Government's commitment to recognising the unique nature of military service. Tackling mental health challenges for veterans and their families is one of the four pillars of our plan for veterans and their families.

Two of the measures in the Bill will strengthen mental health services through increased access to non-liability health care and the expansion of access to the Veterans and Veterans Families Counselling Service, better known as the VVCS.

The Government currently spends around $166 million a year on mental health services for veterans, members and their dependants. This expenditure is not capped; it is demand-driven.

It includes funding for online mental health information and support, GP services, psychologist and social work services, specialist psychiatric services, pharmaceuticals, PTSD programs and in-patient and out-patient hospital treatment.

The mental health measures in this Bill will help build on existing support already available for veterans, members and their dependants.

From 1 July 2014, access to treatment under non-liability health care arrangements will be expanded to include diagnosed conditions of alcohol use disorder and substance use disorder, regardless of whether the condition is service-related.

From 1 July 2014, eligibility for treatment under non-liability health care arrangements for members of the Defence Force with peacetime service only will be expanded by removing the current cut off date of 7 April 1994.

This means that all those with at least 3 years continuous full-time peacetime will now also be eligible for non-liability health care for PTSD, anxiety and depressive disorders and alcohol and substance use disorders.
Members who discharge before completing their 3 years continuous full-time service may also be eligible, where discharge is on the grounds of invalidity or physical or mental incapacity to perform duties.

Veterans and members who have been unsuccessful in previous liability claims may be able to access mental health treatment under the expanded non-liability health care initiative.

This means that treatment for the mental health conditions of PTSD, anxiety and depressive disorders and alcohol and substance use disorders will be available without the need for the condition to be accepted as related to the member’s service.

Mental health services for veterans, members and their families will be further improved through the expansion of the client groups eligible for counselling through the VVCS.

From 1 July 2014, current and serving members with certain peacetime service will be eligible for counselling through the specialised services of the VVCS. This includes border protection service, service in a disaster zone, either in Australia or overseas, service as a submariner and personnel involved in training accidents and members medically discharged.

Access to counselling services from VVCS will also be extended to partners and their dependent children, up to the age of 26, of these newly eligible groups and to the partners, dependent children aged up to 26, and parents of members killed in service-related incidents.

It is recognised that military peacetime service has its own risks for exposure to traumatic events and impact on mental health.

It is understood that early access to treatment can result in better outcomes for clients.

Another significant measure in the Bill will enhance the operations of the Veterans’ Review Board, also known as the VRB.

The VRB provides merit reviews of decisions relating to disability and war widower pension, compensation and other entitlements under the Veterans’ Entitlements Act and the Military Rehabilitation and Compensation Act.

The Bill will introduce a legislative framework for alternative dispute resolution processes including conferencing and mediation.

Additional improvements relating to case management, and the administrative and procedural practices of the Board are expected to enable more effective management of the functions of the Board.

The 2011 Review of Military Compensation Arrangements recommended refining the appeal process under the Military Rehabilitation and Compensation Act to the Board and then to the Administrative Appeals Tribunal as a means to a more timely, less complex, less costly review process.

There is widespread support amongst the ex-service organisations for this change.

The Department of Veterans’ Affairs is working through the implementation implications for a single pathway in order to provide advice to the Military Rehabilitation and Compensation Commission and the Government.

The changes proposed in this Bill to prepare the way for a possible future single appeal process through the Board.

Some might view the changes in this Bill as "legalising" the Board or turning the Board into a replica of the Administrative Appeals Tribunal.

I want to reassure the veteran community that that is not the case.

These changes are designed to give the Board more modern and efficient processes.

They will enable the Board to apply alternative dispute resolution mechanisms to resolve matters more quickly and satisfactorily so as to prevent the need for hearings in many cases.
Alternative dispute resolution processes encourage early identification and clarification of the issues and for the gathering and consideration of the necessary evidence aimed at resolving the appeal at the earliest possible stage.

It is important to stress that the Commission delegate who made the primary decision will not be involved in alternative dispute resolution mechanisms.

Where a matter goes to a hearing, the same informal and non-legalistic approach to hearings will continue, which I know is appreciated by many in the veteran community.

There was extensive consultation with ex-service organisations in 2013 on these matters, and I am pleased that there is broad support for these reforms.

There will be further on-going discussions with the ex-service organisations on the implementation of these changes.

Amendments to the Military Rehabilitation and Compensation Act will expand the circumstances under which an eligible young person is taken to be wholly dependent on a member.

The expansion will include an eligible young person for whom the member is liable to pay child support.

These eligible young persons will have the same wholly dependent status as an eligible young person who lives with a member.

It should be noted that these situations are not exhaustive and other circumstances that meet wholly dependent status for an eligible young person will continue to be determined on a case-by-case basis.

The Bill will also act on the advice of the Department of Defence and make a technical amendment to an end date for a period of service in an operational area in Schedule 2 of the Veterans' Entitlements Act.

The amendment will not disadvantage any veteran as the change to the date will align the period of service for that operational area with the dates of the Instruments of Allotment for that operational area which are dictated by the Department of Defence.

Further amendments to the Military Rehabilitation and Compensation Act will enable the Chief Executive of Comcare to be nominated for appointment to the Military Rehabilitation and Compensation Commission.

This measure rectifies the inadvertent disqualification in 2012 of the Chief Executive of Comcare from nomination for appointment to the Military Rehabilitation and Compensation Commission.

The amendments reinstate the original intention of the MRCA, that the Military Rehabilitation and Compensation Commission be able to benefit from the expertise of a member with whole-of-government knowledge on workers' compensation issues.

Amendments relating to the Commonwealth seniors health card and seniors supplement will reduce the administrative burden on clients who travel overseas for more than six weeks.

Currently, one of the eligibility requirements for seniors supplement requires the person to be the holder of a Commonwealth seniors health card. If that person travels overseas for more than six weeks, to regain eligibility for seniors supplement, the person must reclaim the Commonwealth seniors health card which requires a written claim and proof of the person's income details.

The amendments will mean that card holders will be eligible for the seniors supplement on their return from overseas without needing to reclaim the Commonwealth seniors health card.

This Government is committed to reducing red tape and this measure will assist older Australians to access benefits from the Australian Government.

The measures in the Bill will benefit veterans, members of our Defences Forces and the families of our military personnel.
This is achieved by providing additional treatment and services for mental health conditions and support for mental wellbeing. Improvements to the operations of the Veterans' Review Board, including introducing a legislative framework for proven alternative dispute resolution processes and providing easier access to seniors supplement for Commonwealth seniors health card holders who travel overseas for more than six weeks will also be beneficial to the veteran community.

PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY AMENDMENT BILL 2014

Madam Speaker, the stewardship of public resources by Commonwealth entities may not be the most glamorous topic but it is surely one of the most important to anyone with an interest in good government.

The Public Governance, Performance and Accountability Amendment Bill 2014 would, if enacted, amend the Public Governance, Performance and Accountability Act 2013 (PGPA Act) to clarify specific resource management and governance matters for Commonwealth entities and ensure the effective implementation of the rules that will support the operation of the PGPA Act and the broader financial framework of the Commonwealth.

The PGPA Act will replace, from 1 July 2014, the existing model for Commonwealth financial management established through the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997. The PGPA Act consolidates under one law the governance, performance and accountability framework for the Commonwealth and relevant entities, with detailed arrangements on how these principles will be applied to be set out in the PGPA Rules.

The PGPA Act was passed in the last days of the last Parliament. While the Government, in its then capacity as the Opposition, supported the aims of the Act we did not support its passage. The detail of how its underlying principles would be applied was not available and we had concerns about the speed with which such important reforms were being pushed through.

The Government continues to support the aims of the PGPA Act but we will ensure that it is properly implemented and we will be vigilant in monitoring its efficacy in practice.

On 13 February 2014, the Joint Committee of Public Accounts and Audit (JCPAA) resolved to inquire into the development of the PGPA Act rules. The JCPAA confirmed that it believes that "the PGPA Act and the implementation of the first set of PGPA rules, establishes a solid foundation for efficiencies and the framework for cultural change in Commonwealth resource management in future years".

The JCPAA has however made a number of recommendations in its report. These are currently under consideration by the Government.

As presented to this House, the Bill clarifies one matter raised in the JCPAA report, in that it includes a note to put beyond doubt the continuing powers of the Auditor-General to conduct a performance audit of a Commonwealth entity at any time. This will ensure that there is no doubt about the Auditor-General's ability to perform one of the core functions of that office.

This Bill arises from the development of the detail needed for the implementation of the PGPA Act, and is an outcome of consultation within government. The contents of the Bill can be summarised as:

- amendments to correct drafting errors in the current Act;
- technical amendments to improve the operation of the Act's provisions as a result of more detailed consideration since June 2013; and
- adjustments to ensure that the rules that support the PGPA Act are able to operate as effectively as possible, consistent with the aims of a simplified and streamlined framework.
While the changes are technical in nature they provide greater certainty in relation to the operation of the Act as well as supporting the design of more operationally effective supporting rules. Such clarity is important if the Act is to live up to its aims.

The Bill, if enacted, will contribute to long-term public sector efficiencies by improving governance, transparency and accountability arrangements for Commonwealth entities (including both non-corporate Commonwealth entities and Commonwealth entities).

This Bill is, accordingly, another crucial step to help ensure the smooth transition to a more effective financial framework for the Commonwealth.

I commend the Bill.

Debate adjourned.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.

Amending Acts 1901 to 1969 Repeal Bill 2014
Major Sporting Events (Indicia and Images) Protection Bill 2014
Migration Amendment Bill 2013
Statute Law Revision Bill (No. 1) 2014
Tax Bonus for Working Australians Repeal Bill 2013
Telecommunications Legislation Amendment (Submarine Cable Protection) Bill 2013

Assent

Messages from His Excellency the Governor-General were reported, informing the Senate that he had assented to the following laws:

27 May 2014—Messages Nos—
Migration Amendment Act 2014 (Act No. 30, 2014)
Tax Bonus for Working Australians Repeal Act 2014 (Act No. 32, 2014)
Telecommunications Legislation Amendment (Submarine Cable Protection) Act 2014 (Act No. 33, 2014).


REGULATIONS AND DETERMINATIONS

Export Market Development Grants (Extended Lodgement and Consultant Quality Incentive) Determination 2012

Disallowance

Senator XENOPHON (South Australia) (21:04): I move:


CHAMBER
The Export Market Development Grants program was originally established in 1974 to help transition Australian industry from its previously protectionist policies. The Australian economy was opened up—first, by the Whitlam government—and George Megalogenis's book *The Australian Moment* has an excellent discussion of this period and how it influenced the shape of the Australian economy today. Unambiguously, there were some benefits in relation to opening up a small open economy such as Australia's. But I think it is fair to say that we have gone too far; they way we have literally applied WTO obligations and anti-dumping rules has been to the detriment of the national interest, and other countries do not do what we do. Notwithstanding that, the Export Market Development Grants program was there to help Australian industry. It has evolved into a program specifically targeted at supporting small to medium-sized enterprises in export markets and activities.

In our current economic environment this program is more important than ever. Australian exporters are the lifeblood of our economy, and encouraging and supporting small and medium enterprises into export markets is a goal for all sides of politics. With a high Australian dollar, its more important than ever to find new and niche markets for Australian products and services. This sector is both the hope and the future of Australia's long-term economic wellbeing. Currently, small and medium enterprises make up nearly 90 per cent of exporters in Australia, exporting over $12 billion of goods each year, not counting services. In 2012-13, $120.4 million in grants were approved under the Export Market Development Grants program to support over 3,000 of these businesses.

This determination informs part of the framework for the Export Market Developments Grant program, and includes new provisions for extended lodgement periods that aim to act as an incentive to improve quality among grant applications. However, it is important to note that the determination could allow Austrade to determine how 'accuracy' is defined by choosing to audit applications in a certain way. There is no specific benchmark to determine accuracy, and too much leeway is given to Austrade in determining whether an application is considered accurate or not. The real fear is that this could be used capriciously, and the way it has been framed is fundamentally unfair. That is what the concern is.

It is interesting to note that Austrade, in its own documents—in its guide to export grants—is effectively saying that you should include everything in an application, and I will refer to that shortly. The document, 'Export Market Development Grants in Brief: For Expenditure Incurred in 2013-14 (2013-14 Grant Year)', makes reference to what the grants program is. It also states specifically in this document that, in terms of overseas representatives, a maximum of $200,000 per application is claimable under this category. It states specifically:

However, you should include all eligible expenses that you wish to claim in your application to ensure your grant is maximised.

However, what is being proposed in this regulation—in a broad-axe kind of way—is that it actually includes significant penalties if you get it wrong. You cannot simply flag, as you used to be able to do with the department, what could be made in a grant and what could be allowed for in a grant. There was some leeway there so that you could get advice from the department as to whether a grant would be allowed or not.

The concerns regarding this regulation also relate to the fit-and-proper-person test for consultants. As with most grants programs under the EMDG, businesses can choose to employ consultants to help maximise their opportunities and financial return. That is fair
enough. If you are busy producing a product that can be exported, you appropriately go to experts who can help you facilitate the grant. As the EMDG uses government—and therefore taxpayer—funds to support export activities, it is completely reasonable that there be safeguards in place to ensure that the grants process is robust and that moneys are used appropriately. I have no issue with that, and neither do the export consultants that I have spoken to.

The supposed aim of the fit-and-proper-person test is to ensure that consultants act in the interests of the business they are representing and not for any nefarious motive. In principle, I support this aim completely—there should be no issue with that. However, in practice, both the act and the determination have provided the CEO of Austrade with too much discretion when applying the test, which I believe is inherently unsafe and dangerous because it gives too much unfettered power to the CEO without requisite safeguards. I do not have an issue with the CEO of Austrade per se—that is not the issue. The issue is giving one person such enormous power, and that to me is a real concern.

In particular, section 3.4(8) of the determination states:

The CEO of Austrade may also have regard to any matter not mentioned in subsections (2) to (7) that is relevant to the personal, commercial, financial or professional character of:

(a) the applicant for approval; or
(b) a relative of the applicant for approval; or
(c) another person or body that manages or conducts the applicant for approval's interests as a consultant; or
(d) another person who is in a position to direct or influence the preparation or making of applications for which the person acts as a consultant; or
(e) another person who has a commercial relationship with the applicant for approval relating to the preparation of applications for grant.

These are very broad discretions that I do not believe are reasonable. These criteria are unreasonably broad. I also ask whether the CEO of Austrade is appropriately qualified to make a decision not just in relation to a consultant but in relation to individuals associated with the consultant.

Further, once the CEO has made a decision, options for appeal by consultants are limited. A consultant may make an application in writing to be reviewed by an individual within Austrade—the so-called reviewer, according to the determination. The only requirement the reviewer must meet under the determination is that they perform duties in Austrade and did not make the original decision. I am concerned that there do not appear to be any requirements in relation to knowledge, experience or seniority for the reviewer. As such, consultants seeking to have a decision reviewed may not have access to a fair review. That itself makes these regulations fundamentally flawed. This is not fair. You are simply giving too much power; it is ill defined; it is too vague; and it will have a very detrimental effect on people who are trying to do their business honestly as consultants to support our exporters and the critical role they play in our economy.

There is also no avenue of appeal after the review has been concluded. Presumably a consultant could take their case to the AAT on judicial review, but legal battles are incredibly costly and, in all reality, prohibitive, and the options for judicial remedy are extremely
limited, as I understand it. As such, we have a situation where a person's entire livelihood can be put at risk while they have little or no recourse.

What has been put to me by those who work in the industry is that this is quite different from other areas where a fit-and-proper-person test is appropriately required. If you are a customs agent, for instance, you have a certain amount of trust placed in you for the clearance of material goods coming into this country, and it is important that you pass a fit-and-proper-person test so that you are not allowing narcotics or other prohibited substances or goods into the country. If you are a tax agent, you get certain privileges from the tax office with respect to the late lodgement of returns and the like. There is an element of trust placed in you by the tax office by virtue of your being a tax agent, so I can understand the need for a fit-and-proper-person test with respect to that. But, in relation to an exports grants scheme where these people act as agents, prepare applications and submit the applications, there do not seem to be any privileges attached as there are for a tax agent or a customs agent.

It is also important to note that it is not just consultants who are affected by the test. If a consultant is deemed to be not fit and proper under these very vague criteria—vague criteria that are not subject to reasonable review or reasonable scrutiny—there is also a negative impact on any applications they have submitted. As such, businesses with limited resources may find themselves without their grants due to no fault of their own.

In my view, the structure of the fit-and-proper-person test will—and, to some extent, has—put consultants at odds with Austrade. Instead of continuing to foster a collaborative relationship with consultants, Austrade has introduced a test that many consultants feel is an attempt to catch them out, and I fear that, if a consultant wishes to raise policy issues or be critical of the way that Austrade administers the grants program, that could put them at odds with it, and there is this unduly broad power that could be used against them.

Much of this feeling amongst consultants has been prompted by the already high standards consultants meet. They already have high hurdles to jump. There does not appear to have been broad, constructive discussion with the industry about the impact of this new test, and Austrade does not appear to have taken the concerns of consultants on board to any material extent. In particular, and significantly, I note that the board of the Export Consultants Group have indicated their support for this disallowance. It reflects the views of the overwhelming number of the membership. Indeed, information I have received this evening is that this is a unanimous view of what is effectively the peak body, the Export Consultants Group. It is a significant group. It is made up of approximately 90 members, who represent all types of consultants, from large consulting firms to small, one-person operations. These members assist over 2,000 EMDGS applicants and have worked with over 4,000 exporters. The Export Consultants Group time and time again have rejected these regulations as being unreasonable, too complex, too onerous and simply counterproductive in terms of the work that must be done. They do not provide the protection to taxpayers they purport to. They do not provide the protection to exporters. They appear to be completely counterproductive.

I note that the Australian Labor Party are unlikely to support this disallowance. These are effectively regulations that were formulated during their time in office. To them, I say: you first introduced this determination in good faith, but the concerns raised by industry, by the consultants, were not and have not been addressed to date. Now is the opportunity to correct
any oversights and to improve the legal framework. We need to go back to the drawing board in relation to this.

To the government, I say: these regulations are not just red tape; they are red tape with barbed wire wrapped around it. If you want to reduce the regulatory burden on small to medium enterprises, if you want to support exporters into new and niche markets, take note of the concerns raised by the consultants. These are the people at the front line who have to deal with these applications. These regulations will create an increased amount of red tape for exporters and consultants, as well as setting up an unlevel playing field. It is my view that this determination needs to be reconsidered after greater consultation with the industry, with the consultants. Austrade also need to take into consideration matters of procedural fairness and unnecessary red tape and the impact on businesses that have acted in good faith. This determination is far too broad for a matter that deals with people's livelihoods. It is not good enough to leave these matters up to subjective judgement. There must be safeguards in place.

I hope that, even if my motion is not supported, the government will urgently reconsider the form of the fit-and-proper-person test and the accuracy test, an accuracy test that, to me, defies the previous rulings by the department where it encourages people to claim all reasonable expenses. There was a mechanism previously to deal with those, so that they could be queried by the department and they could be given a preliminary ruling, in a sense. I say that by way of shorthand. That is being lost now, and it is a sort of sudden-death-type application where, if you exceed a certain percentage—and that percentage reduces over the years; it is nine per cent for this year in terms of the accuracy test, reducing to a significantly lower amount—then you can lose your status as an approved consultant, and, effectively, your ability to be a consultant will be significantly harmed.

I hope the government will reconsider this if it does not support this disallowance. My genuine fear is that this determination, this set of regulations, will not improve the quality of export consultants and the applications they lodge; instead, it will drive people out of this industry and leave small to medium exporters either high and dry or, alternatively, having to pay a lot more for consultants—and this is a sector that, more than ever, Australians need to encourage. I believe the impact of these revelations will be deleterious for our exporters, without adding any value to the robustness and the probity of the way that these grants are administered. That is why I strongly support the disallowance.

Senator SINGH (Tasmania) (21:19): Labor will not be supporting Senator Xenophon's disallowance motion.

Senator XENOPHON (South Australia) (21:20): Do I get a chance to sum up?

The ACTING DEPUTY PRESIDENT (Senator Stephens): Yes, you may, Senator Xenophon.

Senator Farrell: Not much to sum up about!

Senator XENOPHON: There is a lot to sum up about, Senator Farrell, through the chair. This is an important issue for small and medium businesses, where the peak body of export consultants is deeply concerned about the form of these regulations and the impact that they will have. At least Senator Singh was decent enough, on behalf of the opposition, to say they do not support them, but what do I get from the government? Zip, nothing, nada. At least the government could have got up and said, 'We don't support you,' and given me even a couple
of paragraphs, even a couple of lines, of reasons, because this is not fair to the export consultants of this nation, who have acted in good faith, who are concerned about the red tape. Removing unnecessary red tape has been a mantra for this government. What you have done here is that you have introduced red tape with barbed wire wrapped around it, because I think that there will be problems. The undertaking I give to the export consultants is that I will do my best to monitor this through the estimates process and through representations made to the minister. I do not get why we have gone down this path. I believe this will have a negative impact on our exporters. I believe that we will see a diminution of our export effort, because the red tape surrounding it will just become even greater, without in any way improving the probity of the export process and the grants process.

The ACTING DEPUTY PRESIDENT: The question is that the motion be agreed to. The Senate divided. [21:26]

(The Acting Deputy President—Senator Stephens)

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

AYES

Di Natale, R
Ludlam, S
Milne, C
Siewert, R
Wright, PL

Hanson-Young, SC
Madigan, JJ
Rhiannon, L
Waters, LJ
Xenophon, N (teller)

NOES

Abetz, E
Bernardi, C
Bishop, TM
Bushby, DC
Conroy, SM
Edwards, S
Farrell, D
Furner, ML
Kroger, H
Ludwig, JW
McKenzie, B
Moore, CM
Peris, N
Ruston, A
Seselja, Z
Simodinos, A
Stephens, U
Tillem, M
Williams, JR

Back, CJ
Bilyk, CL (teller)
Brown, CL
Colbeck, R
Dastyari, S
Eggleston, A
Fawcett, DJ
Gallacher, AM
Linas, S
Lundy, KA
McLucas, J
O'Sullivan, B
Pratt, LC
Scullion, NG
Singh, LM
Smith, D
Thorp, LE
Urquhart, AE

Question negatived.
Australian Meat and Live-stock Industry (Export of Live-stock to Egypt) Repeal Order 2014
Disallowance

Senator RHIANNON (New South Wales) (21:30): I move:


The Australian Meat and Live-stock Industry (Export of Live-stock to Egypt) Repeal Order 2014 is short-sighted and cruel and it should be disallowed. This regulation undoes the 2008 prohibition on exporting live sheep to Egypt. It takes a backward step on the conditions that cover the handling of these animals in Egypt. It removes the requirement that exported cattle to Egypt must be individually tagged with a functioning radiotracking device, such as an ear tag, for the purpose of tracking the animal through the export chain.

In a further weakening, which one imagines has been taken on the orders of Minister Joyce, the regulation removes the requirement that, at least 214 days before the cattle are exported to Egypt, the exporter must give AQIS—the Australian Quarantine and Inspection Service—a written statement by a competent Egyptian authority or the specified operator-manager of the port, feedlot or slaughterhouse that quarantine space is available for the expected weight and number of cattle in the proposed consignment.

Anyone thinking of voting against this disallowance and therefore retaining this regulation needs to be very clear on what they are setting up here. This goes far beyond just re-establishing the live export trade with Egypt. It is also about weakening animal welfare standards, opening the door to more gross cruelty and making it harder for such criminal abuse to be tracked and opposed.

There are compelling reasons why the export of Australian livestock to Egypt was banned by the Howard government in 2006. Animals Australia had revealed footage of terrified cattle having their tendons slashed and eyes stabbed in an Egyptian abattoir. Later that year, along with British investigators, they again documented routine cruelty inflicted on Australian sheep in the days of the Eid al-Adha, which is the festival of sacrifice. The sheep were dragged by various body parts, trussed, shoved in car boots and tied onto roof-racks. Many people contacted my office about how distressing they found these images.

The reopening of the trade has been justified by successive government ministers because of the creation of the Exporter Supply Chain Assurance System, or ESCAS. I note that Minister Barnaby Joyce has recently been in the media talking this system up. This is a tactic to help justify reopening the trade with Egypt, but the reality is that the weak standards in place—which are supposed to provide some protection to Australian live exports—are in fact to be weakened, not strengthened. And, despite what the minister might say, ESCAS is not a solution to the inherent cruelty involved in the live export trade.

That is why the Greens have spent a long time working to end the live export trade, and there is a building public understanding of why this trade must end. The ESCAS standards themselves are very rudimentary. While it is presented that they are a solution to animal cruelty, it is worth remembering what they actually are. They are in fact prepared for developing countries, not for Australia. They are recommendations only, and they offer less protection for animal welfare than the standards enforced in Australia. For example, there is
no requirement to stun animals pre-slaughter. As a First World country, we should require higher standards than those provided by ESCAS.

Minister Joyce argues that you can control the welfare of animals through the ESCAS with the creation of a closed-loop system, which dictates which abattoirs we export to. Yet, as recently as March this year, the government's own investigations have confirmed that systemic cruelty is being inflicted by inadequately trained or supervised staff and management working within these systems—inside these very systems that the minister makes out will solve the problems. This is in an Egyptian facility that is ostensibly, we are told, tightly controlled and is frequently visited by industry and government officials. Within what is supposed to be the very best, we see this breakdown.

Continuing revelations in receiving countries show that the ESCAS does not work. We know this because of the tireless investigations by animal welfare organisations, such as Animals Australia, and because of some courageous workers who speak up against cruelty to animals. In Vietnam, we have seen two incidents where cattle have leaked from the supply chain and are likely to have ended up in local slaughterhouses, where animals are often tied to the floor and hit with sledgehammers as a means of stunning them. In Jordan, Animals Australia has noted that there is deliberate, widespread and systemic on-selling of Australian sheep in contravention of the ESCAS. Last year, footage from Animals Australia showing extreme cruelty to animals that had been exported to Egypt again led to a brief ban. We have seen that the industry is unable to follow through on the promises made under the ESCAS, and the trade becomes an on-again, off-again arrangement.

In response to these systematic problems, Minister Joyce does not move to address the animal cruelty issues. Instead, he explicitly removes the minimal requirements we now have. The Australian Meat and Live-stock Industry (Export of Live-stock to Egypt) Repeal Order removes our ability to track the animals through the export chain to ensure that they are being treated within any standard of welfare. This tracking ability has actually been one of the ways that Animals Australia has been able to reveal the failure of the ESCAS. So it is not hard to see why Minister Joyce would have wanted that aspect weakened. Essentially, in putting forward this regulation, Minister Joyce is attempting to reduce scrutiny and assist cover-ups of animal cruelty. This is not a good move for farmers. It does not bring certainty or secure a reliable trading partner.

Minister Joyce might get away with this within the Nationals and in the Abbott government, but we know that, if this regulation is retained, in time the export industry will unravel, the abuse will happen again and public concern will intensify. We know that the current government does not care about animal welfare. But you would think they would pay attention to the economics.

The live export industry has directly impacted local jobs; as abattoirs in Australia are overlooked for the cheaper options overseas. In 1972 there were 550 abattoirs in Australia. By 1992 the number had dropped to 223. That is a loss of thousands and thousands of jobs. A number of reports from industry and government bodies have found problems with the live export trade. A Western Australian ministerial taskforce in 2004 'found compelling evidence that competition from the live export sector for the limited supply of animals at the farm gate, as well as for foreign markets for animal products, has damaged the processing sector'. A 2000 Heilbron report estimates that 'live exports cost some $1.7 billion in lost GDP; around
$280 million in household income and about 12,000 jobs. A 2010 report found the live export industry ‘is inflicting significant damage’ on Queensland’s beef processing industry and seriously risking assets of $3.5 billion, a direct turnover of $5 billion and some $36,000 jobs.

Remember, these are not the Greens’ figures. These are government and industry reports that show how wrong this current live export trade policy is. This lays bare the National Party policies in this area. In fact, what you conclude when you read these reports is that the National Party policy is a jobs killer for rural areas. Restarting the live export trade with Egypt is bad for animal welfare and bad for rural communities.

The 2010 IBIS World Industry Report shows that meat processors alone employed 29,000 people in 2010. On top of this, an estimated 200,000 people are employed along the red meat industry supply chain, with 80 per cent working beyond the post-farm supply chain, including in retail butcheries. A state-of-the-art meat processing facility in Northern Australia could create more than 800 direct and indirect full-time equivalent jobs, with significant flow-on effects to regional communities.

We do have an alternative to the live trade, and this has been tried and tested. Australian chilled meat exports have consistently been worth between seven and eight times more than live exports, with chilled sheep and cattle meat exports worth some $6.43 billion in 2012-13, compared to the live sheep and cattle trade worth $533 million. Those are telling figures, and that is why we say that the Nationals are selling out rural communities and that their own policy in this area is a jobs killer.

The question needs to be asked: why do Minister Joyce and his party resist taking steps that would benefit many more farmers than the small number that profit from the live export trade? Making changes would bring enormous benefits across Northern Australia to communities large and small. When trade to Bahrain was suspended in 2012, Bahrain totally replaced live exports with chilled meats, importing more sheep meat in 2013 than they had ever taken in live animals. Sheep processed in Australia are now worth 20 per cent more to our economy than those transported live. In 2013, Australian lamb, beef and veal exports hit new records, with growing preferences for high-quality, safe and convenient meat products sold in modern urban and regional retail outlets throughout the Middle East and Asia.

Many farmers, livestock exporters and others associated with the trade are sickened by the brutality and cruelty perpetrated on exported Australian livestock. I have been to many protests, rallies and public events about the live export trade, and often I share a platform with farmers who raise their concerns. Many of them speak out about the welfare of their animals. They work hard to ensure that cruelty is not perpetrated. But many of them acknowledge that, once their cattle, sheep and other livestock leave this country, it is not possible to control their welfare from behind a desk in Canberra. That is in fact one of the great cons that has been perpetrated by both the coalition and Labor governments on the people of Australia—making up that they have a system that works.

Hundreds of thousands of very ordinary Australians are calling for an end to the system that allows this to continue to happen. No amount of regulation, no form of ESCAS, will ameliorate the horrific conditions and suffering that livestock are exposed to during transport and when slaughtered. We should end the live export trade and support the development of an industry in a sustainable, cruelty-free framework that maximises jobs within Australia. The Greens have a plan for this. We would develop new meat processing facilities across Northern
Australia, invest in skills and education for industry workers, and work with the industry to ensure that the infrastructure is there so this industry can continue throughout the year. We would advocate for the Australian meat industry overseas by pushing for removal of trade barriers, as well as planning with the industry for a transition away from live exports to chilled boxed meat. And we would set up an independent office of animal welfare to ensure that the standards we do have in place are strong and not abused in the way they are now. That office is urgently needed to help ensure that Australia's standards are respected.

This is the type of planning, this is the type of leadership, that is needed for farmers, for meatworkers, for rural communities in Australia, but we have not seen it. When Labor were in power they failed to deliver and now, with the coalition in power, we see it being wound back even on the level of standards currently in place. Minister Joyce and the Nationals are selling out farmers by not providing such a transitional plan. Rather they are increasing the difficulty and uncertainty these communities face.

We know from the recent past that ESCAS does not work. There are so many incidences that have shown that. There are so many investigations currently going on into events where that system has failed. When community organisations once again reveal the cruel conditions under which the animals suffer, the government will have to ban exports. That is clear; we are now at that point.

The repeal of the Australian Meat and Live-stock Industry (Export of Live-stock to Egypt) Repeal Order 2014 does nothing to address the issues facing the industry today. The repeal order should be disallowed because, if it is not disallowed, what will remain in place is a regulation that will be damaging to the industry as well as allowing more animal cruelty to be perpetrated.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (21:46): The first thing I would like to do, particularly for the chamber but for those who are listening to this debate, is dispel the lie perpetrated again by the Greens that the coalition does not care about animal welfare. It is a lie. In fact what should be understood and what should be noted is that Australia is the only country in the world that is doing anything about animal welfare in the live animal export market. Take Australia out of that market and animal welfare standards will go backwards. So let's get that straight: dispel the lie that the Greens continue to put—and we know that they are good at it—that we do not care about animal welfare standards, because it is a lie. I am sick to death of that being perpetrated against the coalition by the Greens.

We have opened these new markets, because it is good for the industry—despite what the Greens might like to say, it is good for the industry. The complete bunkum that the Greens put with respect to the structure of the industry and the opportunities that might exist in the industry demonstrate their complete and utter misunderstanding or, more importantly, ignorance of the industry and the supply chain, particularly in developing countries.

This is a pie-in-the-sky concept that we can just convert other countries to a chilled beef supply chain when there is no refrigeration, no electricity—none of those services are available—and no transportation in some places that will provide the services that are required. It really does show the Greens complete ignorance, and at least Senator Rhiannon had the decency to admit that this is about destroying an industry. At least she had the decency to admit that that was what she was about.
About the only thing the Greens are good at is destroying industry. They are not for anything; they are against stuff. That is their modus operandi—being against things. They do not support anything constructive. The government is proud of reopening these markets, providing alternatives for growers into these export markets. Why is the lamb price in Australia so high at the moment, particularly in Western Australia? It is being supported by the live export market. That is what is underpinning the market, particularly, in Western Australia.

So the Greens come in here with these pie-in-the-sky ideas about how they are going to manage things, yet they have absolutely no idea. At least they are prepared to admit that they are about destruction of a market. We saw what happened when the Greens and the Labor Party got together a couple of years ago and shut down the live export trade.

Senator Rhiannon ought to look at what is happening in Queensland with the drought at the moment where you have got a couple of age classes of animals that should not be there. They should have been exported off to Indonesia but they weren't because the Labor Party and the Greens shut down the industry. What did that do? It left those age classes of animals still in northern Queensland and the Northern Territory, and of course now we have a drought, which has exacerbated the problem.

Debate interrupted.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Ruston) (21:50): Order! I propose the question:

That the Senate do now adjourn.

Budget

Senator EGGLESTON (Western Australia) (21:50): I would like to talk about the recent budget which we on our side of the chamber think promotes fairness and opportunity. Fairness and opportunity are great Australian values which we all in general terms support. Governments, like families, need the money to be able to provide these things and to provide fairness and opportunity. The cold hard truth is that, under the Labor government, the Australian government did not have the money to provide good services. Under the Rudd-Gillard government, the projected deficit for Australia was going to be $667 billion—an amazing amount of money; almost too much to imagine.

A national budget is no different to a family budget as I just said. Families who live beyond their means find themselves in trouble, and so do countries. The simple message from the recent budget is that this government is determined that Australia will live within its means and that we will reduce the ever-growing level of debt, which occurred under the Rudd-Gillard governments, and have some financial responsibility in our financial affairs.

This budget is a key component of the Abbott government's economic action strategy which will build a strong prosperous economy and a safe and secure Australia. The budget calls on everyone and every business to contribute, to join or to grow the workforce, to boost productivity and to help build a stronger economy with more investment. The budget redirects taxpayers' dollars from unaffordable consumption today to productive investment for tomorrow. It will do this while supporting the most vulnerable and taking significant steps towards ensuring that the government can live within its means. The Abbott government will
have reduced the Labor deficits by $43.8 billion through to 2017-18. Gross government debt is also forecast to be $389 billion in 2023-24, compared, as I said earlier, to the $667 billion that Labor left, including providing for future tax relief to address bracket creep.

There are several key signature budget reforms that I would like to make some reference to. The days of borrow and spend must come to an end. The time to contribute and build has begun. The first program the Abbott government proposes is an infrastructure growth package, which will take the government's transport investment to $50 billion by 2019-20. As a result, total infrastructure investment from the Commonwealth, state and local government as well as the private sector will build to over $125 billion by 2019-20.

We are planning to bring full deregulation of the higher education sector, which will remove fee caps for universities and higher education providers and expand the demand driven system to bachelor and sub-bachelor courses at all accredited higher education institutions. Australian universities will be able to compete with the best in the world by giving them the freedom to innovate, a greater ability to invest in world-class research and the capacity to respond to the needs of students and businesses. Some fees may go up but other fees may well fall.

The government will create the world's largest medical research endowment fund—the $20 billion Medical Research Future Fund. Contributions to the fund will come from a new patient contribution to health services and from the other health savings from the budget. This endowment fund, when mature, will double current direct medical research funding, with an additional $1 billion a year. Australia is already one of the leading countries in the world for medical research, and this will enable us to maintain that position and in fact enhance it.

Young people with a work capacity will be required to be earning, learning or participating in Work for the Dole. So there will be no money without a contribution from young people towards earning it. Businesses will receive up to $10,000 for employing workers older than 50 who have been on income support for six months or more—meaning there will be stronger incentives to hire older workers. We live in an age where the average age of the population is going up, so addressing the needs of older workers and ensuring that they can get work is a very important step forward.

This budget takes steps to ensure the government is living within its means and to reign in the age of entitlement. The government will reform the age pension to make it sustainable. This includes gradually increasing the age pension age to 70 by 2035 and linking pension indexation to CPI movements from September 2017. Family payments will also be changed to target payments to those who need it most. Eligibility will be tightened on family tax benefit part B. Low-income single parents will be able to access a new assistance package of $750 per annum for each child aged between six and 12. All payment eligibility thresholds will be maintained for three years from 1 July 2014 for non-pension payments, including family payments and allowances like Newstart, and from 1 July 2015 for the private health insurance rebate.

In addition, there will be a three-year temporary budget repair levy. From July it will be payable by individuals with a taxable income over $180,000 a year at a rate of two per cent. The levy will raise an estimated $3.1 billion over the forward estimates period and will ensure that higher income Australians contribute to the budget repair. Surely, that must be seen as a very equitable move. The government will secure funding for additional road infrastructure
by reintroducing twice-yearly indexation of fuel to the CPI from 1 August 2014. In difficult budget circumstances, this is a responsible way to immediately start building the productivity-boosting roads Australia needs and this will be linked by legislation.

If you consider these points, criticism of the government's budget as being unfair and unreasonably targeting the underprivileged is quite misplaced. This is a very responsible, very economically wise budget which will mean that Australia, like a prudent family, lives within its means instead of living on the credit cards—which, of course, in the end, have to be paid and, if you cannot pay the credit card off, at the end of the day, there are tears all round. The Abbott government is seeking to save the Australian people from having tears all round when we find that we have an enormous debt, like that of countries such as China, the United States and Japan. We do not want to be in the position they are in. That is why this budget has been crafted in the way it has, to bring financial responsibility to Australia's financial affairs.

**Middle East**

**Senator Urquhart** (Tasmania—Deputy Opposition Whip in the Senate) (21:59): Australia has a relatively small to moderate population and a large landmass. We punch well above our weight in international trade and commerce. In international relations, Australia has clear standing as a strong middle power country. While we will not necessarily determine the outcome of a conversation, we can and do make very meaningful contributions. People the world over listen to Australia's official position on matters of international significance. It is why we must have clarity from our government on Australia's official position on matters such as the question of Palestine and the Middle East peace process.

It is why it was so disappointing to see the appalling display from the Attorney-General at Senate estimates when under quite straightforward questioning from senators around the question of Palestine. The Attorney had obviously had a long day in the chair when Senator Rhiannon raised the legitimate question of why Australia's Ambassador to Israel met with the Israeli Minister for Housing and Construction in occupied East Jerusalem, a place where the Israeli government plans double-digit growth in settlements. These settlements are in clear breach of paragraph 6 of article 49 of the fourth Geneva Convention. This states:

The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.

The Attorney attacked Senator Rhiannon's political history and proceeded to unilaterally declare that Australia does not now refer to East Jerusalem as occupied. He said:

I think I should say that the rather tendentious way in which you put that question, and in particular the use of the word 'occupied', is not something that the Australian government of either political persuasion acknowledges or accepts.

'Tendentious', for the benefit of those without the vocabulary of the Attorney, means to express a controversial and arguable point of view. The Attorney was claiming that Senator Rhiannon's question was prejudiced, one-sided and partisan. This is an interesting descriptor for a phrase that has, in fact, been used by both sides of Australian politics for decades to describe Israel's occupation of East Jerusalem.

The next day, Senator Brandis made a prepared statement—and we know what the Prime Minister says of prepared statements: they are the only ones we can trust—to the Senate estimates committee, where he further outlined the government's position; this time, though,
with the foreign minister's authority. This was both read into and incorporated in *Hansard*, no doubt to ensure that the message was heard and read loud and clear. I quote the key sentence:

The description of East Jerusalem as 'occupied' East Jerusalem is a term freighted with pejorative implications, which is neither appropriate nor useful.

Rather than clarifying the comments from the heated exchange the night before, the prepared statement from Attorney-General Brandis and Foreign Minister Bishop further fuelled the concerns of so many. These concerns are that, under the Abbott Liberal government, Australia has forgone its independent perspective on the Middle East peace process and on the question of Palestine and that, under the Abbott Liberal government, while Australia claims to support the aspirations to statehood of the Palestinian people, it will in fact seek to undermine the process at any opportunity.

I remind the Senate that this debate began when the Attorney-General refused to answer the questions about the meeting of Ambassador Sharma and Housing Minister Ariel in occupied East Jerusalem. In the prepared statement, analysis of the phrase 'occupied East Jerusalem' was changed from 'tendentious' to 'pejorative', a term that also implies a prejudicial, one-sided and partisan observation. Why the change was necessary is a matter for the Attorney and the foreign minister, but it is worth noting that *Hansard* recorded the Attorney using 'tendentious' four times in two minutes during the evening exchange—certainly a record.

The simple fact is that the phrase 'occupied East Jerusalem' is neither tendentious nor pejorative but merely a statement of very well established fact. Ben Saul, Professor of International Law at the University of Sydney, last week provided strong analysis:

Australia's new view is starkly at odds with the true status of east Jerusalem under international law. ... The situation is governed firstly by international humanitarian law, namely the Geneva conventions of 1949 and the customary Hague regulations of 1907. Territory is considered "occupied" when, as a result of military conflict, a country exercises effective administrative control over foreign territory. Legally, this is a question of fact: does Israel control east Jerusalem or not? Undoubtedly, it has since the 1967 war.

The term "occupation" is therefore not pejorative or judgmental. It is an objective legal description of Israel's physical control of a place beyond Israel's borders at independence in 1948. ... The legal term does not imply anything further about whether Israel's occupation is "legal" or "illegal", or good or bad. It simply refers to the fact of control.

The fallout from this fiasco has been that many across the world have actually interpreted the language and arrogance of the Attorney and foreign minister as pejorative.

It is the opinion of many that it is the Abbott Liberal government that is seeking to use prejudiced, one-sided and partisan language and actions to undermine the Middle East peace process. Last week 18 ambassadors and diplomats registered their protest with the Department of Foreign Affairs and Trade and raised the prospect of trade sanctions. The following day, Agriculture Minister Joyce was asked about the implications of such trade sanctions on Australian farmers. His answer was that there needs to be a two-state solution but that he would 'leave foreign affairs to those who are on a vastly better pay scale and smarter than I am'. Minister Joyce would no doubt be aware that, while the loadings for cabinet ministers are the same, as the member for New England he is entitled to a larger electorate allowance than the members for Curtin and Goldstein and a senator for Queensland. Therefore Minister Joyce's pay scale is, of course, better than the foreign minister's, trade
minister's and the Attorney-General's. But the real question for Ministers Joyce, Bishop and Robb is: what impact will Senator Brandis's declaration and the subsequent fiasco have on Australia's agricultural industry—indeed, on all of our exporters?

Leading the delegation is Indonesia, the world's largest Islamic state and one of Australian agriculture's biggest trading partners. Some Middle Eastern states are considering an Arab League ban of Australian wheat and meat imports. The Arab League meets in Cairo later in June, and more than $3½ billion in agricultural exports could be at risk. As a middle power, Australia's voice matters, and there are big implications for our exporters if foreign policy decisions are rushed and cause concern amongst our trading partners. Minister Joyce, foreign affairs is definitely not above your pay grade, and it is definitely a serious matter for the Minister for Agriculture, so please pay attention to your cabinet ministers and urge them to reverse their decision.

Many of us in this place receive regular correspondence from the former Palestinian Ambassador to Australia, Mr Ali Kazak. Mr Kazak is respected as a diplomat and businessman across the world. I offer his analysis of Attorney-General Brandis's and Minister Bishop's decision:

The Coalition government's refusal to acknowledge the fact that Jerusalem is an occupied city by Israel is an irresponsible and dangerous policy.

Is it acceptable to drag up past history, even thousands of years ago, only when it suits them?

It seems that the Australian government's bias blind policy towards Israel has no boundaries.

West Jerusalem was occupied by the Jewish terrorist groups following the Deir Yasin massacre by the Irgun group on 9 April 1948 and East Jerusalem was occupied on 5 June 1967.

There are many United Nations resolutions acknowledging this fact and calling on Israel to withdraw from the City.

The lack of responsibility and the decadence in Australia's policy in support of Israel, with all that it represents in terms of occupation, aggression, racism and gross violations of international law and UN resolutions, will obviously not change the reality that Jerusalem is under Israel's occupation, but all it does is appease the extremist Israeli lobby, inflict big damage to Australia's national interests, and distort its image in the minds of hundreds of millions of Arabs and peoples around the world.

The Australian government's departure from the international community, international law's decisions and United Nations resolutions could not be described other than an act reckless to the extreme.

What is Australia's interest in supporting and encouraging Israel's occupation and violations?

Yours sincerely,

Ali Kazak, Former Palestinian Ambassador.

Thank you, Mr Kazak for your frank assessment of this decision. As US Secretary of State, John Kerry, has described, Israel risks becoming 'an apartheid state' if there is no two-state solution to the Israeli-Palestinian conflict. As I urged earlier this year, it is in Australia's interests to take a balanced approach on the question of Palestine. It is in Israel's long-term interests to resolve the conflict.

As a responsible middle power, Australia must hold a clear position on the Middle East peace process that highlights the wrongs of both sides and does not seek to brush any inconveniences under the table for the short-term appeasement of interest groups. For the sake of the peace process, for Palestinians and Israelis, I ask the government to abandon the hastily
announced decision last week and issue an apology to the Palestinian people and their supporters.

**Aboriginal Deaths in Custody**

**Senator RHIANNON** (New South Wales) (22:09): Last Thursday, 12 June 2014, I participated in a moving but troubling event: the 33rd anniversary of the death of a 21-year-old rugby league player Eddie Murray which occurred at a police station in Wee Waa in northern New South Wales. At that event, I met Anne Murray, the last person in his family to see Eddie alive. At the time, Anne was 15. She spoke movingly of that day and of what has happened to her family since, how close she was to her brother and of the need for closure for her family. She made a very clear call for there to be an independent inquiry. For 33 years, the Murray family and their supporters have been making this call.

Eddie Murray was detained on that day for being drunk and disorderly. Police claimed that Murray was found hanging in his cell at 3.30 on a Friday afternoon in 1981. However, the coroner later ruled that the young man died at the hands of a person or persons unknown. A subsequent second autopsy in 1997 found that Murray's sternum was broken, an injury deemed by the forensic pathologist to have been sustained prior to his death. Unconvinced that their son's death was suicide, Leila and Arthur Murray tirelessly campaigned for a proper investigation. Their work was instrumental in leading to the Royal Commission into Aboriginal Deaths in Custody, along with the work of so many other families who had gone through similar tragedies.

The report from the royal commission was released in 1991 and recommended an independent investigation into Murray's death. That has never happened. Paul Whelan, a former New South Wales Minister for Police, referred the case to the New South Wales Police Integrity Commission in 2000, which, however, 'declined the case'. Anne Murray has continued her call for the independent inquiry. My Greens colleague New South Wales Legislative Council member David Shoebridge has a motion before the Legislative Council. He calls on that parliament to:

- Take steps to reduce Aboriginal deaths in custody by implementing the recommendations of the Royal Commission into Aboriginal Deaths in Custody.
- Apologies unreservedly to the families of those Aboriginal people who have died whilst in police custody in this State.
- This case is just one of many preventable Aboriginal deaths in custody in which there has been a shameful lack of proper independent investigation. Almost 1,400 deaths in custody have been recorded since 1980. An alarming proportion of these are of Indigenous Australians. More than two decades on, hardly any of the 339 recommendations of the royal commission have been implemented. Aboriginal deaths in custody have increased by 150 per cent since 1991. There continues to be one per month.
- I congratulate Simon Luckhurst, who, in 2006 launched his book *Eddie's country*. I was privileged to speak at that launch. It is a detailed history of the complex social, historical and legal issues experienced by members of the Murray family. It attempts an unbiased and comprehensive exploration of this case. It is well worth reading because it is a reminder of the great wrongs which have occurred to this family. These great wrongs continue.
The 2004 death of Cameron Mulrunji Doomadgee on Palm Island and the death of Western Australian elder Mr Ward in 2008 in particular have highlighted public acknowledgement of the desperate need to seriously address this issue. Although the percentage of Aboriginal deaths in custody has decreased since the spike in the 1990s, their rates of incarceration have increased significantly. Indigenous people represent two per cent of Australia's population although they make up a staggering 25 per cent of the prison population. They are 15 times more likely to be imprisoned than non-Indigenous Australians.

This means that the number of Aboriginal deaths in custody is rising. A study by the Australian Institute of Criminology in 2013 found that Aboriginal deaths in custody had increased significantly over the previous five years. Although the overall rate of deaths had remained steady, the almost twofold increase in the number of Indigenous Australians in state and territory prisons contributed to this jump.

On 25 September 2013, the Western Australian parliament unreservedly apologised to the family of John Pat, a 16-year-old who also died in police custody. I am calling on the New South Wales government to do the same for the family of Eddie Murray and other Indigenous people who have died in police custody or in jail. This is one aspect of David Shoebridge's motion to the New South Wales parliament. Australian governments must desperately address both the fundamental causes of distressingly high rates of Indigenous incarceration and the treatment of people in the custody of Australian police or corrective services.

It is vital that there is improved scrutiny of the treatment of people in police and corrective services custody. Some positive, albeit basic, measures have been implemented following the royal commission's findings. Queensland heeded recommendations regarding facilities by removing bars on cell windows. Victoria has implemented a policy of building safe and livable cell environments. Nevertheless, it is essential that basic provisions for ensuring fundamental wellbeing and preventing prisoner suicide be implemented in correctional facilities across Australia.

In both South Australia and New South Wales, the state coroner continues to request to have hanging points removed from prisons. It is absolutely inexcusable that this still has to happen. Between 2001 and 2009, New South Wales coroners investigated more than 40 hanging deaths in New South Wales jails, yet the issue of hanging points was raised in the written findings of less than half the inquests and formal recommendations were made in only seven cases.

Furthermore, whilst some policies have been implemented to better address the needs of Aboriginal men in prison, women and juvenile prisoners remain particularly vulnerable. Of the women who died in custody between 1980 and 2000, 32 per cent were Aboriginal, compared with 18 per cent of men who died in custody. A study of incarcerated women revealed that 67 per cent of all Aboriginal women in prison had been incarcerated previously, while almost half this number of non-Aboriginal women had a history of incarceration.

The 1991 royal commission highlighted the issue of a lack of accountability and transparency in relation to the investigation of Aboriginal deaths in custody. Commissioner Johnston observed that:

In many instances, custodial authorities have been secretive and defensive about a death in custody, rather than recognising the fact that relatives and the public have a right to know what happened.
Currently, coroners in all but two Australian states and territories have no legal obligation to look beyond the immediate cause and manner of death. Australia needs an impartial statutory authority responsible for investigating deaths in custody in order to remove defensive action by custodial authorities and avoid potential conflicts of interest. The Police Ombudsman for Northern Ireland is a good model for such a body which works effectively.

The increasing push to entrust prison management to private contractors in Australia is also of significant concern. Deaths in custody in private prisons are twice as high as in government-run facilities. The coronial inquest into Mr Ward's death in 2008 found that G4S and the Western Australian Department of Corrective Services contributed to his death. This is the same security contractor which presided over the Manus Island detention centre, where recently we have seen riots that resulted in the death of a young Iranian asylum seeker, Reza Barati.

There simply must be proper processes for the investigation of deaths in custody. There must not be another case like Eddie Murray's. I pay my tribute to the Murray family. I acknowledge the enormous work that his parents did. They have both died now, but they worked tirelessly to have such an inquiry, which we continue to call for. I also paid tribute to the work of Ray Jackson from the Indigenous Social Justice Association who has stood with his family and many others for decades.

National Broadband Network

Senator RUSTON (South Australia) (22:19): I rise tonight to speak about something that is very dear to those of us who live in the country and to let the Senate know that we had some quite good news this morning on the NBN rollout in South Australia. We heard that we will see the commencement of the build in two towns very close to where I live in the Riverland of South Australia, Glossop and Loxton. I refer to the change in status of Loxton and Glossop. Where previously they had been put in the 'build commenced' maps, they actually really are on the 'build commenced' maps now, since 'build commenced', in my understanding of the phrase, actually means that there is somebody out on the ground doing something—that they have started construction, and have not merely drawn a line on a piece of paper.

For a community like the community that I live in, in the Riverland of South Australia, the ability to access faster broadband services is extraordinarily important. I think that many people in the city probably take for granted the level of access that they have to various services because they have such a plethora of providers from which they can get access to reasonably fast broadband services; it is just a matter of how much they are prepared to pay for the amount of data that they wish to upload or download. But in areas like the one where I live, that is not available to them. So the announcement this morning from the NBN that they were actually going to commence the build in both Glossop and Loxton by building two wireless towers is fantastic news. It will certainly give a huge amount of confidence to other towns within our community that the NBN is on its way.

Just to give you an example of how terribly important this is for my community, I have people who live probably within 20 kilometres of my house—and I live in the township of Renmark—who do not have any broadband services whatsoever. They cannot actually use their mobile phones unless they drive up to the top of the hill so that they can get access. For them, this is an extraordinary development, and it will probably give them heart that access to
broadband and other services that those in cities and more developed areas take for granted may be coming to some of our rural and regional areas.

This is not just important for the fact that people and families like the idea that the kids can download movies and watch them or they can have several pieces of high-speed digital technology, with dad working on his computer and mum watching a movie and the kids playing their games. It actually has massive economic benefit for rural and regional Australia. If we look at our farming sector, their ability to be competitive in the international marketplace can be significantly enhanced by their ability to access this sort of service. Most of the Riverland is under horticulture, which means that they rely on irrigation. To be able to plan your irrigation without having to be in the field and actually manually turning on your pump because you are able to do it through digital access means that you do not have to be there. There are lots of other programs and lots of other opportunities that the digital world offers to our farmers to allow them to become more efficient in this place. Most particularly, it allows our farmers a level of equity and people living in regional areas a level of equity that they currently do not have. So it was really great news to be able to open up the NBN website this morning and see that these two towns were going to get towers built in the area which would allow the people of both Glossop and Loxton to get high-speed digital transmission. But that is just the start of it and certainly the morale boost for other people in the region was probably quite significant.

The other thing that I think this has demonstrated is that the coalition said in their policy in relation to the rollout of the NBN that it is really important that the rollout focused on areas and places that are underserviced at the moment. This is representative of delivering on that policy. There are a lot of areas in South Australia, as you would well know, Mr Acting Deputy President Fawcett, as a South Australian senator yourself and someone that has represented a regional electorate, that we seem to be forgotten in rural areas because we do not have the population mass so therefore people are not screaming, the demand is not there. That does not mean that those people are not equally as important and deserving of the same sort of service, particularly when you consider that the majority of the economic development and economic activity that occurs in Australia occurs in two primary sectors, agriculture and mining, and both of those sectors occur in rural and regional Australia.

We also understand that in the development of this technological space it is probably unrealistic, despite the fact that everyone would like to think everyone would get the same thing, for us to be delivering fibre to the premises to every household across the whole of Australia. One of the really good things that has come out of the last few months is the ability for us to have had the opportunity to look at a mix of technologies that allow us to efficiently roll out an NBN service that means that once it is rolled out it will eventually not just be the best service that is available but we have to countenance that best service in putting it into the context that it has to be affordable in terms of how much it costs to deliver it. If we cannot deliver the service within an affordable envelope then the people who are receiving it will not be able to afford to pay for it in the longer term. People want a reliable service.

We have heard a lot about everybody wanting fibre to the premise and I am sure that if we could afford to deliver it to everybody then it would probably be quite a satisfactory outcome. But if you go down the street and speak to people, as I have in my community and across the whole of South Australia, and ask them what they want from their NBN, they ask for a
reasonably fast service, a reasonably reliable service but also an affordable service. Nowhere in any conversation that I have heard when talking to the man on the street have they ever had the discussion with me and said, 'I want fibre to the premise,' because I think the majority of Australians do not understand what fibre to the premise actually is. They want the outcome, they do not care how it is delivered. They do not care about the technology, they just care about what they can have at the end of the day. I am delighted that we are seeing the rollout of two wireless towers. The Riverland areas we are talking about servicing in Loxton and in Glossop are not very highly populated areas, they are quite sparsely populated, and I am sure that the people in these communities do not want a digger going down the street and digging up the entire street to put in fibre when they possibly are going to get a more than adequate service through these wireless points.

I was delighted today as a member of this community to see the commencement of the NBN build in my region and the people I have spoken to are also delighted that we have actually started to see the build commenced in our region. We are looking forward to being able to have access to the NBN in rural and regional South Australia, as I am sure every other rural and regional area in Australia is going to be, because I believe that we will be getting it a lot sooner and a lot cheaper than we would have got it had we continued on with the gold-plated version that we had been promised in the past. On behalf of the people of the Riverland, I say it is a fantastic day today when we start to see the rollout of the NBN in the Riverland.

Senate adjourned at 22.29

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.]


Aged Care Act 1997—

Approved Provider Principles 2014 [F2014L00698].

Grant Principles 2014 [F2014L00697].


CHAMBER

Anti-Money Laundering and Counter-Terrorism Financing Act 2006—
Anti-Money Laundering and Counter-Terrorism Financing Rules Amendment Instrument 2014 (No. 3) [F2014L00563].


Australian Prudential Regulation Authority Act 1998—Australian Prudential Regulation Authority (confidentiality) determinations—
No. 6 of 2014 [F2014L00645].
No. 7 of 2014 [F2014L00613].

Australian Research Council Act 2001—Approval of Industrial Transformation Research Hubs Proposals for funding commencing in 2013 (Round 2)—Determination No. 124.


Charter of the United Nations Act 1945—


Charter of the United Nations (UN Sanction Enforcement Law) Amendment Declaration 2014 (No. 2) [F2014L00568].

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  - Post indexes and summer schools—amendment—Defence Determination 2014/25.
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Commonwealth acquired and disposed of shares in World Oil Resources Limited—2 June 2014 [2].
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QAA 2/2014 [F2014L00641].
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National Health (Efficient Funding of Chemotherapy) Special Arrangement Amendment Instrument 2014 (No. 5)—PB 41 of 2014 [F2014L00578].

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Superannuation Industry (Supervision) Act 1993—
ASIC Class Order—CO 14/541 [F2014L00705].
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Superannuation Industry (Supervision) Act 1993 and Taxation Administration Act 1953—Lodgment of statements by superannuation providers in relation to superannuation plans (other than self managed superannuation funds) for each financial year ended 30 June in accordance with the Taxation Administration Act 1953 [F2014L00691].

Superannuation (Productivity Benefit) Act 1988—Superannuation (Productivity Benefit) (Continuing Contributions) Amendment Declaration 2014 (No. 1) [F2014L00696].


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Lodgment of account activity statements by First home saver account providers for the year ended 30 June 2014 in accordance with the Taxation Administration Act 1953 [F2014L00690].
Withholding Schedules 2014 [F2014L00689].

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Telecommunications (Approved Auditors and Auditing Requirements) Determination Variation 2014 (No. 1) [F2014L00570].
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Poisons Standard Amendment No. 2 of 2014 [F2014L00566].


Therapeutic Goods Order No. 69D – Amendment to Therapeutic Goods Order No. 69 – General requirements for labels for medicines [F2014L00695].

Therapeutic Goods Order No. 70C – Standards for Export Only Medicine [F2014L00683].


Veterans’ Entitlements Act 1986—


Tabling

The Acting Deputy President (Senator Furner) tabled the following document received on 10 June 2014:


Order for the Production of Documents

The Acting Deputy President (Senator Furner) tabled the following documents received on 23 May 2014:

Administration—Livestock Shipping Services—Letter to the President of the Senate from the Minister for Agriculture (Mr Joyce) responding to the order of the Senate of 14 May 2014 and raising public interest immunity claims, and attachments.

The Minister for Indigenous Affairs (Senator Scullion) tabled the following document:

Social issues—Homelessness—Letter from the Assistant Minister for Social Services (Senator Fifield) to the Clerk of the Senate (Dr Laing) responding to the order of the Senate of 15 May 2014, dated 16 June 2014.

Departmental and Agency Appointments and Vacancies

Pursuant to the order of the Senate of 24 June 2008, as amended, the Acting Deputy President (Senator Furner) tabled the following documents received on the dates indicated:

Agriculture portfolio. [Received 19 May 2014]
Communications portfolio. [Received 22 May 2014]
Defence portfolio. [Received 20 May 2014]
Department of the Prime Minister and Cabinet. [Received 19 May 2014]
Department of Veterans’ Affairs [2]. [Received 20 and 26 May 2014]
Education portfolio. [Received 20 May 2014]
Environment portfolio. [Received 20 May 2014]
Foreign Affairs and Trade portfolio. [Received 23 May 2014]
Health portfolio. [Received 16 May 2014]
Indigenous Affairs. [Received 16 May 2014]
Infrastructure and Regional Development portfolio. [Received 19 May 2014]
Social Services portfolio. [Received 26 May 2014]
Treasury portfolio. [Received 23 May 2014]

**Departmental and Agency Grants**

Pursuant to the order of the Senate of 24 June 2008, the Acting Deputy President (Senator Furner) tabled the following documents received on the dates indicated:

Attorney-General’s portfolio. [Received on 27 May 2014]
Australian National Preventive Health Agency. [Received on 27 May 2014]
Communications portfolio. [Received on 22 May 2014]
Department of Agriculture. [Received on 22 May 2014]
Defence portfolio. [Received on 20 May 2014]
Department of Education. [Received on 19 May 2014]
Department of Employment. [Received on 16 May 2014]
Department of the Prime Minister and Cabinet. [Received on 19 May 2014]
Department of Veterans’ Affairs. [Received on 20 May 2014]
Environment portfolio. [Received on 16 May 2014]
Foreign Affairs and Trade portfolio. [Received on 23 May 2014]
Indigenous Affairs. [Received on 16 May 2014]
Organ and Tissue Authority. [Received on 27 May 2014]
Social Services portfolio. [Received on 26 May 2014]
Treasury portfolio. [Received on 23 May 2014]